



**April 12, 2018**

**CALHOUN COUNTY SCHOOL DISTRICT  
ADDENDUM No. 3**

**RFP for  
Group Medical Insurance**

**\*Proposers are required to acknowledge this addendum in their proposal response**

The following is additional information, clarifications, questions and responses related to the above referenced RFP.

1. Can you clarify how many rate tiers are being requested?

*The District is not currently considering changing rate tiers. The current tiers are:*

*Employee/Retiree*

*Employee/Retiree + One Dependent*

*Full Family*

2. Can claims information be broken out by actives versus retirees and Medicare retirees?

*Available claims data has been provided.*

3. For each of the two years of claims information provided, can we have subs, members, claims for medical and pharmacy broken out for these three categories, active employees, early retirees, post 65 retirees.

*Available claims data has been provided.*

4. Can you provide the benefit match up matrix – a, b, c (Exhibit 4)?

*This is now available on the District's website.*

5. Please provide large claims by experience period. Experience periods being (2-1-2017 through 1-31-2018). In addition, a separate large claim report for (2-1-2016 through 1-31-2017).

*Available claims data has been provided.*

6. Please provide diagnoses for the large claimants.

*Available claims data has been provided.*

7. Please confirm that we are to assume no commissions.

*Proposals are requested net of commissions. If commissions apply, proposers are requested to show the basis (percentage, per employee, etc.) and estimated amount in the proposal forms.*

8. Please provide details on your current wellness program.

*There is currently no wellness program.*

9. The most recent month of claims (1-2018) has 269 subs, then according to the census there is a drop in enrollment, is there a reason for this drop in enrollment? Or is the Census incorrect (202)?

*Please see the attached corrected census.*

10. Please provide how the current minimum premium arrangement works with BCBS. If they term, what, if anything, do they have to pay to leave? Please provide details.

*The District does not have a minimum premium arrangement with BCBS. The District is currently self-insured through PAEC with Florida Blue as the ASO administrator. There is no pooling between the PAEC participants for medical coverage.*

11. Would the District provide copies of contracts with PAEC, Florida Blue, Gallagher and Symetra (Stop Loss provider)?

*The current stop-loss contract, Florida Blue and Gallagher agreements are attached.*

12. Do you currently have a Wellness Plan? What have been your successes and challenges? What is your Wellness budget?

*See #8 above.*

13. Are there any penalties for leaving the PAEC program for a fully insured program or a different self-funded plan/group?

*There are no penalties for leaving the PAEC program, but the District must pay the run out costs of the self-insured plan.*

14. Is your Stop Loss carrier's rate a pooled rate with other school districts, or does it stand alone? Will the District provide the premiums for your Stop Loss coverage for the last three years?

*Stop-Loss is stand-alone. Stop loss premiums have been:*

<i>2017 – 2018</i>	<i>Rates are included in the attached sample.</i>
<i>2016 – 2017</i>	<i>\$562,281</i>
<i>2015 – 2016</i>	<i>\$449,941</i>

15. What is your aggregate amount? Do you have a specific aggregate amount with your Stop Loss? If so, what is it?

*Please see attached 2017-2018 stop-loss policy declarations.*

16. Will the District furnish a copy of your Stop Loss policy?

*Please see the attached document.*

17. How many employees are participating in your FSA Plan?

*Approximately ninety-three (93) employees.*

18. Describe your Benefits communications/education process and are there any costs associated with it?

*Nothing in addition to what Florida Blue offers and no costs are passed onto the District's employees.*

19. Do you currently have actuarial services? What are the costs associated with it?

*Actuarial services are currently provided by Merlinos & Associates, Inc. The costs are not known at this time.*

20. Do you have an online enrollment system with 834 compliant file feeds to carriers? What is the cost and who provides that service?

*No.*

21. Is your intent to choose insurance carriers during this process and then select a broker to represent you and work with said carriers to negotiate coverage options and rates, or the other way around?

*Please see RFP Section II – Page 8:*

*An agent may be considered only if the winning or shortlisted insurer or administrator names such agent in their RFP response.*

22. Who is responsible for benefits compliance at the District office? Are they a member of the insurance/selection committee?

*Rhonda O'Bryan and Elaine Barber. They are members of the Advisory Committee.*

23. Who is advising you on your Federal regulations under the ACA, COBRA, HIPPA, FMLA, Section 125 Plan, discrimination testing for the 125 plan, and ADA? Are there costs associated with this assistance? When was the District's last benefits compliance audit and what were the results? Who is handling the Districts COBRA administration? Who is supplying the Federal required notices to employees.

*Florida Blue is providing COBRA administration. TASC is the Section 125 administrator. Arthur J. Gallagher's attorneys and staff also provide guidance on Federal Regulations. There are no costs associated with this assistance. Elaine Barber and Rhonda O'Bryan provide the federal required notices to employees. It is unknown when the District's last benefits compliance audit occurred.*

24. Considering the unique healthcare market in the seven counties that Capital Healthcare represents in our state, of which Calhoun is one, and your desire to look at fully insured group healthcare options for the District, is it important for the District to know the relationship that proposing agents/brokers have with CHP including how much business they write with the dominant carrier in this marketplace?

*Proposers are encouraged to provide this detail in their proposal.*

25. What is the primary objective of CCSO for issuing this RFP?

*To procure competitive proposals for health coverage.*

26. How comfortable is CCSO that they are fulfilling their Fiduciary responsibility to their employees and the taxpayers?

*Proposers are encouraged to detail, in their proposal, how they will improve such services.*

27. Do your current PPO contracts allow your TPA to audit or review bills for accuracy and appropriateness of care?

*Yes.*

28. How comfortable are you that hospital bills are being audited and reviewed to make sure that CCSO is not paying too much for services or for services they should not be paying for at all?

*Proposers are encouraged to detail, in their proposal, how they will improve such services.*

29. 5% of members drive 50% of the cost in every Health Plan. What is CCSO's administrator doing to identify who are the members in your plan and working with them to reduce and manage costs?

*Proposers are encouraged to detail, in their proposal, how they will improve such services.*

30. Is CCSD familiar with the Reference Based Pricing Model? If so are you willing to consider moving to this approach as part of this process?

*All competitive proposals that meet the RFP criteria will be considered.*

**All other terms and conditions of the Request for Proposal remain unchanged.**



Symetra Life Insurance Company  
777 108th Avenue NE, Suite 1200  
Bellevue, Washington 98004-5135

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## EXCESS LOSS SCHEDULE OF BENEFITS

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**A. Participating Employer:** Panhandle Area Educational Consortium (Calhoun County)

**Policy Number:** 16-010218-00

**Effective Date of Coverage:** October 1, 2003

**Participating Employer Anniversary Date:** October 1st of each year beginning in 2004.

**Premium Due Date:** Premium is due on the Effective Date of Coverage and the first of each month beginning with November 1, 2003.

**Enrollment (at the beginning of the Policy Period):**

PPO 104 Single	96	Blue Options 3359 Single	67	PPO 130 Single	44
PPO 104 Family	35	Blue Options 3359 Family	26	PPO 130 Family	25

**B. This Schedule of Benefits applies to the Policy Period:** from 10-01-2017 to 10-01-2018

**C. Individual Excess Loss Insurance:** ☒ Yes ☐ No

1. Individual Deductible per Covered Unit: \$45,000

2. Alternate Individual Deductibles applicable?

☐ Yes (See Excess Loss Alternate Reimbursement Endorsement) ☒ No

3. Covered Expenses:

☐ Medical excluding all Prescription Drugs

☒ Medical including Prescription Drugs defined as **ONE** of the following:

☒ Rx Card and Mail Order ☐ Rx Card Only ☐ Rx Mail Order Only **OR**

☐ Rx as part of Medical Plan subject to a Deductible and Coinsurance

☐ Other: \_\_\_\_\_

4. Symetra's Reimbursement Percentage:

100% of Covered Expenses in excess of the Individual Deductible.

5. Individual Lifetime Reimbursement Maximum: Unlimited per Covered Unit

Policy Period Reimbursement Maximum: Unlimited per Covered Unit

6. Premium Rates:

Covered Units	PPO 104	Blue Options 3359	Plan 130
Single	\$160.62	\$160.62	\$160.62
Family	\$320.39	\$320.39	\$320.39

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## EXCESS LOSS SCHEDULE OF BENEFITS

Applies to Policy Period: from 10-01-2017 to 10-01-2018

7. Reimbursement Option:

Covered Expenses incurred on or after the Policy Effective Date and paid during the Policy Period with:

Run-in Period	<u>Unlimited</u>	months	Run-in Limit	<u>Unlimited</u>
Run-out Period	<u>0</u>	months	Run-out Limit	<u>N/A</u>

8. Individual Excess Loss Terminal Provision applicable? ☐ Yes ☒ No

9. Individual Excess Loss Advantage Provision applicable? ☒ Yes ☐ No  
Individual Advantage Deductible: \$191,000

10. Individual Advantage Deductible applies toward the Aggregate Attachment Point? ☐ Yes ☒ No

11. Individual Excess Loss Transplant Provision applicable? ☐ Yes ☒ No

**D. Aggregate Excess Loss Insurance:** ☒ Yes ☐ No

1. Covered Expenses:

- ☐ Medical excluding all Prescription Drugs  
☒ Medical including Prescription Drugs defined as **ONE** of the following:  
☒ Rx Card and Mail Order ☐ Rx Card Only ☐ Rx Mail Order Only **OR**  
☐ Rx as part of Medical Plan subject to a Deductible and Coinsurance  
☐ Vision  
☐ Dental  
☐ Short-Term Disability  
☐ Other \_\_\_\_\_

2. Aggregate Attachment Point will be set by Symetra.

3. Symetra's Reimbursement Percentage:  
100% of Covered Expenses in excess of the Aggregate Attachment Point.

4. Aggregate Reimbursement Maximum per Policy Period: \$1,000,000

5. Monthly Aggregate Accommodation Provision applicable? ☐ Yes ☒ No

6. Reimbursement Option:

Covered Expenses incurred on or after the Policy Effective Date and paid during the Policy Period with:

Run-in Period	<u>Unlimited</u>	months	Run-in Limit	<u>Unlimited</u>
Run-out Period	<u>0</u>	months	Run-out Limit	<u>N/A</u>

7. Minimum Aggregate Attachment Point:

90% of the first Monthly Aggregate Attachment Point x 12.

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## EXCESS LOSS SCHEDULE OF BENEFITS

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Applies to Policy Period: from 10-01-2016 to 10-01-2017

8. Monthly Aggregate Attachment Factors:

Covered Units	PPO 104	Blue Options 3359	Plan 130
Composite	\$932.30	\$870.05	\$721.84

9. Aggregate Excess Loss Terminal Provision applicable? ☐ Yes ☒ No

10. Aggregate Excess Loss premium: \$19,501.00

Paid: annually in advance

E. Medical Conversion Privilege: ☐ Yes ☒ No

F. Endorsements Included:

- ☒ Individual Excess Loss Advance Funding Endorsement  
☐ Excess Loss Alternate Reimbursement Endorsement

G. Additional Information:

Claims determined to be eligible under the Employee Benefit Plan in final and binding external review by independent review organizations (IROs) will also be deemed Covered Expenses under the Policy. Claim exception requests pending and under IRO review at the end of the Policy Period will continue to be considered for coverage.

H. Associated Companies:

Name	Effective Date	Termination Date
N/A		



# **ADMINISTRATIVE SERVICES AGREEMENT**

**between**

**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. D/B/A FLORIDA BLUE**

**and**

**CALHOUN COUNTY SCHOOL BOARD**

This Administrative Services Agreement (hereinafter referred to as the "Agreement"), made this 10<sup>th</sup> day of March, 2015 is by and between Blue Cross and Blue Shield of Florida, Inc. d/b/a Florida Blue, a Florida corporation having its principal place of business at 4800 Deerwood Campus Parkway, Jacksonville, Florida 32246 (hereinafter referred to as "Florida Blue") and Calhoun County School Board located at 852 3<sup>rd</sup> Street, Chipley, Florida 32428-1442 (hereinafter referred to as the "Employer").

WHEREAS, Employer has established and currently sponsors a self-insured Employee Welfare Benefit Plan, to provide certain benefits (attached hereto as Exhibit "A" and hereinafter called the "Group Health Plan") for covered group members and their covered dependents; and

WHEREAS, except as otherwise specifically provided herein, Employer is to retain all liabilities under its Group Health Plan, and Florida Blue is to provide the agreed upon services to the Group Health Plan without assuming any such liability; and

WHEREAS, Employer desires that, with respect to the Group Health Plan, Florida Blue furnish certain claims processing and administrative services.

NOW, therefore, in consideration of the mutual promises contained herein, and other good and valuable consideration, the parties agree as follows:

## **SECTION I**

### **TERM**

#### **1.1 Initial Term**

The initial term of this Agreement shall be from October 1, 2014 (the effective date) and shall end on September 30, 2018 (the termination date), unless the Agreement is terminated earlier in accordance with the provisions of this Agreement.

#### **1.2 Renewal Terms**

After the Initial Term, this Agreement will automatically renew each anniversary date for successive one year terms at the renewal rates then in effect, unless either party notifies the other party of its intent not to extend this Agreement at least 30 days prior to the applicable anniversary date.

## SECTION II

### DUTIES AND RESPONSIBILITIES OF EMPLOYER

#### 2.1 Final Authority

Employer retains all final authority and responsibility for the Group Health Plan including, but not limited to eligibility and enrollment for coverage under the Group Health Plan, the existence of coverage, the benefits structure of the Group Health Plan, claims payment decisions, cost containment program decisions, utilization benefits management, compliance with the requirements of COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985, as amended), compliance with the requirements of ERISA (Employee Retirement Income Security Act of 1974, as amended), compliance with reporting and remitting abandoned property funds, and compliance with any other state and federal law or regulation applicable to Employer, the Group Health Plan, or the administration of the Group Health Plan.

Employer agrees to provide Florida Blue with any information Florida Blue reasonably requires in order to perform the administrative services set forth herein.

#### 2.2 Eligibility and Enrollment

As of the first day of the term of this Agreement, Employer will have delivered to Florida Blue enrollment information regarding eligible and properly enrolled members, as determined by Employer. Employer shall deliver to Florida Blue all employee and dependent eligibility status changes on a monthly basis, or more frequently as mutually agreed by the parties.

Employer shall be responsible for providing each covered employee with a copy of the plan document which shall include the Group Health Plan.

#### 2.3 Financial Obligations

##### A. Claims Payment

Employer is financially responsible for the payment of all claims paid under the Group Health Plan. Financial arrangements regarding the payment of such claims are set forth in Exhibit "B".

##### B. Administrative Fees

Employer agrees to promptly pay all administrative fees as set forth in Exhibit "B". Administrative fees are not subject to change during the initial term of this Agreement, except as set forth below. The administrative fees

shall be payable to Florida Blue within 10 days of written notification to Employer of the amount owed.

C. Late Charges

In the event Employer fails to pay any amount owed in full by the due date, Employer shall pay Florida Blue, in addition to the amount due, a late charge as set forth in Exhibit "B".

D. Modifications

Florida Blue may modify the administrative fees contained in Exhibit "B" at any time on or after the first anniversary of this Agreement's effective date, upon giving forty-five (45) days prior written notice to Employer. Additionally, Florida Blue, at any time, may modify the administrative fee, if Employer substantially modifies the Group Health Plan or changes enrollment.

2.4 Use of Names and Logos

Employer agrees to allow Florida Blue to use Employer's name and logo on I.D. cards and other forms necessary to effectuate this Agreement, and to promote Employer's relationship with Florida Blue to potential or existing providers. Florida Blue shall not use Employer's name or logo for any other purpose without the prior written consent of Employer.

Employer agrees that the names, logos, symbols, trademarks, tradenames, and service marks of Florida Blue, whether presently existing or hereafter established, are the sole property of Florida Blue and Florida Blue retains the right to the use and control thereof. Employer shall not use Florida Blue's name, logos, symbols, trademarks or service marks in advertising or promotional materials or otherwise without the prior written consent of Florida Blue and shall cease any such usage immediately upon written notice by Florida Blue or upon termination of this Agreement, whichever is sooner.

2.5 Confidential and Trade Secret Information

Florida Blue maintains proprietary and confidential information and competitively-sensitive trade secret information, which information may be disclosed to Employer for the purposes of analyzing such information in conjunction with the services performed under the Agreement. Employer agrees to hold such confidential and/or trade secret information in confidence and only disclose such information to employees of Employer who have a need to know such information; provided however that such employees of Employer agree to maintain the confidentiality of the confidential and/or trade secret information and take all steps necessary to safeguard the confidential and/or trade secret information against unauthorized access, use, and disclosure to at least the

extent Employer maintains the confidentiality of its most proprietary and confidential information.

Employer shall not disclose such confidential and/or trade secret information to any third party without the express written permission of Florida Blue. If Florida Blue, in its sole discretion, approves release of confidential and/or trade secret information to a third party, the third party and Employer will be required to execute a Confidentiality & Indemnity Agreement, in a form specified by Florida Blue, prior to the release of the confidential information and/or trade secret information to the third party. For purposes of this paragraph, trade secret information is competitively sensitive information which is advantageous to Florida Blue in the marketplace and Florida Blue considers such information to be a trade secret protected from public disclosure, including protection from disclosure in any meeting which is subject to Florida's Government in the Sunshine Law Section 286.011, Florida Statutes.

### SECTION III

#### DUTIES AND RESPONSIBILITIES OF FLORIDA BLUE

##### 3.1 Generally

It is understood and agreed that Florida Blue is empowered and required to act with respect to the Group Health Plan only as expressly stated herein.

Employer and Florida Blue agree that Florida Blue's role is to provide administrative claims payment services, that Florida Blue does not assume any financial risk or obligation with respect to claims, that the services rendered by Florida Blue under this Agreement shall not include the power to exercise control over the Group Health Plan's assets, if any, or discretionary authority over the Health Care Plan's operations, and that Florida Blue will not for any purpose, under ERISA or otherwise, be deemed to be the "Plan Administrator" of the Group Health Plan or a "fiduciary" with respect to the Group Health Plan. Florida Blue's services hereunder are intended to and shall consist only of ministerial functions. The Group Health Plan's "Administrator" for purposes of ERISA is Employer.

##### 3.2 Enrollment; Forms and I.D. Cards

Florida Blue shall enroll those individuals who have completed an application and are identified by Employer as eligible for benefits under the Group Health Plan on the effective date of this Agreement, and subsequently during the continuance of this Agreement. Florida Blue shall be entitled to rely on the information furnished to it by Employer, and Employer shall hold Florida Blue harmless for any inaccuracy or failure to provide such information in a timely manner.

Florida Blue shall furnish to Employer, for distribution to persons participating in the Group Health Plan, a supply of identification cards, benefit plan descriptions,

forms to be used for submission of claims and enrollment, and any other forms necessary for the administration of the Group Health Plan, as determined by Florida Blue.

### 3.3 Claims Processing

Florida Blue shall provide claims processing services on behalf of Employer for all properly submitted claims, in accordance with the benefits set forth in Exhibit "A", using funds solely supplied by Employer, as set forth in Exhibit "B". Florida Blue shall furnish each claimant with an explanation of each claim that is paid, rejected or suspended.

For purposes of this Agreement, the term "claim(s)" shall be defined as the amount paid or payable by Florida Blue to providers of services and/or covered group members under this Agreement and the Group Health Plan, and in conformity with any agreements Florida Blue enters into with such providers of services. For value-based reimbursement programs Florida Blue enters into with participating providers, an applicable claim level surcharge may be included in the claim amount.

Claim level charges are used to fund a bonus pool for making quality improvement and financial performance incentive payments to providers which have entered into a value-based reimbursement arrangement with Florida Blue. The surcharge is only applicable to services provided by these providers, and shall not affect member cost sharing.

The accrued bonus pool, which shall be held in a non-interest bearing account, will include surcharge amounts contributed by other self-funded employers. All amounts in the bonus pool shall be available to fund incentive payments to providers who have entered into a value-based reimbursement arrangement with Florida Blue and who have achieved the requisite quality and financial goals.

The amount of the surcharge will be set by Florida Blue based on actuarially estimated incentive payments contractually due to providers. Florida Blue will perform periodic reconciliations of the bonus pool and may adjust the applicable claim level surcharge from time to time as it reasonably determines necessary to appropriately fund the bonus pool.

Such claims level surcharge amounts will not be refunded to Employer, including upon termination of this Agreement. Any surplus funds at the end of an incentive payment measurement period shall be used to fund incentive payments in a subsequent period. Any deficit in funds at the end of an incentive payment measurement period shall be collected in the next period through an adjustment to the claims level surcharge amount which will cover the previous period shortfall.

Additionally, Florida Blue may enter into bundled payment arrangements with providers of service which require a single provider to be responsible for

providing and/or arranging for the provision of a group of services for a defined episode of care (e.g., hospital, physician and/or ancillary services).

In processing such claims for the defined episode of care, notwithstanding the requirements of Exhibit "A", Florida Blue may calculate the member cost sharing based upon the status of the provider receiving the bundled payment without regard to the fact that other provider types may have provided certain components of the episode included in the bundled payment arrangement.

### 3.4 Program Administration

Florida Blue shall administer its established cost containment programs and utilization benefits management programs, as selected by Employer and described in the Group Health Plan.

Florida Blue shall make available its Preferred Provider Organization Program(s) to covered group members and their covered dependents, as set forth in the Group Health Plan. Any agreements between providers of services and Florida Blue are the sole property of Florida Blue and Florida Blue retains the right to the use and control thereof.

### 3.5 Inaccurate Payments

Whenever Florida Blue becomes aware that the payment of a claim under the Group Health Plan to any person was, or may have been, made which was not in accordance with the terms of the Group Health Plan, whether or not such payment was Florida Blue's fault, and whether or not such payment was more than or less than was appropriate under the terms of the Group Health Plan, Florida Blue shall investigate such payment in accordance with its standard commercial insurance business practices and either 1) for an overpayment of \$50.00 or more, make a diligent effort to recover any payment which was more than was appropriate under the Group Health Plan or 2) as the case may be, adjust any claim the payment of which was less than appropriate under the Group Health Plan. Employer delegates to Florida Blue the discretion and the authority to determine under what circumstances to compromise a claim or to settle for less than the full amount of the claim. In the event any part of an inaccurate payment is recovered, Employer will receive a refund from Florida Blue. Nothing herein shall require Florida Blue to institute a legal action or suit to recover payments made by Florida Blue.

Additionally, Employer delegates to Florida Blue the discretion and authority to pursue recoveries for claims paid as a result of fraud, abuse or other inappropriate action by a third party, including the right to opt-out or opt-in Employer from any class action. These claims include, but are not limited to, all legal claims Employer can assert whether based on common law or statute such as RICO, antitrust, deceptive trade practices, consumer fraud, insurance fraud, unjust enrichment, breach of fiduciary duty, breach of contract, breach of covenant of good faith and fair dealing, torts (including fraud, negligence, and

product liability), breach of warranty, medical monitoring, false claims and kickbacks. If Florida Blue obtains a recovery from any of these efforts, Florida Blue will reimburse Employer's pro rata share of the recovery. This share is calculated from Employer's claims history or covered members at the time of such recovery, less Employer's pro rata share of costs, if any, fees paid to outside counsel and any other costs incurred in obtaining that recovery. Florida Blue will not charge Employer for any costs if Florida Blue does not obtain a recovery that exceeds those costs.

### 3.6 Records and Reports

Florida Blue agrees to establish, maintain and provide to Employer, records and reports generated for the purposes of reporting claims experience and conducting audits of operations. Florida Blue will provide claims information only in accordance with Exhibit C (and Exhibit D, if applicable) to this Agreement. Florida Blue will not provide any information with regard to provider pricing agreements or any other information which is of a confidential or proprietary nature, as determined by Florida Blue.

### 3.7 Pharmacy Rebates

In certain circumstances, Florida Blue and/or its pharmacy benefits manager and/or vendors (collectively "PBM") negotiate(s) and receive(s) formulary rebates, volume discounts, and/or fees from certain drug manufacturers/distributors as a result of the inclusion of such manufacturer's/distributor's branded products on Florida Blue's formularies ("Rebates").

The PBM generally passes Rebates through to Florida Blue, less a 20% fee as part of its compensation for its services. At times, the PBM may pass through a guaranteed minimum amount per prescription that exceeds the Rebates otherwise payable to Florida Blue. In either situation, Florida Blue passes through 100% of the amounts it receives to Employer.

Florida Blue may receive a portion of the Rebates on a prepaid, estimated basis, before any drug claims are filed and paid. To the extent that Florida Blue receives prepaid, estimated rebate amounts, Florida Blue retains, as part of its compensation, the interest earned on such amounts from the time it receives such prepayments until it forwards Employer's Rebates. This time period is generally nine to twelve months. Florida Blue expects to earn interest at the rate of 1.25% per annum.

Florida Blue pays Employer its Rebates or guaranteed minimum amount after Florida Blue is able to determine the share attributable to the drug claims actually made by Employer's group members. This typically occurs seven to nine months after the end of the calendar quarter in which the drugs were dispensed.

Florida Blue will provide more specific information on the amounts retained by Florida Blue or the PBM upon request by Employer.

### 3.8 Claims Payments

The source or sources of payment under the Group Health Plan are to be only the assets of Employer, and Florida Blue will have no liability whatsoever for providing a source from which payments will be made under the Group Health Care Plan.

### 3.9 Providers Outside the State of Florida

#### A. Inter-Plan Programs

Florida Blue has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Programs." Whenever members access healthcare services outside the geographic area Florida Blue serves, the claim for those services may be processed through one of these Inter-Plan Programs and presented to Florida Blue for payment in accordance with the rules of the Inter-Plan Programs policies then in effect. The Inter-Plan Programs available to members under this Agreement are described generally below.

Typically, members, when accessing care outside the geographic area Florida Blue serves, obtain care from healthcare providers that have a contractual agreement (i.e., are "participating providers") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area ("Host Blue"). In some instances, members may obtain care from non-participating healthcare providers. Florida Blue's payment practices in both instances are described below.

Under the Inter-Plan Program called BlueCard®, when members access covered healthcare services within the geographic area served by a Host Blue, Florida Blue will remain responsible to Employer for fulfilling Florida Blue's contractual obligations. However, in accordance with applicable Inter-Plan Programs policies then in effect, the Host Blue will be responsible for providing such services as contracting and handling substantially all interactions with its participating healthcare providers. The financial terms of the BlueCard Program are described generally below. Individual circumstances may arise that are not directly covered by this description; however, in those instances, Florida Blue's action will be consistent with the spirit of this description.

#### B. Liability Calculation Method Per Claim

The calculation of the member liability on claims for covered healthcare services processed through the BlueCard Program will be based on the lower of the participating healthcare provider's billed covered charges or the negotiated price made available to Florida Blue by the Host Blue.

The calculation of Employer liability on claims for covered healthcare services processed through the BlueCard Program will be based on the negotiated price



made available to Florida Blue by the Host Blue. Sometimes, this negotiated price may be greater than billed charges if the Host Blue has negotiated with its participating healthcare provider(s) an inclusive allowance (e.g., per case or per day amount) for specific healthcare services.

Host Blues may use various methods to determine a negotiated price, depending on the terms of each Host Blue's healthcare provider contracts. The negotiated price made available to Florida Blue by the Host Blue may represent a payment negotiated by a Host Blue with a healthcare provider that is one of the following:

- (i) an actual price. An actual price is a negotiated payment without any other increases or decreases, or
- (ii) an estimated price. An estimated price is a negotiated payment reduced or increased by a percentage to take into account certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements, and performance-related bonuses or incentives, or
- (iii) an average price. An average price is a percentage of billed covered charges representing the aggregate payments negotiated by the Host Blue with all of its healthcare providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

Host Blues using either an estimated price or an average price may, in accordance with Inter-Plan Programs policies, prospectively increase or reduce such prices to correct for over- or underestimation of past prices (i.e., prospective adjustments may mean that a current price reflects additional amounts or credits for claims already paid to providers or anticipated to be paid to or received from providers). However, the amount paid by the member and Employer is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims. The BlueCard Program requires that the price submitted by a Host Blue to Florida Blue is a final price irrespective of any future adjustments based on the use of estimated or average pricing.

If a Host Blue uses either an estimated price or an average price on a claim, it may also hold some portion of the amount that Employer pays in a variance account, pending settlement with its participating healthcare providers. Because all amounts paid are final, neither variance account funds held to be paid, nor the funds expected to be received, are due to or from Employer. Such payable or receivable would be eventually exhausted by healthcare provider settlements and/or through prospective adjustment to the negotiated prices. Some Host Blues may retain interest earned, if any, on funds held in variance accounts.

A small number of states require Host Blues either (i) to use a basis for determining member liability for covered healthcare services that does not reflect

the entire savings realized, or expected to be realized, on a particular claim or (ii) to add a surcharge.

Should the state in which healthcare services are accessed mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, Florida Blue would then calculate member liability and Employer liability in accordance with applicable law.

#### C. Return of Recoveries

Under the BlueCard Program, recoveries from a Host Blue or its participating healthcare providers can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, healthcare provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage a third party to assist in identification or collection of recovery amounts. The fees of such a third party may be netted against the recovery. Recovery amounts determined in this way will be applied in accordance with applicable Inter-Plan Programs policies, which generally require correction on a claim-by claim or prospective basis.

Unless otherwise agreed to by the Host Blue, Florida Blue may request adjustments from the Host Blue for full refunds from healthcare providers due to the retroactive cancellation of membership but only for one year after the date of the Inter-Plan financial settlement process for the original claim. In some cases, recovery of claim payments associated with a retroactive cancellation may not be possible if, as an example, the recovery conflicts with the Host Blue's state law or healthcare provider contracts or would jeopardize its relationship with its healthcare providers.

#### D. BlueCard Fees and Compensation

Employer understands and agrees to reimburse Florida Blue for certain fees and compensation which Florida Blue is obligated under the BlueCard Program to pay to the Host Blues, to the Blue Cross and Blue Shield Association (BCBSA), and/or to BlueCard Program vendors, as described below. Fees and compensation under the BlueCard Program may be revised in accordance with the Program's standard procedures for revising such fees and compensation, which do not provide for prior approval by any Employers. Such revisions typically are made annually as a result of Program policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with Employer's benefit period under this Agreement.

Where applicable, access fees will be applied each time a claim is processed through the BlueCard Program, and will be billed to Employer as an additional claim liability. Other fees including, but not limited to, administrative expense allowance fees, Central Financial Agency fees, ITS Transaction Fees, an 800 number fee and a fee for providing provider directories, if applicable, are included

as a component of the administrative fee and will not be a separate charge to Employer.

Only the BlueCard Program access fee may be charged separately each time a claim is processed through the BlueCard Program. If one is charged, it will be a percentage of the discount/differential Florida Blue receives from the Host Blue, based on the current rate in accordance with the Program's standard procedures for establishing the access fee rate. The access fee will not exceed \$2,000 for any claim. All other BlueCard Program-related fees are included in Florida Blue's general administrative fee.

#### E. Non-Participating Providers

When covered healthcare services are provided outside of Florida Blue service area by non-participating healthcare providers, the amount(s) a member pays for such services will generally be based on either the Host Blue's non-participating healthcare provider local payment or the pricing arrangements required by applicable state law. In these situations, the member may be responsible for the difference between the amount that the non-participating healthcare provider bills and the payment Florida Blue will make for the covered services as set forth in this paragraph.

Employer understands and agrees to reimburse Florida Blue for certain fees and compensation which Florida Blue is obligated under applicable Inter-Plan Programs requirements to pay to the Host Blues, to the Blue Cross and Blue Shield Association, and/or to Inter-Plan Programs vendors. Fees and compensation under applicable Inter-Plan Programs may be revised in accordance with the specific Program's standard procedures for revising such fees and compensation, which do not provide for prior approval by any Employers. Such revisions typically are made annually as a result of Inter-Plan Programs policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with Employer's benefit period under this Agreement.

#### F. Inconsistencies

To the extent of any inconsistency between the above provision titled "Providers Outside the State of Florida" and other terms or conditions of the Agreement, the above provision controls.

### SECTION IV

#### TERMINATION

##### 4.1 Administration After Termination

Employer is solely liable and responsible for all claims incurred under the Group Health Plan by its covered group members and their dependents during the term

of this Agreement, including those incurred claims which are not presented to Employer or Florida Blue during the term of this Agreement. Florida Blue will adjudicate all claims incurred during the term of this Agreement. For purposes of this Agreement, the date of an incurred claim is the date the particular service was rendered or the supply was furnished. After the effective date of termination of this Agreement, Employer will continue to provide Florida Blue with funds to pay claims incurred prior to the termination date and will continue to pay the applicable administrative fees as set forth in Exhibit "B".

#### 4.2 Unilateral Termination

Employer or Florida Blue may unilaterally terminate this Agreement upon 90 days prior written notice to the other party after the initial term of this Agreement.

#### 4.3 Termination On Anniversary Date

This Agreement shall terminate as of the date of any anniversary of the effective date of this Agreement, if either Employer or Florida Blue has given at least 30 days prior written notice to the other party of its intention not to renew this Agreement as of that anniversary date.

#### 4.4 Termination Upon Default

Upon the occurrence of any of the following events, as determined by Florida Blue, this Agreement will automatically terminate at the end of the 8th business day following the day upon which Employer is notified in writing of any of the events of default set forth hereunder, and then only in the event that Employer has not cured the incident of default:

1. Employer's failure to provide adequate funds, as set in Exhibit "B", as necessary for the payment of claims pursuant to the Group Health Plan;
2. Employer's failure to pay any administrative fees or late penalty as set forth in Exhibit "B" of this Agreement;
3. Employer ceases to maintain a Group Health Plan;
4. Employer modifies the Group Health Plan without the prior written consent of Florida Blue;
5. At any time Florida Blue has reasonable grounds for insecurity with respect to Employer's financial ability to adequately fund the Group Health Plan, and Employer has failed to immediately provide adequate assurances of financial soundness to Florida Blue;
6. At any time any judicial or regulatory body determines that this Agreement, or any provision of this Agreement, is invalid or illegal, or

that this arrangement constitutes an insurance policy or program which is subject to state and/or federal insurance regulations and/or taxation;

7. At any time Employer otherwise materially breaches this Agreement.

#### 4.5 Rights and Responsibilities Upon Termination

In the event of termination of this Agreement, Employer will immediately notify each covered group member of the termination date.

Termination of this Agreement for any reason shall not affect the rights or obligations of either party which arise prior to the date of termination.

### SECTION V

#### LEGAL ACTION; INDEMNIFICATION

##### 5.1 Standard of Care

Florida Blue and Employer shall each use the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims in the performance of its duties hereunder.

##### 5.2 Liability; Indemnification

Florida Blue shall not be liable to Employer or any other person for any mistake of judgment or other action taken in good faith, or for any loss or damage occasioned thereby, unless the loss or damage is due to Florida Blue's gross negligence, criminal conduct or fraudulent acts.

Employer hereby agrees to indemnify and hold harmless Florida Blue, its directors, officers, employees and agents against any and all actions, claims, lawsuits, settlements, judgments, costs, interest, penalties, expenses and taxes, including but not limited to, attorneys' fees and courts costs, resulting from or arising directly or indirectly out of or in connection with any function of Florida Blue under this Agreement, including the administration of any Cost Containment or Utilization Benefit Management Programs, or payments made pursuant to the direction of Employer, or arising from any legal action or proceeding to recover benefits under this Agreement, in consequence of any acts or omissions occurring during the operation of this Agreement alleged to be a breach of fiduciary duty under ERISA, or arising from any allegation of a breach of confidentiality arising out of a release of confidential information to the Group or a third party unless it is determined that the direct and sole cause of such liability was the result of gross negligence, criminal conduct or fraudulent acts on the part of Florida Blue or any of its directors, officers, employees or agents. Further, Employer agrees to indemnify and hold harmless Florida Blue for any taxes or

assessments, including penalties and interest, or any other amounts legally levied based on the terms of this Agreement. This provision applies to any amounts imposed, now or later, under the authority of any federal, state, or local taxing jurisdiction. This provision will continue in effect after termination of this Agreement for any reason.

### 5.3 Legal Actions

In the event Florida Blue is served with process in any lawsuit or is made a party to any arbitration proceeding or other legal action relating to any matter for which indemnification is required under the preceding paragraph, Employer shall, upon written request by Florida Blue, immediately furnish a defense to and indemnify and hold harmless Florida Blue in any such lawsuit, proceeding or other action and shall use its best efforts to secure, by motion or otherwise, the dismissal of Florida Blue from such lawsuit, proceeding or other action. Florida Blue will provide Employer with available data and materials that are reasonably necessary for the preparation of the defense of such lawsuit, proceeding or other action.

## SECTION VI

### MISCELLANEOUS PROVISIONS

#### 6.1 Amendment

Except as otherwise provided for herein, this Agreement may be modified, amended, renewed, or extended only upon mutual agreement, in writing, signed by the duly authorized representatives of Employer and Florida Blue.

#### 6.2 Subsidiaries and Affiliates

Any of the functions to be performed by Florida Blue under this Agreement may be performed by Florida Blue or any of its subsidiaries, affiliates, or designees.

#### 6.3 Governing Law

This Agreement is subject to and shall be governed by the laws of the State of Florida, except where those laws are preempted by the laws of the United States.

#### 6.4 Venue

All actions or proceedings instituted by Employer or Florida Blue hereunder shall be brought in a court of competent jurisdiction in Duval County, Florida.

#### 6.5 Waiver of Breach

Waiver of a breach of any provision of this Agreement shall not be deemed a waiver of any other breach of the same or a different provision.

#### 6.6 Inconsistencies

If the provisions of this Agreement are in any way inconsistent with the provisions of the Group Health Plan, then the provisions of this Agreement shall prevail and the other provisions shall be deemed modified, but only to the extent necessary to implement the intent of the parties expressed herein.

#### 6.7 Notices

Any notice required to be given pursuant to this Agreement shall be in writing, postage pre-paid, and shall be sent by certified or registered mail, return receipt requested, or by Federal Express or other overnight mail delivery for which evidence of delivery is obtained by the sender, to Florida Blue or Employer at the addresses indicated on the first page of this Agreement, or such other addresses that the parties may hereafter designate. The notice shall be effective on the date the notice was posted.

#### 6.8 Entire Agreement

This Agreement, including the attachments hereto, contains the entire agreement between Florida Blue and Employer with respect to the specific subject matter hereof. Any prior agreements, promises, negotiations or representations, either verbal or written, relating to the subject matter of this Agreement and not expressly set forth in this Agreement are of no force and effect.

#### 6.9 Severability

In the event any provision of this Agreement is deemed to be invalid or unenforceable, all other provisions shall remain in full force and effect.

#### 6.10 Binding Effect of Agreement

The Agreement shall be binding upon and inure to the benefit of the parties, their agents, servants, employees, successors, and assigns unless otherwise set forth herein or agreed to by the parties.

#### 6.11 Survival

The rights and obligations of the parties as set forth herein shall survive the termination of this Agreement to the extent necessary to effectuate the intent of the parties as expressed herein.

#### 6.12 Independent Relationship

Notwithstanding any other provision of this Agreement, in the performance of the obligations of this Agreement, each party is at all times acting and performing as an independent contractor with respect to the other party. It is further expressly

agreed that no work, act, commission or omission of either party (or any of its agents or employees) pursuant to the terms and conditions of this Agreement, shall be construed to make or render such party (or any of its agents or employees) an agent, servant, representative, or employee of, or joint venture with, such other party.

6.13 Execution of Agreement

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, on the date first written above, the parties have caused this Agreement to be executed by their duly authorized representatives.

BLUE CROSS AND BLUE SHIELD  
FLORIDA, INC. D/B/A FLORIDA  
BLUE

  
Signature

Lann Esposito  
Name (Printed)

VP Sales Operations  
Title

4-30-15  
Date

CALHOUN COUNTY SCHOOL BOARD

  
Signature

Ralph Yoder  
Name (Printed)

Superintendent of Schools  
Title

4/9/15  
Date



**EXHIBIT "A"**  
**to the**  
**ADMINISTRATIVE SERVICES AGREEMENT**  
**between**  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC.D/B/A FLORIDA BLUE**  
**and**  
**CALHOUN COUNTY SCHOOL BOARD**  
**GROUP HEALTH PLAN**

The entire Group Health Plan is attached hereto and made a part of this Agreement.

**EXHIBIT "B"**  
**to the**  
**ADMINISTRATIVE SERVICES AGREEMENT**  
**between**  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. D/B/A FLORIDA BLUE**  
**and**  
**CALHOUN COUNTY SCHOOL BOARD**  
**FINANCIAL ARRANGEMENTS**

I. **Effective Date**

The effective date of this Exhibit is October 1, 2014.

II. **Monthly Payments.**

- A. Each month, Florida Blue will notify Employer of the amount due to satisfy the previous month's paid claims liability. Florida Blue also will provide Employer with a detailed printout of the previous month's claims payments. Employer agrees to pay the full amount of the bill within ten (10) days of the written notification. If the payment is not received by Florida Blue by the payment due date, the payment will be considered past due and subject to a late payment charge, as set forth below. Additionally, Florida Blue will immediately suspend claims until payment is received by Florida Blue.
- B. Employer agrees to pay to Florida Blue, each month during and after the term of this Agreement, an administrative fee, as set forth below. Employer agrees to pay to Florida Blue, each month, the administrative fee within ten (10) days of the written notification of the amount due. If payment is not received by Florida Blue by the due date, the payment will be considered past due and subject to a late payment charge, as set forth below. Additionally, Florida Blue will immediately suspend claims until payment is received by Florida Blue.

III. **Funding Information**

- A. Method of Funding Transfer: ACH

IV. Administrative Fees:

A. Administrative fees during the term of the Agreement:

\$39.14 per employee per month from October 1, 2014 through September 30, 2015.

\$40.32 per employee per month from October 1, 2015 through September 30, 2016.

\$41.53 per employee per month from October 1, 2016 through September 30, 2018.

B. Administrative fees after the termination of the Agreement: 10% of claims paid.

V. Late Payment Penalty

A. A daily charge of .00038 times the amount of overdue payment.

VI. Expected Enrollment

A. The administrative fees referenced above are based on an expected enrollment of: 297.

B. If the actual enrollment is materially different from this expected enrollment, Florida Blue reserves the right to adjust the administrative fees as set forth in the Agreement. Administrative fees will be charged based on actual enrollment.

**EXHIBIT "C"**  
**to the**  
**ADMINISTRATIVE SERVICES AGREEMENT**  
**between**  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. D/B/A FLORIDA BLUE**  
**and**  
**CALHOUN COUNTY SCHOOL BOARD**

**HIPAA-AS ADDENDUM TO ADMINISTRATIVE SERVICES AGREEMENT**

This addendum ("Addendum") is effective upon execution and amends that Administrative Services Agreement ("Agreement") made as of October 1, 2014 by and among Blue Cross and Blue Shield of Florida, Inc. d/b/a Florida Blue ("Florida Blue"); Calhoun County School Board ("Employer") and Calhoun County School Board Group Health Plan ("GHP").

WHEREAS, Employer has established and maintains GHP as a self-insured employee welfare benefit plan, as described in GHP's Plan Document (referred to in the Agreement as the Group Health Plan); and

WHEREAS, Employer and GHP desire to retain Florida Blue to provide certain claim processing and administrative services with respect to GHP; and

WHEREAS, Employer, GHP, and Florida Blue agree to modify the Agreement to incorporate the provisions of this Addendum to address applicable requirements of the implementing regulations, codified at 45 Code of Federal Regulations ("C.F.R.") Parts 160-64, for the Administrative Simplification provisions of Title II, Subtitle F of the Health Insurance Portability and Accountability Act of 1996 (collectively, "HIPAA-AS"), so that GHP may meet its compliance obligations under HIPAA-AS, and to include additional provisions that Employer, GHP, and Florida Blue desire to have as part of the Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained herein, Employer, GHP, and Florida Blue hereby agree as follows:

**PART 1—DEFINITIONS**

**I. DEFINITIONS**

All capitalized terms in this Addendum that are not defined by this Addendum will have the meaning ascribed to them by 45 C.F.R. Parts 160-64. The following terms have the following meanings when used in this Addendum:

- A. "Breach" means the unauthorized acquisition, access, use or disclosure of PHI which compromises the security or privacy of PHI.
- B. "Covered Employee" means the person to whom coverage under GHP has been extended by Employer.
- C. "Covered Person" means the Covered Employee and any other persons to whom coverage has been extended under GHP as specified by GHP's Plan Document.
- D. "Creditable Coverage Certificate" means a certificate disclosing information relating to an individual's creditable coverage under a health care benefit program for purposes of reducing any preexisting condition limitation or exclusion imposed by any group health plan coverage.
- E. "Disclose" and "disclosure" mean, with respect to Protected Health Information, release, transfer, providing access to or divulging to a person or entity not within Florida Blue.
- F. "Electronic Protected Health Information" means Protected Health Information that is (1) transmitted by electronic media or (2) maintained in electronic media.
- G. "Protected Health Information" means the Protected Health Information, as that term is defined in 45 C.F.R. § 160.103, that Florida Blue creates or receives for, on behalf of, or from GHP (or from a GHP Business Associate) in the performance of Florida Blue's duties under the Agreement and this Addendum. For purposes of this Addendum, Protected Health Information encompasses Electronic Protected Health Information.
- H. "Plan Document" means GHP's written documentation that informs Covered Persons of the benefits to which they are entitled from GHP and describes the procedures for (1) establishing and carrying out funding of the benefits to which Covered Persons are entitled under GHP, (2) allocating and delegating responsibility for GHP's operation and administration, and (3) amending the Plan Document. Employer and GHP represent and warrant that GHP's Plan Document provides for the allocation and delegation of the responsibilities assigned to Florida Blue under the Agreement.
- I. "Unsecured PHI" means PHI that is not secured through the use of technology or methods approved by the Secretary of Health and Human Services to render the PHI unusable, unreadable or indecipherable to unauthorized individuals.

- J. "Use" means, with respect to Protected Health Information, utilization, employment, examination, analysis or application within Florida Blue.

## **PART 2--FLORIDA BLUE'S RESPONSIBILITIES**

### **II. SERVICES PROVIDED BY FLORIDA BLUE**

During the continuance of the Agreement, Florida Blue will perform the services set forth in the Agreement with respect to the benefits offered to Covered Persons by GHP.

### **III. PRIVACY AND SECURITY OF PROTECTED HEALTH INFORMATION**

#### **A. Preservation of Privacy**

Florida Blue will keep confidential all Protected Health Information that Florida Blue creates or receives on GHP's behalf or receives from GHP (or another Business Associate of GHP) in the performance of its duties under the Agreement and this Addendum.

#### **B. Prohibition on Non-Permitted Use or Disclosure**

Florida Blue will neither use nor disclose Protected Health Information (including any Protected Health Information that Florida Blue may receive from a GHP Business Associate) except (1) as permitted or required by this Addendum, (2) as permitted or required in writing by GHP, or (3) as Required by Law.

#### **C. Permitted Uses and Disclosures**

Florida Blue will be permitted to use or disclose Protected Health Information only as follows:

##### **1. GHP's Payment Activities and Health Care Operations**

Florida Blue will be permitted to use and disclose Protected Health Information for Payment, Health Care Operations, and Data Aggregation for GHP, including programs administered by Florida Blue for GHP that may improve the quality and reduce the cost of care Covered Persons receive. Those programs administered by Florida Blue for GHP:

\_\_\_\_\_ include (but are not limited to)

\_\_\_\_\_ X \_\_\_\_\_ do not include

a payer-based health record program (*i.e.*, Care Profile).

**2. Another Covered Entity's Payment Activities and Health Care Operations**

Florida Blue will be permitted to disclose Protected Health Information in accordance with 45 C.F.R. § 164.506(c) for the Payment activities of another Covered Entity or Health Care Provider and for the qualifying Health Care Operations of another Covered Entity.

**3. Provider's Treatment Activities**

Florida Blue will be permitted to disclose Protected Health Information in accordance with 45 C.F.R. § 164.506(c) for the Treatment activities of a Health Care Provider.

**4. Covered Person Permission**

Florida Blue will be permitted to use or disclose Protected Health Information in accordance with an authorization or other permission granted by an Individual (or the Individual's Personal Representative) in accordance with 45 C.F.R. § 164.508 or 45 C.F.R. § 164.510, as applicable.

**5. Florida Blue's Own Management and Administration**

**a. Protected Health Information Use**

Florida Blue will be permitted to use Protected Health Information as necessary for Florida Blue's proper management and administration or to carry out Florida Blue's legal responsibilities.

**b. Protected Health Information Disclosure**

Florida Blue will be permitted to disclose Protected Health Information as necessary for Florida Blue's proper management and administration or to carry out Florida Blue's legal responsibilities only (i) if the disclosure is Required by Law, or (ii) if before the disclosure, Florida Blue obtains from the entity to which the disclosure is to be made reasonable assurance, evidenced by written contract, that the entity will (1) hold Protected Health Information in confidence, (2) use or further disclose Protected Health Information only for the purposes for which Florida Blue disclosed it to the entity or as Required by Law; and (3) notify Florida Blue of any instance of which the entity becomes aware in which the confidentiality of any Protected Health Information was breached.

**6. De-Identified Health Information**

Florida Blue may use Protected Health Information to create De-Identified Health Information in conformance with 45 C.F.R. § 164.514(b). Florida Blue may use and disclose De-Identified Health Information for any purpose, including after any termination of the Agreement and this Addendum.

**7. Limited Data Set**

- a. **Creation of Limited Data Set.** Florida Blue may use Protected Health Information to create a Limited Data Set:
  - i. that contains the minimum amount of Protected Health Information reasonably necessary to accomplish the purposes set out in Paragraph b of this Section III.C.6, below; and
  - ii. from which have been removed all of the direct identifiers, as specified in 45 C.F.R. § 164.514(e)(2), of the Individuals whose Protected Health Information is included in the Limited Data Set and of the relatives, household members and employers of those Individuals.
- b. **Florida Blue's Permitted Uses and Disclosures.** Florida Blue may use and disclose the Limited Data Set for only Health Care Operations permitted by this Addendum.
- c. **Prohibition on Unauthorized Use or Disclosure.**
  - i. Florida Blue will neither use nor disclose the Limited Data Set for any purpose other than as permitted by Paragraph b of this Section III.C.6, as otherwise permitted in writing by GHP, or as Required by Law.
  - ii. Florida Blue is not authorized to use or disclose the Limited Data Set in a manner that would violate the Privacy Rule, 45 C.F.R. Part 164, Subpart E, if done by GHP.
  - iii. Florida Blue will not attempt to identify the information contained in the Limited Data Set or contact any Individual who may be the subject of information contained in the Limited Data Set.



- d. **Information Safeguards.** Florida Blue will adopt and use appropriate administrative, physical, and technical safeguards to preserve the integrity and confidentiality of the Limited Data Set and to prevent its use or disclosure other than as permitted by this Section III.C.6.
- e. **Permitted Subcontractors, and Agents.** Florida Blue will require any agent or subcontractor to which it discloses the Limited Data Set, to agree to comply with the same restrictions and conditions that apply to Florida Blue's use and disclosure of the Limited Data Set pursuant to this Section III.C.6.
- f. **Breach of Privacy Obligations.** Florida Blue will report to GHP any use or disclosure of the Limited Data Set that is not permitted by this Section III.C.6 of which Florida Blue becomes aware.

#### **D. Minimum Necessary**

Florida Blue will, in the performance of its functions and activities on GHP's behalf under the Agreement and this Addendum, make reasonable efforts to use, to disclose, or to request of a Covered Entity only the minimum necessary amount of Protected Health Information to accomplish the intended purpose of the use, the disclosure, or the request, except that Florida Blue will not be obligated to comply with this minimum necessary limitation with respect to:

- 1. Disclosures to GHP, as distinguished from disclosures to Employer;
- 2. Disclosure to or request by a health care provider for Treatment;
- 3. Use with or disclosure to a Covered Person who is the subject of Protected Health Information, or that Covered Person's Personal Representative;
- 4. Use or disclosure made pursuant to an authorization compliant with 45 C.F.R. § 164.508 that is signed by an Individual who is the subject of Protected Health Information to be used or disclosed, or by that Individual's Personal Representative, as defined in 45 C.F.R. § 164.502(g);
- 5. Disclosure to the United States Department of Health and Human Services ("DHHS") in accordance with Section VIII below;
- 6. Use or disclosure that is Required by Law; or

7. Any other use or disclosure that is excepted from the minimum necessary limitation as specified in 45 C.F.R. § 164.502(b)(2).

**E. Disclosure to GHP and GHP's Business Associates**

Other than disclosures permitted by Section III.C. above, Florida Blue will not disclose Protected Health Information to GHP, a GHP Business Associate, or a GHP Vendor, except as directed by GHP in writing.

**F. Disclosure to Florida Blue's Subcontractors and Agents**

Florida Blue may disclose Protected Health Information to a subcontractor or agent. Florida Blue will require each subcontractor and agent to which Florida Blue may disclose Protected Health Information to provide reasonable assurance, evidenced by written contract, that such subcontractor or agent will comply with the same privacy and security obligations with respect to Protected Health Information as this Addendum applies to Florida Blue.

**G. Disclosure to Employer**

Florida Blue will not disclose any Protected Health Information to Employer, except as permitted by and in accordance with PART 3 below.

**H. Reporting Non-Permitted Use or Disclosure and Security Incidents**

**1. Privacy Breach**

Florida Blue will report to GHP any use or disclosure of Protected Health Information not permitted by this Addendum or in writing by GHP, including Breaches of Unsecured PHI, of which Florida Blue becomes aware in accordance with relevant legal requirements. Florida Blue will cooperate with GHP in GHP's performance of investigation or assessments necessary to determine whether a Breach of Unsecured PHI has occurred. GHP shall bear sole responsibility for determining the need for and implementing notification concerning any Breach of Unsecured PHI,

**2. Security Incidents**

Florida Blue will report to GHP any incident of which Florida Blue becomes aware that is (a) a successful unauthorized access, use or disclosure of Electronic Protected Health Information; or (b) a successful major (i) modification or destruction of Electronic Protected Health Information or (ii) interference with system operations in an Information System containing Electronic Protected Health Information. Upon GHP's request, Florida Blue will report any incident of which Florida Blue becomes aware that is a successful minor (a) modification or destruction of Electronic Protected

Health Information or (b) interference with system operations in an Information System containing Electronic Protected Health Information.

**I. Duty to Mitigate**

Florida Blue will mitigate to the extent practicable any harmful effect of which Florida Blue is aware that is caused by any use or disclosure of Protected Health Information in violation of this Addendum.

**J. Termination of Addendum**

GHP will have the right to terminate the Agreement and this Addendum if Florida Blue has engaged in a pattern of activity or practice that constitutes a material breach or violation of Florida Blue's obligations regarding Protected Health Information under this Addendum and, on notice of such material breach or violation from GHP, fails to take reasonable steps to cure the breach or end the violation. If Florida Blue fails to cure the material breach or end the violation within 90 days after receipt of GHP's notice, GHP may terminate the Agreement and this Addendum by providing Florida Blue written notice of termination, stating the uncured material breach or violation that provides the basis for the termination and specifying the effective date of the termination.

**K. Disposition of Protected Health Information**

**1. Return or Destruction Feasible**

Upon termination of the Addendum, Florida Blue will, if feasible, return to GHP or destroy, all Protected Health Information in Florida Blue's custody or control (or in the custody or control of any subcontractor or agent to which Florida Blue disclosed Protected Health Information). Florida Blue will complete such return or destruction as promptly as practical after termination of the Addendum.

**2. Return or Destruction Not Feasible**

Florida Blue will identify for GHP any Protected Health Information that Florida Blue (or any subcontractor or agent to which Florida Blue disclosed Protected Health Information) cannot feasibly return to GHP or destroy upon termination of the Addendum and will describe the purposes that make the return to GHP or destruction infeasible. Florida Blue will limit its (and, by its written contract pursuant to Section III.F. above, any subcontractor's or agent's) further use or disclosure of Protected Health Information after termination of the Addendum to the purposes that make return to GHP or destruction infeasible and to those uses or disclosures Required by Law.

**3. Ongoing Privacy and Security Obligations**

Florida Blue's obligations to preserve the privacy and safeguard the security of Protected Health Information as specified in this Addendum will survive termination or other conclusion of the Agreement and this Addendum.

**IV. ACCESS, AMENDMENT, AND DISCLOSURE ACCOUNTING FOR PROTECTED HEALTH INFORMATION**

**A. Access**

Florida Blue will, consistent with 45 C.F.R. § 164.524(b)(2), make available to the Covered Person (or the Covered Person's Personal Representative) for inspection and copying any of the Protected Health Information about the Covered Person that qualifies as part of a Designated Record Set that Florida Blue has in its custody or control, and that is not exempted from access by 45 C.F.R. § 164.524(a), so that GHP can meet its access obligations under 45 C.F.R. § 164.524.

**B. Amendment**

Florida Blue will, consistent with 45 C.F.R. § 164.526(b)(2), amend, pursuant to a Covered Person's written request to amend (or a written request to amend by the Covered Person's Personal Representative), any portion of Protected Health Information about the Covered Person that qualifies as part of a Designated Record Set that Florida Blue has in its custody or control, so that GHP can meet its amendment obligations under 45 C.F.R. § 164.526.

**C. Disclosure Accounting**

So that GHP may meet its disclosure accounting obligations under 45 C.F.R. § 164.528, Florida Blue will do the following:

**1. Disclosure Tracking**

Starting April 14, 2003, Florida Blue will, consistent with 45 C.F.R. § 164.528(b), record each disclosure of Protected Health Information that is not excepted from disclosure accounting under 45 C.F.R. § 164.528(a) that Florida Blue makes to GHP or to a third party ("Accountable Disclosures").

**2. Disclosure Tracking Time Periods**

Florida Blue will have available for Covered Person the disclosure information for each Accountable Disclosure for at least six (6) years immediately following the date of the Accountable Disclosure (except

Florida Blue will not be required to have disclosure information for disclosures occurring before April 14, 2003).

**3. Provision of Disclosure Information**

Florida Blue will, consistent with 45 C.F.R. § 164.528(c)(1), make available to the Covered Person (or the Covered Person's Personal Representative) the disclosure information regarding the Covered Person, so that GHP can meet its disclosure accounting obligations under 45 C.F.R. § 164.528.

**D. Restriction Requests**

GHP will direct a Covered Person to promptly notify Florida Blue in the manner designated by Florida Blue of any request for restriction on the use or disclosure of Protected Health Information about a Covered Person that may affect Florida Blue. Consistent with 45 C.F.R. § 164.522(a), and on behalf of GHP, Florida Blue will agree to or deny any such restriction request. Florida Blue will not be in breach of the Agreement or this Addendum for failure to comply with a restriction request on the use or disclosure of Protected Health Information about a Covered Person unless GHP or the Covered Person (or the Covered Person's Personal Representative) notifies Florida Blue in the manner designated by Florida Blue of the terms of the restriction and Florida Blue agrees to the restriction request in writing.

**E. Confidential Communications**

Florida Blue will provide a process for a Covered Person to request that Florida Blue communicate with the Covered Person about Protected Health Information about the Covered Person by confidential alternative location, and Covered Person to provide Florida Blue with the information that Florida Blue needs to be able to evaluate that request. Consistent with 45 C.F.R. § 164.522(b) and on behalf of GHP, Florida Blue will agree to or deny any confidential communication request. Furthermore, Florida Blue will develop policies and procedures consistent with 45 C.F.R. § 164.522(b) to fulfill its obligations under this paragraph.

Florida Blue will provide a process for termination of any requirement to communicate with the Covered Person about Protected Health Information about the Covered Person by confidential alternative location.

**F. Complaint Process**

Florida Blue will, consistent with 45 C.F.R. § 164.530(d) and on behalf of GHP, provide a process for Covered Persons (or Covered Person's Personal Representative) to make complaints concerning Florida Blue's policies and procedures, which policies and procedures GHP hereby adopts as its own so that GHP can meet its compliance obligations under 45 C.F.R. Part 164.

## **V. GHP'S PRIVACY PRACTICES NOTICE**

### **A. Preparation of GHP's Privacy Practices Notices**

Florida Blue will prepare Privacy Practices Notices appropriate for the benefit plans that Florida Blue administers for GHP under the Agreement and reflective of the requirements of 45 C.F.R. Part 164 pertaining to use and disclosure of Protected Health Information and Covered Person's rights with respect to Protected Health Information. The Privacy Practices Notices will address whether GHP discloses or authorizes Florida Blue to disclose to Employer enrollment data, Summary Health Information that may include Covered Persons' Individually Identifiable Health Information, or Protected Health Information for plan administration functions. Unless otherwise agreed upon by the Parties, GHP hereby adopts Florida Blue's Privacy Practices Notice attached as **EXHIBIT 1**, and any future revisions thereof, as its own.

### **B. Distribution of GHP's Privacy Practices Notice**

Florida Blue will distribute GHP's then effective and appropriate Privacy Practices Notice to each new Covered Employee upon the Covered Employee's enrollment in GHP and to any Covered Employee upon request. Florida Blue will distribute any GHP revised Privacy Practices Notice to each Covered Employee then enrolled in GHP, and may distribute any GHP revised Privacy Practices Notice to any other Covered Person over the age of 18 then enrolled in GHP, within sixty (60) days after any material change in GHP's Privacy Practices Notice.

Florida Blue will distribute GHP's Privacy Practices Notice to any Covered Person requesting it. Additionally, every three (3) years after April 14, 2003, Florida Blue will notify each Covered Employee then enrolled in GHP, and may notify any other Covered Person over the age of 18 then enrolled in GHP, of the availability of GHP's Privacy Practices Notice upon request.

### **C. Florida Blue to Comply with Notices**

Florida Blue will neither use nor disclose Protected Health Information in any manner inconsistent with the content of GHP's then current Privacy Practices Notice applicable to the benefit plans that Florida Blue administers for GHP under the Agreement.

## **VI. ISSUANCE OF CERTIFICATE OF CREDITABLE COVERAGE**

At the written or electronic direction of Employer or GHP, Florida Blue may use and disclose Protected Health Information to issue to each Covered Person, whose coverage under a benefits plan administered pursuant to the Agreement terminates during the term of the Agreement, a Certificate of Creditable Coverage. The Certificate of Creditable Coverage will be based upon the coverage that the Covered Person had under the benefits plan administered pursuant to the Agreement and the information that

Employer or GHP provides to Florida Blue regarding the Covered Person's coverage eligibility and coverage termination under that benefits plan.

## **VII. SAFEGUARDING PROTECTED HEALTH INFORMATION**

### **A. Privacy of Protected Health Information**

Florida Blue will maintain reasonable and appropriate administrative, physical, and technical safeguards, consistent with 45 C.F.R. § 164.530(c) and any other implementing regulations issued by DHHS that are applicable to Florida Blue as GHP's Business Associate, to protect against reasonably anticipated threats or hazards to and to ensure the security and integrity of Protected Health Information, to protect against reasonably anticipated unauthorized use or disclosure of Protected Health Information, and to reasonably safeguard Protected Health Information from any intentional or unintentional use or disclosure in violation of this Addendum.

### **B. Security of Electronic Protected Health Information**

Florida Blue will develop, implement, maintain, and use administrative, technical, and physical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information that Florida Blue creates, receives, maintains, or transmits on behalf of GHP consistent with the Security Rule, 45 C.F.R. Part 164, Subpart C.

## **VIII. INSPECTION OF INTERNAL PRACTICES, BOOKS, AND RECORDS**

Florida Blue will make its internal practices, books, and records relating to its use and disclosure of Protected Health Information available to GHP and to DHHS to determine GHP's compliance with 45 C.F.R. Part 164, Subpart E "Privacy of Individually Identifiable Health Information."

## **PART 3—EMPLOYER'S RESPONSIBILITIES**

## **IX. DATA EXCHANGE BETWEEN EMPLOYER AND FLORIDA BLUE**

### **A. Enrollment Data**

Florida Blue may disclose to Employer the minimum necessary information regarding whether an individual is a Covered Person participating in GHP or enrolled or disenrolled from coverage under the GHP.

Employer may electronically exchange data with Florida Blue regarding the enrollment and disenrollment of Covered Persons as participants in GHP using the Enrollment and Disenrollment in Health Plan Standard Transaction (ASC X12N 834-Benefit Enrollment and Maintenance) as specified in 45 C.F.R. Part 162, Subpart O.

**B. Other Data Exchanges and Notifications**

Employer will exchange with Florida Blue all data not otherwise addressed in this Section IX and any notification by using such forms, tape formats, or electronic formats as Florida Blue may approve. Employer will furnish all information reasonably required by Florida Blue to effect such data exchanges or notifications.

**X. SUMMARY HEALTH INFORMATION**

Upon Employer's written request for the purpose either (A) to obtain premium bids for providing health insurance coverage under GHP, or (B) to modify, amend, or terminate GHP, Florida Blue will provide Summary Health Information regarding the Covered Persons participating in GHP to Employer.

**XI. EMPLOYER'S CERTIFICATION**

Employer hereby makes the certification specified in **EXHIBIT 2** so that Employer may request and receive the minimum necessary Protected Health Information from Florida Blue for those plan administration functions that Employer will perform for GHP. GHP therefore authorizes Florida Blue to disclose the minimum necessary Protected Health Information to those authorized representatives of Employer as specified in **EXHIBIT 3** for the plan administration functions that Employer will perform for GHP as specified in GHP's Plan Document as amended and in **EXHIBIT 3**. Florida Blue may rely on Employer's certification and GHP's authorization that Employer has provided the requisite certification and will have no obligation to verify (1) that GHP's Plan Document has been amended to comply with the requirements of 45 C.F.R. § 164.504(f)(2), 45 C.F.R. § 164.314(b)(2), or this Section XI, or (2) that Employer is complying with GHP's Plan Document as amended.

**PART 4—MISCELLANEOUS**

**XII. AUTOMATIC AMENDMENT TO CONFORM TO APPLICABLE LAW**

Upon the compliance date of any final regulation or amendment to final regulation with respect to Protected Health Information, Standard Transactions, the security of Health Information, or other aspects of HIPAA-AS applicable to this Addendum or to the Agreement, this Addendum will automatically amend such that the obligations imposed on Employer, GHP, and Florida Blue remain in compliance with such regulations, unless Florida Blue elects to terminate the Agreement by providing Employer and GHP notice of termination in accordance with the Agreement at least **90** days before the compliance date of such final regulation or amendment to final regulation.



### **XIII. CONFLICTS**

The provisions of this Addendum will override and control any conflicting provision of the Agreement. All nonconflicting provisions of the Agreement will remain in full force and effect.

### **XIV. ADD GHP AS A PARTY TO AGREEMENT**

Notwithstanding Section 3.1 of the Agreement, in order to make clear the respective HIPAA-AS compliance obligations of Florida Blue, GHP, and Employer, as set forth in this Addendum, GHP shall hereby be added as a separate party to the Agreement.

### **XV. REVISION TO SECTION 3.3**

The first sentence of Section 3.3 of the Agreement shall be deleted and replaced as follows: "The Florida Blue shall provide claims processing services on behalf of the Group Health Plan."

### **XVI. REVISION TO SECTION 3.6**

In order for GHP to be able to comply with its obligations under the HIPAA-AS Privacy and Security Rules and for Employer and Florida Blue to be able to comply with their obligations hereunder, the terms and conditions of Section 3.6 of the Agreement, and any subsequent amendments made thereto by the parties, shall be made subject to this Addendum.

### **XVII. REVISION TO SECTION 6.6**

Section 6.6 of the Agreement shall be given effect except with respect to the subject matter of this Addendum, in which case Section XIII of this Addendum shall control.

### **XVIII. COMPLIANCE DATE FOR SECURITY OBLIGATIONS**

Florida Blue's security obligations as set forth in Sections III.F, III.H.2, and VII.B herein shall take effect the later of (A) the last date set forth in PART 5 below or (B) the compliance deadline of the HIPAA-AS Security Rule (which is, as of the date hereof, April 20, 2005 or April 20 2006 for Small Health Plans).

### **XVIX. HITECH COMPLIANCE**

Florida Blue shall comply with all applicable requirements of Title XIII, Subtitle D of the Health Information Technology for Economic and Clinical Health Act ("HITECH"), 42 U.S.C. Sections 17921-17954 and all applicable HITECH implementing regulations issued by the Department of Health and Human Services as of the date by which Florida Blue must comply with such statutory and regulatory requirements.

PART 5—SIGNATURES

BLUE CROSS AND BLUE SHIELD  
OF FLORIDA D/B/A FLORIDA BLUE:

By: Lynn Eason  
Title: VP Sales Operations  
Date: 4-30-15

<sup>DAEC</sup>  
CALHOUN COUNTY SCHOOL BOARD  
GROUP HEALTH PLAN:

By: Patricia L. McDaniel  
Title: Risk Manager  
Date: 4-20-15

CALHOUN COUNTY SCHOOL BOARD:

By: Rafael  
Title: School Superintendent  
Date: 4/9/15

## **EXHIBIT 1—SAMPLE NOTICE OF PRIVACY PRACTICES**

### **THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION.**

#### **PLEASE REVIEW IT CAREFULLY.**

**This Notice is effective as of September 03, 2013.**

We (Blue Cross and Blue Shield of Florida, Inc., d/b/a/ Florida Blue and Health Options, Inc., d/b/a Florida Blue HMO, collectively referred to as Florida Blue in this Notice) understand the importance of, and are committed to, maintaining the privacy of your protected health information (PHI). PHI is health and nonpublic personal financial information that can reasonably be used to identify you and that we maintain in the normal course of either administering your employer's self-insured group health plan or providing you with insured health care coverage and other services. PHI also includes your personally identifiable information that we may collect from you in connection with the application and enrollment process for health insurance coverage.

We are required by applicable federal and state laws to maintain the privacy of your PHI. We are also required to provide you with this Notice which describes our privacy practices, our legal duties, and your rights concerning your PHI. We are required to follow the privacy practices that are described in this Notice while it is in effect.

We reserve the right to change our privacy practices and the terms of this Notice at any time and to make the terms of our revised Notice effective for all of your PHI that we either currently maintain or that we may maintain in the future. If we make a significant change in our privacy practices, we will post a revised Notice on our web site by the effective date, and provide the revised Notice, or information about the change and how to get the revised Notice, to covered individuals in our next annual mailing.

#### **How we protect your PHI:**

- Our employees are trained on our privacy and data protection policies and procedures;
- We use administrative, physical and technical safeguards to help maintain the privacy and security of your PHI;
- We have policies and procedures in place to restrict our employees' use of your PHI to those employees who are authorized to access this information for treatment or payment purposes or to perform certain healthcare operations; and
- Our corporate Business Ethics, Integrity & Compliance division monitors how we follow our privacy policies and procedures.

### **How we must disclose your PHI:**

- **To You:** We will disclose your PHI to you or someone who has the legal right to act on your behalf (your personal representative) in order to administer your 'Individual Rights' under this Notice.
- **To The Secretary of the Department of Health and Human Services (HHS):** We will disclose your PHI to HHS, if necessary, to ensure that your privacy rights are protected.
- **As Required by Law:** We will disclose your PHI when required by law to do so.

### **How we may use and disclose your PHI without your written authorization:**

We may use and disclose your PHI without your written authorization in a number of different ways in connection with your treatment, the payment for your health care, and our health care operations. When using or disclosing your PHI, or requesting your PHI from another entity, we will make reasonable efforts to limit such use, disclosure or request, to the extent practicable, to the minimum necessary to accomplish the intended purpose of such use, disclosure or request. The following are only a few examples of the types of uses and disclosures of your PHI that we may make without your written authorization.

- **For Treatment:** We may use and disclose your PHI as necessary to aid in your treatment or the coordination of your care. For example, we may disclose your PHI to doctors, dentists, hospitals, or other health care providers in order for them to provide treatment to you.
- **For Payment:** We may use and disclose your PHI to administer your health benefits policy or contract. For example, we may use and disclose your PHI to pay claims for services provided to you by doctors, dentists or hospitals. We may disclose your PHI to a health care provider or another health plan so that the provider or plan may obtain payment of a claim or engage in other payment activities.
- **To Family, Friends, and Others for Treatment or Payment:** Our disclosure of your PHI for the treatment and payment purposes described above may include disclosures to others who are involved in your care or the administration of your health benefits policy or contract. For example, we may disclose your PHI to your family members, friends or caregivers if you direct us to do so or if we exercise professional judgment and determine that they are involved in either your care or the administration of your health benefits policy. We may send an explanation of benefits to the policyholder, which may include claims paid and other information. We may determine that persons are involved in your care or the administration of your health benefits policy if you either agree or fail to object to a disclosure of your PHI to such persons when given an opportunity. In an emergency or in situations where you are incapacitated or not otherwise present, we may disclose

your PHI to your family members, friends, caregivers or others, when the circumstances indicate that such disclosure is authorized by you and is in your best interests. In these situations we will only disclose your PHI that is relevant to such other person's involvement in your care or the administration of your health benefits policy.

- **For Health Care Operations:** We may use and disclose your PHI to support other business activities. For example, we may use or disclose your PHI to conduct quality assessment and improvement activities, to conduct fraud and abuse investigations, to engage in care coordination or case management, or to communicate with you about health related benefits, products or services or treatment alternatives that may be of interest to you. We may also disclose your PHI to another entity subject to federal privacy laws, as long as the entity has or had a relationship with you and the PHI is disclosed only for certain health care operations of that provider, plan, or other entity. We may use and disclose your PHI as needed to conduct or arrange for legal services, auditing, or other functions. We may also use and disclose your PHI to perform underwriting activities, however, we are prohibited from using or disclosing your genetic information for underwriting purposes.
- **To Business Associates for Treatment, Payment or Health Care Operations:** Our use of your PHI for treatment, payment or health care operations described above (or for other uses or disclosures described in this Notice) may involve our disclosure of your PHI to certain other entities with which we have contracted to perform or provide certain services on our behalf (Business Associates). We may allow our Business Associates to create, receive, maintain, or transmit your PHI on our behalf in order for the Business Associate to provide services to us, or for the proper management and administration of the Business Associate or to fulfill the Business Associate's legal responsibilities. These Business Associates include lawyers, accountants, consultants, claims clearinghouses, and other third parties. Our Business Associates may re-disclose your PHI to subcontractors in order for these subcontractors to provide services to the Business Associates. These subcontractors will be subject to the same restrictions and conditions that apply to the Business Associates. Whenever such arrangement with a Business Associate involves the use or disclosure of your PHI, we will have a written contract with our Business Associate that contains terms designed to protect the privacy of your PHI.
- **For Public Health and Safety:** We may use or disclose your PHI to the extent necessary to avert a serious and imminent threat to the health or safety of you or others. We may also disclose your PHI for public health and government health care oversight activities and to report suspected abuse, neglect or domestic violence to government authorities.

- **As Permitted by Law:** We may use or disclose your PHI when we are permitted to do so by law.
- **For Process and Proceedings:** We may disclose your PHI in response to a court or administrative order, subpoena, discovery request, or other lawful process.
- **Criminal Activity or Law Enforcement:** We may disclose your PHI to a law enforcement official with regard to crime victims and criminal activities. We may disclose your PHI if we believe that the use or disclosure is necessary to prevent or lessen a serious and imminent threat to the health and safety of a person or the public. We may also disclose your PHI if it is necessary for law enforcement authorities to identify or apprehend an individual.
- **Special Government Functions:** When the appropriate conditions apply, we may use or disclose PHI of individuals who are Armed Forces personnel (i) for activities deemed necessary by appropriate military command authorities; (ii) for the purpose of determination by the Department of Veterans Affairs of your eligibility for benefits, or (iii) to foreign military authorities if you are a member of that foreign military service. We may also disclose your PHI to authorized federal officials for conducting national security and intelligence activities, including the provision of protective services to the President or others legally authorized to receive such governmental protection.
- **Inmates:** We may use or disclose your PHI if you are an inmate of a correctional facility and your physician created or received your PHI in the course of providing care to you.
- **To Plan Sponsors, if applicable (including employers who act as Plan Sponsors):** We may disclose enrollment and disenrollment information to the plan sponsor of your group health plan. We may also disclose certain PHI to the plan sponsor to perform plan administration functions. We may disclose summary health information to the plan sponsor so that the plan sponsor may either obtain premium bids or decide whether to amend, modify or terminate your group health plan. Please see your plan documents, where applicable, for a full explanation of the limited uses and disclosures that the plan sponsor may make of your PHI in providing plan administration functions for your group health plan.
- **For Coroners, Funeral Directors, and Organ Donation:** We may disclose your PHI to a coroner or medical examiner for identification purposes, determining cause of death or for the coroner or medical examiner to perform other duties authorized by law. We may also disclose PHI to a funeral director, as authorized by law, in order to permit the funeral director to carry out his or her duties. We may disclose such information in reasonable anticipation of death. PHI may be used and disclosed for cadaveric organ, eye, or tissue donation purposes.

- **Research:** We may disclose your PHI to researchers when their research has been approved by an institutional review board that has reviewed the research purposes and established protocols to ensure the privacy of your PHI, or as otherwise permitted by federal privacy law.
- **Fundraising:** We may use your PHI to contact you in order to raise funds for our benefit. You have the right to opt out of receiving such communications.
- **Limited data sets and de-identified information:** We may use or disclose your PHI to create a limited data set or de-identified information, and use and disclose such information as permitted by law.
- **For Workers' Compensation:** We may disclose your PHI as permitted by workers' compensation and similar laws.

**Uses and disclosures of PHI permitted only after authorization is received:**

We will obtain your written authorization, as described below, for: (i) uses and disclosures of your PHI for marketing purposes, including subsidized treatment communications (except for certain activities otherwise permitted by federal privacy law, such as face-to-face communications or promotional gifts of nominal value); (ii) disclosures of your PHI that constitute a sale of PHI under federal privacy law and that requires your authorization; and (iii) other uses and disclosures of your PHI not described in this Notice.

There are also other federal and state laws that may further restrict our disclosure of certain PHI (to the extent we maintain such information) that is deemed highly confidential. Highly confidential PHI may include information pertaining to:

- psychotherapy notes;
- alcohol and drug abuse prevention, treatment and referral;
- HIV/AIDS testing, diagnosis or treatment;
- sexually transmitted diseases; and
- genetic testing.

Our intent is to meet the requirements of these more stringent privacy laws and we will only disclose this type of specially protected PHI with your prior written authorization except when our disclosure of this information is permitted or required by law.

**Authorization:** You may give us written authorization to use your PHI or disclose it to anyone for any purpose not otherwise permitted or required by law. If you give us an authorization, you may revoke it in writing at any time. Your revocation will not affect any use or disclosure permitted by your authorization while it was in effect. In the event that you are incapacitated or are otherwise unable to respond to our request for an authorization, (for example, if you are or become legally incompetent), we may accept

an authorization from any person who is legally authorized to give such authorization on your behalf.

**Individual Rights:**

*To exercise any of these rights, please call the customer service number on your ID card.*

- **Access:** With limited exceptions, you have the right to inspect, or obtain copies of, your PHI. We may charge you a reasonable fee as permitted by law. We will provide you a copy of your PHI in the form and format requested, if it is readily producible in such form or format or, if not, in a readable hard copy form or such format as agreed to by you and us. Where your PHI is contained in one or more designated record sets electronically, you have the right to obtain a copy of such information in the electronic form and format requested, if it is readily producible in such form and format; or if not, in a readable electronic form and format as agreed to by us and you. You may request that we transmit the copy of your PHI directly to another person, provided your request is in writing, signed by you, and you clearly identify the designated person and where to send the copy of the PHI.
- **Amendment:** With limited exceptions, you have the right to request that we amend your PHI.
- **Disclosure Accounting:** You have the right to request and receive a list of certain disclosures made of your PHI. If you request this list more than once in a 12-month period, we may charge you a reasonable fee as permitted by law to respond to any additional request.
- **Use/Disclosure Restriction:** You have the right to request that we restrict our use or disclosure of your PHI for certain purposes. We are required to agree to a request to restrict the disclosure of your PHI to a health plan if you submit the request to us and: (i) the disclosure is for purposes of carrying out payment or health care operations and is not otherwise required by law; and (ii) the PHI pertains solely to a health care item or service for which you, or a person on your behalf other than the health plan, has paid the covered entity out-of-pocket in full. We may not be required to agree to all other restriction requests and, in certain cases, we may deny your request. We will agree to restrict the use or disclosure of your PHI provided the law allows and we determine the restriction does not impact our ability to administer your benefits. Even when we agree to a restriction request, we may still disclose your PHI in a medical emergency and use or disclose your PHI for public health and safety and other similar public benefit purposes permitted or required by law.
- **Confidential Communication:** You have the right to request that we communicate with you in confidence about your PHI at an alternative address. When you call the customer service number on your ID card to request



confidential communications at an alternative address, please ask for a "PHI address."

Note: If you choose to have confidential communications sent to you at a PHI address, we will only respond to inquiries from you. If you receive services from any health care providers, you are responsible for notifying those providers directly if you would like a PHI address from them.

- **Privacy Notice:** You have the right to request and receive a copy of this Notice at any time. For more information or if you have questions about this Notice, please contact us using the information listed at the end of this Notice.
- **Breach:** You have the right to receive, and we are required to provide, written notification of a breach where your unsecured PHI has been accessed, used, acquired, or disclosed to an unauthorized person as a result of such breach, and which compromises the security or privacy of your PHI. Unless specified in writing by you to receive the notification by electronic mail, we will provide such written notification by first class mail or, if necessary, by such other substituted forms of communication permitted under the law.
- **Paper Copy:** You have the right to receive a paper copy of this Notice, upon request, even if you have previously agreed to receive the Notice electronically.

## Complaints

If you are concerned that we may have violated your privacy rights, you may complain to us using the contact information listed at the end of this Notice. You may also submit a written complaint to the U.S. Department of Health and Human Services. We will provide you with the address for the U.S. Department of Health and Human Services upon request.

We support your right to protect the privacy of your PHI. We will not retaliate in any way if you choose to file a complaint with us or with the U.S. Department of Health and Human Services.

**Contact:**     **Business Ethics, Integrity & Compliance**  
Florida Blue  
PO Box 44283  
Jacksonville, FL 32203-4283  
1-888-574-2583

Si usted desea una copia de esta notificación en español, por favor comuníquese con un representante de servicio al cliente utilizando el número telefónico indicado en su tarjeta de asegurado.

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## **EXHIBIT 2—EMPLOYER'S CERTIFICATION**

### **PART 1 – Employer to Amend Plan Documents for Privacy provisions**

Employer certifies that Employer has amended GHP's Plan Document to incorporate the provisions required by 45 C.F.R. § 164.504(f)(2), as set forth below, and agrees to comply with GHP's Plan Document as amended.

1. Neither use nor further disclose Protected Health Information, except as permitted or required by GHP's Plan Document or as required by law.
2. Neither use nor disclose Protected Health Information for any employment-related action or decision, or in connection with any other benefit or employee benefit plan of Employer.
3. Ensure adequate separation between Employer and GHP by (a) describing those employees or classes of employees or other persons under Employer's control who will be given access to Protected Health Information to perform plan administration functions for GHP, (b) restricting the access to and use of Protected Health Information by such employees or other persons to the plan administration functions that Employer will perform for GHP, and (c) instituting an effective mechanism for resolving any noncompliance with GHP's Plan Document by such employees or other persons.
4. Ensure that any subcontractor or agent to which Employer provides Protected Health Information agrees to the restrictions and conditions of GHP's Plan Document with respect to Protected Health Information.
5. Report to GHP any use or disclosure of Protected Health Information of which Employer becomes aware that is inconsistent with the uses and disclosures allowed by GHP's Plan Document.
6. Make Protected Health Information available to GHP or, at GHP's direction, to the Covered Person who is the subject of Protected Health Information (or the Covered Person's Personal Representative) so that GHP can meet its access obligations under 45 C.F.R. § 164.524.
7. Make Protected Health Information available to GHP for amendment and, on notice from GHP, amend Protected Health Information, so that GHP can meet its amendment obligations under 45 C.F.R. § 164.526.
8. Record Disclosure Information as defined above for each disclosure that Employer makes of Protected Health Information that is not excepted from disclosure accounting and provide that Disclosure Information to GHP on request so that GHP can meet its disclosure accounting obligations under 45 C.F.R. § 164.528.

9. Make its internal practices, books, and records relating to its use and disclosure of Protected Health Information available to GHP and to DHHS to determine GHP's compliance with 45 C.F.R. Part 164, Subpart E "Privacy of Individually Identifiable Health Information."
10. Return to GHP or destroy if feasible all Protected Health Information in whatever form or medium that Employer (and any subcontractor or agent of Employer) received from GHP or Florida Blue, including all copies thereof and all data, compilations, and other works derived there from that allow identification of any present or past Covered Person who is the subject of Protected Health Information, when Employer no longer needs Protected Health Information for the plan administration functions for which the Employer received Protected Health Information. Employer will limit the use or disclosure of any of Protected Health Information that Employer (or any subcontractor or agent of Employer) cannot feasibly return to GHP or destroy to the purposes that make its return to GHP or destruction infeasible.

## **PART 2 - Employer to Amend Plan Documents for Security provisions**

Employer further certifies that Employer has amended GHP's Plan Document to incorporate the provisions required by 45 C.F.R. § 164.314(b)(2), as set forth below, and agrees to comply with GHP's Plan Document as amended.

1. Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of Electronic Protected Health Information that Employer creates, receives, maintains or transmits on GHP's behalf.
2. Ensure that the adequate separation between Employer and GHP required by 45 C.F.R. § 164.504(f)(2)(iii) (as described in item 3 above) is supported by reasonable and appropriate Security Measures.
3. Ensure that any subcontractor or agent to which Employer provides Electronic Protected Health Information agrees to implement reasonable and appropriate Security Measures to protect the Electronic Protected Health Information.
4. Report to GHP any incident of which Employer becomes aware that is (a) a successful unauthorized access, use or disclosure of Electronic Protected Health Information; or (b) a successful major (i) modification or destruction of Electronic Protected Health Information or (ii) interference with system operations in an Information System containing Electronic Protected Health Information. Upon GHP's request, Employer will report any incident of which Employer becomes aware that is a successful minor (a) modification or destruction of Electronic Protected Health Information or (b) interference with system operations in an Information System containing Electronic Protected Health Information.

### **EXHIBIT 3— DISCLOSURE OF PROTECTED HEALTH INFORMATION FOR PLAN ADMINISTRATION**

Group Health Plan ("GHP") must promptly notify Florida Blue in writing if any of the information contained in EXHIBIT 3 changes.

#### **PART 1**

Name(s) and Title(s) of Employer representatives (i.e. employees of Employer) authorized to request and receive the minimum necessary Protected Health Information from Florida Blue:

Patrick McDaniel, Executive Director  
Pam Carter, Program Assistant, BTSS  
Elaine Barber, Calhoun Finance Director  
Ralph Yoder, Calhoun Superintendent  
Francis Rogers, Program Assistant, RM  
Lele Sobey, Business Service Coordinator  
Joan Hall, Calhoun Group Insurance Representative

for the performance of the following plan administration functions for GHP unless otherwise indicated by GHP:

- Actuarial and statistical analysis
- Claims/membership inquiries
- Procurement of reinsurance or stop loss coverage
- Quality assessment and improvement activities
- Performance monitoring
- Other health care operations
- Payment activities

#### **PART 2**

Identify the name(s), title(s) and company name(s) of any individual(s) from organizations other than Employer or Group Health Plan ("GHP") (examples of such "GHP Vendor" types of services include, but are not limited to, stop-loss carriers; reinsurers; agents, brokers or consultants; or external auditors) that Employer or GHP hereby authorizes to request and receive the minimum necessary Protected Health Information to perform plan administration functions and/or assist with the procurement of reinsurance or stop-loss coverage:

Company Name	Type of Service Performed (Example: stop-loss carrier, reinsurer, agent, broker)	Name of Individual Performing Service	Title of Individual Performing Service
Gallagher Benefit Services	Agent	Richard G. Schell	Area Vice President
Gallagher Benefit Services	Agent	Kelly Dunn	Senior Account Manager
Gallagher Benefit Services	Agent	Yvonne Blackford	Account Manager
Gallagher Benefit Services	Agent	Garrett Moore	Senior Benefits Consultant
Symetra	Reinsurance	Eric Hicks	Regional Group Manager

## AMENDMENT TO ADMINISTRATIVE SERVICES AGREEMENT

THIS AMENDMENT, entered into on October 1, 2016 is by and between Blue Cross and Blue Shield of Florida, Inc. d/b/a Florida Blue (hereinafter called "Florida Blue") and Calhoun County School Board (hereinafter called the "Employer"). In consideration of the mutual and reciprocal promises herein contained, the Administrative Services Agreement between Florida Blue and the Employer (hereinafter "Agreement") effective October 1, 2014 is amended as follows:

1. Section I, subsection 1.1, is hereby amended to extend the term of the Agreement until September 30, 2020 unless the Agreement is terminated earlier in accordance with the terms of the Agreement.
2. Exhibit B to the Agreement is hereby amended, effective October 1, 2016. The revised Exhibit B is attached to this Amendment and replaces the Exhibit B previously attached to the Agreement.
3. Except as otherwise specifically noted in this Amendment, all other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed by the duly authorized representatives of the parties.

BLUE CROSS AND BLUE SHIELD  
OF FLORIDA, INC. D/B/A FLORIDA  
BLUE

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

CALHOUN COUNTY SCHOOL  
BOARD

By: \_\_\_\_\_

Title: Superintendent of Schools

Date: 11/14/16

**EXHIBIT "B"**  
**to the**  
**ADMINISTRATIVE SERVICES AGREEMENT**  
**between**  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. D/B/A FLORIDA BLUE**  
**and**  
**CALHOUN COUNTY SCHOOL BOARD**  
**FINANCIAL ARRANGEMENTS**

I. **Effective Date**

The effective date of this Exhibit is October 1, 2016.

II. **Monthly Payments.**

- A. Each month, Florida Blue will notify Employer of the amount due to satisfy the previous month's paid claims liability. Florida Blue also will provide Employer with a detailed printout of the previous month's claims payments. Employer agrees to pay the full amount of the bill within ten (10) days of the written notification. If the payment is not received by Florida Blue by the payment due date, the payment will be considered past due and subject to a late payment charge, as set forth below. Additionally, Florida Blue will immediately suspend claims until payment is received by Florida Blue.
- B. Employer agrees to pay to Florida Blue, each month during and after the term of this Agreement, an administrative fee, as set forth below. Employer agrees to pay to Florida Blue, each month, the administrative fee within ten (10) days of the written notification of the amount due. If payment is not received by Florida Blue by the due date, the payment will be considered past due and subject to a late payment charge, as set forth below. Additionally, Florida Blue will immediately suspend claims until payment is received by Florida Blue.

III. **Funding Information**

- A. Method of Funding Transfer: ACH

IV. **Administrative Fees:**

- A. Administrative fees during the term of the Agreement:

\$41.53 per employee per month from October 1, 2016 through September 30, 2020.

- B. Administrative fees after the termination of the Agreement: 10% of claims paid.
- C. Employer will pay an early termination penalty of \$30,000 to Florida Blue, if the Employer terminates this Agreement prior to September 30, 2020.
- D. Access fees of up to 4.51% of Network Savings may be assessed for claims incurred in states under the BlueCard program as explained in more detail under Section III, subsection 3.9. This access fee will not exceed two thousand dollars (\$2,000) for any one claim and will not apply in Florida.

Network Savings is defined as the total of the amounts computed by subtracting each "allowed amount" for a particular service under the terms of a participating provider's written agreement from each "billed amount" for such service. In no event shall the term "Network Savings" include duplicate charges or billed amounts for services or supplies not covered under the Employer's Plan. The term "allowed amount" means the amount received as payment in full by a participating provider, under that provider's written agreement, from both BCBSF and covered individuals under Employer's Plan for claims submitted to, and paid by BCBSF for a particular covered service, and the term "billed amount" means the amount which would be received by such provider for the same covered service utilizing that provider's charges.

V. Late Payment Penalty

- A. A daily charge of .00038 times the amount of overdue payment.

VI. Expected Enrollment

- A. The administrative fees referenced above are based on an expected enrollment of: 297.
- B. If the actual enrollment is materially different from this expected enrollment, Florida Blue reserves the right to adjust the administrative fees as set forth in the Agreement. Administrative fees will be charged based on actual enrollment.



## CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is made on this 15<sup>th</sup> day of September, 2009, by and between Gallagher Benefit Services, Inc., a Delaware corporation ("GBS"), and Panhandle Area Educational Consortium (the "Company").

The Company wishes to enter into a consulting relationship with GBS with the terms and conditions set forth in this Agreement, and GBS is willing to accept such a consulting relationship.

In consideration of and in reliance upon the previous paragraph and the terms and conditions contained in this Agreement, the Company and GBS agree as follows:

### ***1. Engagement***

The Company engages GBS as an employee benefits consultant as stated in this Agreement and GBS accepts this engagement. During the time that GBS is performing services for the Company under this Agreement, and for all purposes outlined in this document, GBS' status will be that of an independent contractor of the Company.

### ***2. Term and Termination***

The Effective Date of this Agreement is September 15, 2009. The term of GBS' engagement under this Agreement (the "Consulting Period") will begin as of the Effective Date and will remain in effect for one (1) year from the Effective Date. **The Consulting Period may be extended for an additional year on each anniversary of the Effective Date.** Either party may terminate this Agreement by giving the other party at least thirty (30) days written notice of its intent to terminate. In the event such termination is effective during the Consulting Period (including any renewed Consulting Period), Company shall be responsible to GBS for any services performed prior to the date of termination and GBS shall be responsible to Company to continue to provide services in connection with the coverages placed with the carriers listed in Section 4 below until the date of termination of this Agreement.

### ***3. Services***

GBS will provide employee benefits management consulting services to the Company and consult with its employees, representatives, agents and contractors as to such matters as more fully described in Exhibit A attached to this Agreement and incorporated herein. GBS will perform other services as the Company and GBS mutually agree in writing.

### ***4. Compensation***

GBS will receive as compensation, commission paid by excess group health insurance carrier.

In the event an insurance company cancels or refuses to renew an insurance coverage that had been placed by GBS on behalf of Company, GBS will use its best efforts to obtain appropriate replacement coverage from another insurance company.

### ***5. Performance and Scope***

(a) GBS Not a Fiduciary Under ERISA. To the extent that one or more of the Company's employee benefit plans are subject to the Employee Retirement Income Security Act, as amended (ERISA) and in spite of any other provision of this Agreement to the contrary, the parties agree and acknowledge that:

(i) GBS' services under this Agreement are not intended in any way to impose on GBS or any of its affiliates a fiduciary status under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") ; and

(ii) this Agreement does not provide GBS, and the Company will not cause or permit GBS to assume, without prior written consent of GBS, any:

(A) discretionary authority or discretionary control respecting management of any "employee benefit plan" within the meaning of Section 3(3) of ERISA (an "ERISA Plan"),

(B) authority or control respecting management or disposition of the assets of any ERISA Plan, or

(C) discretionary authority or discretionary responsibility in the administration of any ERISA Plan.

(b) Reliance. In the performance of its duties, GBS may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to GBS by the Company or its designated representatives and reasonably believed by GBS to be genuine and authorized by the Company.

(c) No Practice of Law. GBS will not be obligated to perform, and the Company will not request performance of, any services which may constitute unauthorized practice of law. The Company will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its own conduct and operations, including the engagement of GBS under the scope and terms as provided herein, conform in all respects with applicable State and Federal laws and regulations (including ERISA, the Internal Revenue Code, State and securities laws and implementing regulations) and, to the extent that the Company has foreign operations, any applicable foreign laws and regulations.

(d) Subcontractors. GBS may cause another person or entity, as a subcontractor of GBS, to provide some or all of the services required to be performed by GBS hereunder.

(e) Conflict of Interest. GBS' engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of the Company. GBS will, nevertheless, exercise care and diligence to prevent any actions or conditions which could result in a conflict with Company's best interest.

(f) Acknowledgements. In connection with GBS' services under this Agreement, Company agrees that:

(i) Although GBS will apply its professional judgment to access those insurance companies it believes are best suited to insure the Company's risks, there can be no assurance that the insurance companies GBS has accessed are the only or are the best suited ones to insure the Company's risks.

(ii) Any compensation of the types described above and disclosed to it does not constitute a conflict of interest and the Company expressly waives any claims alleging any such conflict of interest.

(iii) The final decision to choose any insurance company has been made by the Company in its sole and absolute discretion. The Company understands and agrees that GBS does not take risk, and that GBS does not guarantee the financial solvency or security of any insurance company.

(iv) The compensation payable to GBS is solely for the services set forth under this Agreement, including Exhibit A. Any additional administrative, claims representative or other services (collectively, "Additional Services") will be governed by the terms of a separate agreement covering the Additional Services.

(v) The Company is responsible for immediate payment of GBS' fees (if applicable) and payment of premiums for all insurance placed by GBS on Company's behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow GBS to immediately terminate this Agreement, at its option, without notice to the Company, and may allow a insurance company for the Company's risks to cancel any applicable policies in accordance with the terms of such policies.

## 6. *Confidentiality*

(a) Company Information. GBS recognizes that certain confidential information may be furnished by the Company to GBS in connection with its services pursuant to this Agreement ("Confidential Information"). GBS agrees that it will disclose Confidential Information only to those who, in GBS' reasonable determination, have a need to know such information. Confidential Information will not include information that (i) is in the possession of GBS prior to its receipt of such information from the Company, (ii) is or becomes publicly available other than as a result of a breach of this Agreement by GBS, or (iii) is or can be independently acquired or developed by GBS without violating any of its obligations under this Agreement. However, disclosure by GBS of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Agreement.

(b) HIPAA Privacy. In spite of Sections 6(a) above, GBS and the Company will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. Where required, the Company, as a representative of the health plans and GBS will enter into a separate Business Associate Agreement.

(c) Use of Names; Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party's prior consent.

## 7. *Indemnification*

(a) GBS agrees to indemnify, defend, protect, save, and keep harmless Company from any and all loss, cost, damage, or exposure arising from the negligent acts or omissions of GBS.

## 8. *Notices*

Any notices, requests and other communications pursuant to this Agreement will be in writing and will be deemed to have been duly given, if delivered in person or by courier, telegraphed, or by facsimile transmission (provided that the sender received electronic confirmation of receipt by recipient) or sent by express, registered or certified mail, postage prepaid, addressed as follows:

If to the Company: Panhandle Area Educational Consortium  
753 West Boulevard  
Chipley, FL 32428  
Attention: Mr. Patrick McDaniel  
(Fax: 850-638-6134)

If to GBS: Gallagher Benefit Services, Inc.  
2255 Glades Road, Suite 400E  
Boca Raton, FL 33431  
Attention: Richard G. Schell  
(Fax: 561-995-6708)

Either party may, by written notice to the other, change the address to which notices to such party are to be delivered or mailed.

## **9. *Miscellaneous***

(a) Severability. The various provisions and subprovisions of this Agreement are severable and if any provision or subprovision or part thereof is held to be unenforceable by any court of competent jurisdiction, then such enforceability will not affect the validity or enforceability of the remaining provisions or subprovisions or parts thereof in this Agreement.

(b) Entire Agreement; Amendment. This Agreement, including all exhibits hereto, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, between the parties regarding the subject matter hereof. This Agreement may be modified or amended only by a written instrument executed by both parties.

(c) Governing Law; Rule of Construction. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Florida without giving effect to the choice of law principles thereof or any canon, custom or rule of law requiring construction against the drafter.

(d) Successors. This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

(e) Counterparts. This Agreement may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

(f) Survival of Provisions. Sections 2, 4, 6 and 7 will survive the termination of this Agreement.

**[The remainder of this page intentionally left blank. The parties' signatures appear on the following page.]**

## **EXHIBIT A SCOPE OF SERVICES**

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, GBS will provide the following services:

### **CONSULTING SERVICES PROVIDED ON AN "AS NEEDED" BASIS**

☐ **Renewal analysis**

- ☐ Review and evaluate carrier projections
- ☐ Prepare "shadow" renewal projection
- ☐ Create financial modeling reports using proprietary Apex software
- ☐ Coordinate carrier negotiations
- ☐ Create employee contribution modeling reports
- ☐ Review identified benchmarks of projected plan costs
- ☐ Develop "working" rates for Company analysis and approval
- ☐ Assist with budget projections
- ☐ Provide renewal alternatives with cost impact of benefit plan changes

☐ **Periodic Plan Financial Reports** (frequency to be mutually agreed upon):

- ☐ Summary of plan costs
- ☐ Analysis of actual vs. budget
- ☐ Employee contributions
- ☐ Large claims tracking
- ☐ Identification of costs for specific line of coverage
- ☐ Comparison of plan costs to aggregate stop-loss projections, if applicable
- ☐ Utilization review
- ☐ Comparison to prior claim period
- ☐ Plan trends

☐ **Annual Financial Reports (End of Year Accounting):**

- ☐ Executive summary of program expenses
- ☐ Comparison of current costs to renewal costs
- ☐ Incurred But Not Reported (IBNR) claims analysis
- ☐ Overview of specific Stop-loss projections
- ☐ Future plan costs projections
- ☐ Dollars saved by contract negotiation
- ☐ Percent of benefit dollars paid by employee
- ☐ Claims by size
- ☐ Physician visit details
- ☐ Benefits paid by type of service
- ☐ Plan funding/budget comparison
- ☐ Fixed expense comparison

☐ **Legislative and Corporate Compliance Support**

- ☐ Provide legislative updates, including Technical Bulletins and Directions newsletters
- ☐ Evaluate plan design to assist with compliance with state and federal regulations

- ☐ Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
- ☐ Conduct periodic seminars on regulatory issues
- ☐ Assist with the review and evaluation of COBRA and HIPAA compliance procedures
- ☐ Provide general information and guidance to assist with compliance with ERISA, FMLA, USERRA, Medicare Part D and other Federal legislation that directly affects the administration of plan benefits
- ☐ Provide template or sample compliance notices, certificates of creditable coverage and enrollment forms as reasonably requested by Company

☐ **Carrier Marketing and Negotiations, as directed by Company**

- ☐ Work with Company to develop a strategy to identify goals, analyze program costs and review both current and alternative funding arrangements
- ☐ Manage the renewal process with the current carrier to control costs
- ☐ Implement carrier renewal strategies with Company
- ☐ Develop timeline covering every aspect from RFP preparation to the delivery of employee communications
- ☐ Provide analysis of employee disruption report and preparation of geo-access report
- ☐ Provide analysis of discounts offered by various carriers by using CPT codes and carrier pricing data
- ☐ Manage RFP development that tailors the RFP to the desires, needs and financial directions provided by Company
- ☐ Explore alternative funding solutions
- ☐ Evaluate vendor responses to track variations in coverage and costs as they are identified
- ☐ Conduct finalist interviews to investigate and document intangibles such as personalities, service orientation and responsiveness
- ☐ Draft renewal analysis report, based on renewal negotiation, covers program and claims cost projections as well as complete information on benefit designs
- ☐ Facilitate decision process by coordinating close collaboration and discussions among the GBS team and Company

☐ **Day to day administrative assistance**

☐ **Employee Education Programs**

- ☐ Facilitate focus groups
- ☐ Monthly benefit communication directed to employees
- ☐ Educational meetings on coverage and trends

☐ **Communication Materials**

- ☐ Assist with the drafting and distribution of participant Satisfaction Surveys
- ☐ Assist with the drafting and distribution of Open Enrollment-New Member Orientation summary information and any other communications pertaining to the health and welfare program
- ☐ Provide annual open enrollment guidance and employee meeting materials
- ☐ Assist with marketing and oversight of Customized Enrollment Materials (if elected)
- ☐ Assist with participant wellness initiatives, as directed by Company

☐ **Benefit Administration Assessment**

- ☐ Periodic evaluation of internal plan enrollment and benefit termination processes
- ☐ Review, coordinate and implement Company agreed upon plan "best practices" to help limit plan liability and increase participant satisfaction
- ☐ Help identify opportunities for streamlining and improving administration procedures

☐ **Market Benchmarking Studies**

- ☐ Local Area Surveys

☐ Industry Surveys

☐ **Merger & Acquisition**


- ☐ Project of claim liability and cost implications of active employee health welfare benefits plan integration or consolidation, as requested by Company
- ☐ Provide coverage comparison analysis and recommendations as to plan design, carrier selections and funding mechanisms
- ☐ Provide disruption analysis reports
- ☐ Assist with employee meetings to introduce integrated program(s) or plan changes

☐ **Benefit Plan Design (or Redesign)**

- ☐ Help Company identify business and HR objectives that impact benefits
- ☐ Review with Company possible benefit strategies to meet their objectives
- ☐ Help Company evaluate/review current scope of benefits package – e.g., types & levels of coverage
- ☐ Work with Company to develop funding and contribution strategies
- ☐ Assist with budget projections for design alternatives

IN WITNESS WHEREOF, the parties hereto have caused this Consulting Agreement to be duly executed on the date first written above.


**PANHANDLE AREA EDUCATIONAL CONSORTIUM**

By: 

Name: Mr. Patrick McDaniel

Title: Interim Executive Director

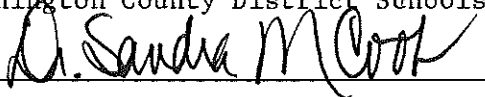
**GALLAGHER BENEFIT SERVICES, INC.**

By: 

Name: Richard G. Scholl

Title: Area Vice President

Washington County District Schools

By: 

Name: Dr. Sandra M. Cook

Title: Superintendent