

Pharmaceutical Services Agreement

This **PHARMACEUTICAL SERVICES AGREEMENT** ("Agreement"), effective as of July 1, 2023 ("Effective Date"), is made and entered into by and between A & A Services, LLC, DBA Sav-Rx Prescription Services of Fremont, NE ("Sav-Rx") and the **Hamblen County Government** ("Sponsor").

RECITALS:

WHEREAS, the Sponsor provides for the payment of prescription drugs and related services for participants and beneficiaries eligible to receive such benefits; and

WHEREAS, Sav-Rx is engaged in the business of providing management of prescription drug programs/plans and administrative services which include claims administration and processing, mail service dispensing, provider networks as well as other management services to individuals and health plans and providers; and

WHEREAS, Sponsor desires that Sav-Rx will provide the services described in this Agreement to Eligible Participants, as described below, and Sav-Rx desires to provide such services in accordance with the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the above recitals and the representations, warranties, covenants, conditions, and promises exchanged throughout the remainder of this Agreement, Sponsor and Sav-Rx hereby agree as follows:

1. DEFINITIONS

Except as may be defined elsewhere herein, the capitalized terms used in this Agreement and its Exhibits shall have the following meanings ascribed to them:

- 1.01 AAA shall mean and refer to the American Arbitration Association
- 1.02 Affiliate shall mean and refer to any entity, whether partnership, corporation, firm, individual, or otherwise, which either the Sponsor or Sav-Rx, directly or through one or more intermediaries, owns or controls or which owns or is in common control with either the Sponsor or Sav-Rx.
- 1.03 Agreement shall mean and refer to this Pharmaceutical Services Agreement and all appropriately referenced attachments, i.e., this document in its entirety, made and entered into by and between the Sponsor and Sav-Rx.
- 1.04 AWP shall mean the "average wholesale price" for any product determined by the dispense date of the fill, the actual 11-digit National Drug Code ("NDC") of the product dispensed, and referencing the most current published pricing in the Price Type.
- 1.05 Brand Name Drugs shall mean a drug whose United States government patent has not expired, is made by the originator brand company, and/or one or more other companies under such patent, and is identified by its chemical or proprietary name as determined by the United States Adopted Names council, that is accepted by the United States Food and Drug Administration
- 1.06 Clinical Formulary System shall mean general support and consultative services regarding pharmacy benefit design, pharmacy and therapeutics committee support, prior authorization criteria and drug utilization review or other such programs that Sav-Rx may introduce to promote quality health care and cost effective pharmacy services. Sav-Rx may contact network pharmacies and physicians to promote preferred product therapeutic substitution opportunities for both formulary Brand and Generic Drugs through information messages to network pharmacies and communications to eligible participants and/or

physicians. In all cases, the prescribing physician, in consultation with the Participant, shall have final authority over the drug that is dispensed to the Participant.

- 1.07 Compound Drug shall mean a prescription medication which would require the dispensing pharmacist to produce an extemporaneously produced mixture containing at least one Federal Legend drug, the end product of which is not available in an equivalent commercial form. Compounded prescriptions will be paid at the pharmacy's usual and customary price.
- 1.08 Copayments shall mean and refer to those payments, as set forth in the Sponsors' Health Plan, that Sav-Rx may charge an Eligible Participant at the time of the provision of prescription drug services. In cases where the applicable Copayment is greater than the applicable drug costs, Sav-Rx shall charge the lesser of the Copayment or the drug costs.
- 1.09 Drug Formulary System shall mean systems, policies and procedures (including specific lists) provided to physicians, pharmacies, and other health care providers that guide the prescribing, dispensing, and sale of drugs under the Health Plan, including the products under this Agreement.
- 1.10 Eligible Participant(s) shall mean and refer to an eligible individual legitimately enrolled in the Health Plan who is entitled to participate in the Health Plan's Pharmacy Benefit Program. An Eligible Participant shall include all eligible subscribers, enrollees, members, insureds, beneficiaries, or employees who are enrolled in the Health Plan and, if permitted by the Health Plan, such individuals' eligible and enrolled family dependents.
- 1.11 ERISA shall mean and refer to the Employee Retirement Income Security Act of 1974, codified at 29 U.S.C. Sections 101 et seq., and the rules and regulations promulgated thereunder, as from time to time may be amended or succeeded.
- 1.12 Generic Drug shall mean a drug whose United States government patent has expired and is marketed by three or more companies other than the innovator. It is accepted by the US Food and Drug Administration as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredients.
- 1.13 Governmental Authority shall mean and refer to any federal, state, county, municipal, or local government and any governmental agency, department, bureau, commission, authority, or body.
- 1.14 Health Plan shall mean and refer to any one or more of the various health plans or health benefits operated or offered by Sponsor, which includes as one of its benefits, a Pharmacy Benefit Program for Eligible Participants.
- 1.15 Limited Distribution Generic Drug shall mean a drug whose United States government patent has expired and is available from a single source or multiple sources under the provisions of the Drug Price Competition and Patent Term Restoration Act of 1984 (Hatch-Waxman Amendments) which govern the Generic Drug approval process and give 180 days of marketing exclusivity to certain Generic Drug applicants. Limited Distribution Generic Drugs shall be subject to Brand Name Drug discounts, and will be excluded from Generic Discount Guarantees.
- 1.16 MAC shall mean and refer to the Maximum Allowable Cost for generic and multi-source brand drugs as determined by Sav-Rx.
- 1.17 Mail Order Pharmacy shall mean a duly licensed pharmacy owned, operated or subcontracted by Sav-Rx, where prescriptions are filled and delivered to Eligible Participants via the United States Postal Service, United Parcel Service or other delivery service.

- 1.18 Network Pharmacy(ies) shall mean and refer to those facilities which are duly licensed to operate a pharmacy at the respective locations of such facilities and which have entered into a Network Pharmacy Agreement to provide prescription drug services to Eligible Participants of Sponsor's Health Plans.
- 1.19 Network Pharmacy Agreement(s) shall mean and refer to those certain Network Pharmacy Agreements from time to time entered into between Sav-Rx, as agent for the Sponsors, and a pharmacy, i.e. Network Pharmacy, for the provision of prescription drug services to Eligible Participants of the Sponsor's Health Plans.
- 1.20 Participating Provider(s) shall mean and refer to any one or more physicians, physician group or medical groups, specialists, dentists, hospitals, skilled nursing facilities, extended care facilities, home health agencies, alcoholism or drug abuse centers, or mental health professionals who or which are duly licensed and qualified to prescribe medications in the state of their practice and which are duly authorized to provide medical, hospital, or other treatment services to Sponsor's Eligible Participants.
- 1.21 Pharmacy Benefit Program shall mean and refer to the benefit, program, or plan pursuant to which the Health Plan's Eligible Participants are offered the provision of prescription drug products as a covered benefit of the Health Plan.
- 1.22 Pharmacy Program Specifications shall mean and refer to those written descriptions of the Pharmacy Benefit Program offered under the Health Plan, which descriptions shall include, without limitation, eligibility requirements; benefit definitions; list of covered pharmacy benefits; applicable Copayments; number of days supply for acute and maintenance medications; refill too soon parameters for both mail and retail, quantity limits, quantity per co-pay, duplicate therapy, and other electronic point of sale edits; list of any exclusions and/or coverage limitations, including dispensing limitations, if any; Eligible Participant identification specifications, if applicable; and any and all manuals, or other information respecting the Sponsor's Pharmacy Benefit Program necessary to fulfill the obligations herein. The Sponsor may add new Pharmacy Program Specifications or amend, revise, or terminate existing Pharmacy Program Specifications that Sav-Rx will institute within thirty (30) calendar days of written notice from Sponsor to Sav-Rx with the option for Sponsor to reject the program.
- 1.23 Public Domain Information shall mean and refer to any information, which otherwise might be considered confidential or proprietary, that (i) is or becomes generally available to the public other than as a result of a breach of the Agreement by the party to whom such information was disclosed (the "Receiving Party"), (ii) is received by the Receiving Party from a source which, to the Receiving Party's knowledge, is not bound by a confidential agreement with, or fiduciary duties owed to, the disclosing party or is otherwise not prohibited from disclosing the information, (iii) at the time of the disclosure, is already in the possession of or known to the Receiving Party, or (iv) is independently developed by the Receiving Party without recourse to or utilization of the disclosing party's confidential or proprietary business information.
- 1.24 Retail Services shall mean prescription claims processed and dispensed to a participant or their eligible dependent from a Participating Network Pharmacy according to plan parameters as set forth by the Sponsor.
- 1.25 Rebates shall mean those fees paid by certain drug manufacturers to Sav-Rx which may take into account various factors including the utilization of certain drugs within their therapeutic class for Sav-Rx's book of business in aggregate as a result of various commitments, services and programs and shall include both base and performance rebates, as well as the manufacturer administrative fees earned by Sav-Rx.

If a government action, change in law or regulation, change in the interpretation of law or regulation or action by any drug manufacturer or by Sponsor has material adverse effect on the availability of rebate guarantees, Sav-Rx may modify the program pricing terms upon written notice of any such event. If any such program pricing terms revision is unacceptable to Sponsor, Sponsor will notify Sav-Rx in writing, within fifteen (15) days of Sponsor's receipt of such notice of the pricing revision. If the parties are unable to agree on acceptable pricing, either party may terminate the agreement upon thirty (30) days prior written notice to the other party.

- 1.26 Regulatory Laws shall include, but not be limited to laws regulating: (i) an employer, union and related organizations, pursuant to the Taft-Hartley Act of 1947 and the rules and regulations promulgated thereunder by the United States Department of Labor, and enforced by the National Labor Relations Board, (ii) a plan and its administration, pursuant to the Employee Retirement Income Security Act of 1974, and the rules and regulations promulgated thereunder, (iii) an organization regulated under the Health Insurance Portability and Accountability Act of 1996, and the rules and regulations promulgated thereunder by the United States Department of Health and Human Services, (iv) an insurance company, pursuant to the applicable insurance laws in those states which may exercise jurisdiction over the applicable insurance company, and (v) applicable entity, pursuant to any amendments to any of the foregoing laws or any successor statutes which replace or supersede any of the foregoing laws.
- 1.27 Sav-Rx shall mean Sav-Rx Prescription Services.
- 1.28 Sav-Rx's Proprietary Information shall mean and refer to: (i) this Agreement and all documentation now or hereafter related to the performance of this Agreement, including, without limitation, the Network Pharmacy Agreement, the Rebate Agreement, and the Drug Formulary System; (ii) Sav-Rx's methods of doing business, including the operations of the Formulary Advisory Committee and Sav-Rx's utilization review and quality assurance procedures and programs; and (iii) any and all symbols, logos, trademarks, trade names, service marks, patents, inventions, copyrights, copyrightable material, trade secrets, operating manuals, memoranda, work papers, notes, reports (including Sav-Rx's Reports), customer or Sponsor lists (including lists of Network Pharmacies and drug manufacturers), business information, operational techniques, prospect information, marketing programs, plans, and strategies, operating agreements, financial information and strategies, computer software and other computer-related materials developed or used in Sav-Rx's business. Sav-Rx's Proprietary Information shall exclude any Public Domain Information.
- 1.29 Services shall mean and refer to those services to be furnished by Sav-Rx to the Sponsor or its Pharmacy Benefit Program pursuant to the terms of the Agreement.
- 1.30 Specialty Pharmacy Services shall mean biotech and other drug products that require special ordering, handling and/or participant services which are distributed by a Specialty Pharmacy.
- 1.31 Specialty Pharmacy shall mean a Sav-Rx pharmacy that dispenses biotech and other drug products that require special ordering, handling and/or participant services exclusively.
- 1.32 Sponsor shall mean the **Hamblen County Government**.
- 1.33 Sponsor's Eligibility List shall mean the list of Eligible Participants who are covered by the Sponsor's Pharmacy Benefit Program.
- 1.34 Sponsor's Proprietary Information shall mean and refer to the Health Plan, the Pharmacy Benefit Program, and the Pharmacy Program Specifications, and the information contained therein, including, without limitation, information respecting Eligible Participants, Sponsor's employer groups, Participating Providers, and the financial arrangements between the Sponsor and any

Eligible Participant, employer group, or Participating Provider. Sponsor's Proprietary Information shall exclude any Public Domain Information.

- 1.35 Usual and Customary Pricing shall mean and refer to the price that the Network Pharmacy(ies) would have charged the Eligible Participant for the prescription if the Eligible Participant was a cash customer at the time the prescription is dispensed, exclusive of sales tax. It is required that the Usual and Customary Pricing is submitted electronically to Sav-Rx from the network pharmacy dispensing the prescription and does not include claims adjudicated via NCPDP standards such as cash discount cards including as membership program pricing or coupon programs.

2. OBLIGATIONS AND RESPONSIBILITIES OF SAV-RX

- 2.01 Management and Administration of Pharmacy Benefit Program. Sav-Rx shall perform administrative, management, and consultative services and/or general support in conjunction with the administration and operation of Sponsor's Pharmacy Benefit Program. Such services and general support includes customer service support operations (a toll-free hotline available 24 hours a day, 7 days a week, including all major holidays) to Eligible Participants to assist with their questions or concerns.
- 2.02 Compliance With Laws. Sav-Rx shall be responsible for ensuring its compliance with any laws and regulations applicable to its business, including maintaining any necessary licenses and permits.
- 2.03 Compliance with Sponsor's Eligibility List. Sav-Rx is responsible to provide the Services described herein and in the Plan Design Outline prepared pursuant to Section 3.03, with respect to individuals listed on Sponsor's Eligibility List. Sav-Rx will load Sponsor's Eligibility List within three (3) business days of receipt of file. Sponsor has the option to provide "update" files or "full" files bi-weekly. In the event that Sav-Rx provides Services with respect to an individual who is not on the Sponsor's Eligibility List, Sav-Rx is responsible for all payments made.
- 2.04 Indemnification Obligations. Sav-Rx agrees to defend, indemnify, and hold harmless the Sponsor, the Health Plan the Sponsor administers, and all Affiliates, trustees, Fund Administrator officers, employees, consultants, third party administrators and agents of or hired by the Sponsor (collectively, the "Sponsor Indemnitees") from and against any and all liability, damages (of every kind and nature), legal fees, costs, and expenses (including, without limitation, reasonable attorney, expert and accountant fees) which arise out of, relate to, or result from (i) claims asserted against any of the Sponsor Indemnitees, (ii) judgments, awards or orders obtained by third parties against any of the Sponsor Indemnitees through or from a court or other binding dispute resolution process which arise out of (a) any act or omission by Sav-Rx or its vendors, subcontractors, or authorized agents which constitutes a failure by Sav-Rx to exercise the standard of care that is expected of a similarly situated entity experienced in the management and administration of a Pharmacy Benefit Program to health plans of similar size and characteristics of the Health Plan or (b) Sav-Rx's breach of this Agreement. Notwithstanding the foregoing, Sav-Rx shall be under no obligation to indemnify the Sponsor Indemnitees for any liability to the extent it results from such Sponsor Indemnitee's gross negligence or willful misconduct or willful breach of this Agreement, including the submission of materially inaccurate or incomplete information by Sponsor, or any claim by a present or former employee, member, or beneficiary of the Sponsor Indemnitee respecting the protection of such persons' rights, including, but not limited to, rights under the Americans With Disabilities Act or under ERISA. The provisions of this Section 2.04 shall survive the expiration or termination of this Agreement.
- 2.05 Billing. Sav-Rx will provide Sponsor with a cycle billing statement (as defined in Section 4.01).
- 2.06 Sav-Rx Insurance. Sav-Rx shall procure and maintain at all times while this Agreement is in effect such policies of general and professional liability insurance, including errors and omissions

coverage, and other insurance as shall be necessary to insure it and its employees against any claim or claims for damages arising by reason of personal injury or death occasioned by activities of Sav-Rx in connection with and as required by this Agreement. Such policy or self-insured risk mitigation program shall be an amount not less than \$1,000,000 per occurrence and \$3,000,000 in the aggregate per policy year.

- 2.07 Network Pharmacies. Sav-Rx will provide an adequate number of Network Pharmacies that will be available to dispense medications on behalf of the Sponsor in the various geographic areas where the Eligible Participants are located. A list of Network Pharmacies shall be provided to Sponsor for its approval. Once the Network Pharmacies' list is approved, additions to or deletions from the list will be mutually agreed upon by the parties. The list of Network Pharmacies shall be available to Sponsor upon request.
- 2.08 Cyber-Security Protocols. Sav-Rx shall maintain data and cybersecurity procedures equivalent to industry standards and best practices. Sav-Rx agrees that this requirement shall be applicable to all its information technology vendors and subcontractors. Sav-Rx will produce evidence of the foregoing at the request of the Sponsor and will comply with the Sponsor's reasonable requests to document compliance with the Department of Labor's stated best practices on cyber-security. In the event Sav-Rx is subject to a data security breach which has or may have compromised personally identifiable information (PII) or protected health information (PHI) belonging to Sponsor's participants, Sav-Rx shall immediately notify the Sponsor. In the event of a breach requiring remedial action or notice to Sponsor's participants under applicable state or federal law, Sav-Rx shall ensure that all legally required notifications are sent to Sponsor's participants, law enforcement, and the media where applicable. Sav-Rx shall further keep the Sponsor informed of the status of the cyber-security incident and provide the Sponsor with its full cooperation to ensure all actions required by law are taken and that documentation of compliance is made available to the Sponsor.

3. OBLIGATIONS OF SPONSOR

- 3.01 Interpretation of and Eligibility under the Health Plan. Notwithstanding the services to be performed by Sav-Rx under this Agreement, the Sponsor shall retain all authority to interpret the Health Plan, including, but not limited to, eligibility thereunder and interpretation of the terms of the Health Plan.
- 3.02 Compensation from Sponsor to Sav-Rx. The Sponsor shall compensate Sav-Rx according to the terms of Exhibit A attached hereto and incorporated by reference.
- 3.03 Provide Information Pertaining to Pharmacy Benefit Specifications. The Sponsor shall detail its Pharmacy Program Specifications in the Plan Design Outline, including eligibility requirements; benefit definitions; list of covered pharmacy benefits; applicable Copayments; number of days' supply for acute and maintenance medications; edits; list of any exclusions and/or coverage limitations, including dispensing limitations, if any; Eligible Participant identification specifications, if applicable; and any and all manuals, or other information respecting the Sponsor's Pharmacy Benefit Program necessary to fulfill the obligations herein. The Sponsor may add new Pharmacy Program Specifications or amend, revise, or terminate existing Pharmacy Program Specifications upon thirty (30) calendar days' prior written notice to Sav-Rx.
- 3.04 List of Eligible Participants. The Sponsor shall provide a complete list of all Eligible Participants eligible to participate in the Pharmacy Benefit Program under this Agreement. The Sponsor's Eligibility List will be provided on electronic media or printed eligibility reports acceptable to Sav-Rx. The Sponsor will be responsible for updating this information seven (7) days prior to the end of the month for the following month's eligibility. Sav-Rx may rely solely on this method of identifying Eligible Participants as proof of eligibility. In the event the Sponsor fails to update

completely the eligibility information to Sav-Rx, the Sponsor is responsible for payment to Sav-Rx for all improperly paid claims resulting from incomplete eligibility reporting.

- 3.05 Compliance With Laws. The Sponsor shall be responsible for ensuring its compliance with any state and Federal laws and regulations applicable to its Health Plan, including maintaining any necessary licenses and permits.
- 3.06 Reimbursement of Sales Tax. The Sponsor agrees to reimburse Sav-Rx federal, state or local sales tax liability for covered drugs dispensed to or goods and services supplied to an Eligible Participant. Sales tax is defined as an excise tax based on consumer retail sales whether designated as a sales tax, gross receipts tax, retail consumption tax, value added tax or tax otherwise titled or styled. It includes any tax in existence or hereafter created, whether or not the bearer of the tax is the retailer or consumer.
- 3.07 Suspension of Business, etc. The Sponsor shall notify Sav-Rx immediately if the Health Plan suspends business, becomes insolvent or becomes unable to pay its debts, or if any bankruptcy proceeding is filed by or against the Health Plan or any affiliate of the Health Plan, or if a receiver is appointed for the Health Plan.

4.

COMPENSATION AND BILLING

- 4.01 Payment Terms: Billing runs on cycles ending the 1st, 11th and 21st of every month. Sav-Rx shall submit invoices, including medication costs and any other associated and agreed upon costs and fees as provided for in Exhibit A. Sponsor is only required to remit payment on a monthly basis. If a Sponsor disputes the appropriateness of an invoice, the Sponsor shall notify Sav-Rx of such dispute within fifteen (15) days of the receipt of the invoice. Sav-Rx and the Sponsor shall, in good faith, attempt to resolve any such disputes expeditiously. Any portion of an invoice not in dispute shall be paid by Sponsor to Sav-Rx within fifteen (15) days of the receipt of the invoice. Any portion of an invoice, for which a dispute has not been raised, that has not been received by Sav-Rx at the end of ninety (90) calendar days after the invoice was sent, shall accrue interest at a rate of 0.83% percent per month or portion thereof on the outstanding balance from the first day following ninety (90) calendar days after the invoice was sent unless the dispute is resolved in Sponsor's favor
- 4.02 Suspension of Services. If any portion of an undisputed invoice is not paid by the Sponsor within thirty (30) days of when the invoice was sent, Sav-Rx may withhold any and all payments due the Sponsor related to the specific invoice that has not been paid until the undisputed amounts are fully paid.
- 4.03 Billing of Eligible Participants. Sav-Rx will charge or bill Eligible Participants for any pharmaceutical services not covered by the Sponsor and for copayments or deductibles due.
- 4.04 Payment of Rebates. Sav-Rx shall pay the Sponsor pharmaceutical manufacturer rebates in an amount in accordance with the parameters set forth on Exhibit A no later than thirty (30) days of their receipt on a quarterly basis. Rebate guarantee does not apply to claims processed through staff model/hospital pharmacies where such pharmacy is subject to its own manufacturer contracts (rebate or purchase discounts) or through pharmacies that participate in the Federal government pharmaceutical purchasing program. Sav-Rx will monitor the patent expirations of rebated brand medications. Sav-Rx will provide an estimate of the rebate impact associated with major brand medications going generic and will adjust the guarantee accordingly beginning on the date the generic becomes available.

If a government action, change in law or regulation, change in the interpretation of law or regulation or action by any drug manufacturer or by Sponsor has material adverse effect on the availability of rebate guarantees, Sav-Rx may modify the program pricing terms upon written notice of any such event. If any such program pricing terms revision is unacceptable to Sponsor, Sponsor will notify

Sav-Rx in writing, within fifteen (15) days of Sponsor's receipt of such notice of the pricing revision. If the parties are unable to agree on acceptable pricing, either party may terminate the agreement upon thirty (30) days' prior written notice to the other party.

5.

TERM AND TERMINATION

- 5.01 Term. The initial term of this Agreement shall commence on the Effective Date and shall remain in effect for two (2) years ("Term"). Thereafter, this Agreement shall be automatically renewed for successive one (1) year terms unless terminated in writing pursuant to this Section. If the Sponsor or Sav-Rx wish to modify or amend the terms of this Agreement, other than the financial terms, either party shall notify the other of such wish not less than ninety (90) days prior to the anniversary of the Effective Date. With regard to the financial terms of the Agreement, Sav-Rx and the Sponsor agree that they will meet not less than one hundred (100) days nor more than one hundred twenty (120) days prior to the anniversary of the Effective Date to determine whether amendments to the financial terms are warranted.
- 5.02 Termination of This Agreement by Sponsor or Sav-Rx. Notwithstanding the provisions of 5.01, either the Sponsor or Sav-Rx may terminate this Agreement for any reason upon sixty (60) days prior written notice, without penalty. In the event of a material breach of this Agreement by either the Sponsor or Say-Rx, the other party may notify the party in breach in writing specifying the manner in which this Agreement has been breached, and this Agreement shall terminate automatically thirty (30) days after such notice unless the breach has been cured to the reasonable satisfaction of the non-breaching party.
- 5.03 Compensation After Termination. Upon the expiration or termination of this Agreement, Sav-Rx shall be obligated only to provide those Services, which reflect a date of service on or before the effective date of such expiration or termination and to provide the applicable rebates. The Sponsor shall continue to pay invoices for all pre-termination claims processed or paid by Sav-Rx and all other related Services provided by Sav-Rx hereunder in a timely manner.
- 5.04 Transition Files After Termination. Sav-Rx will provide Sponsor a data file for not less than one quarter of claims data. This file will include all data elements needed for transition including retail claims, mail order claims, specialty claims, prior authorization, deductibles and Copayments. This data will be participant specific and will be provided at no cost to the Health Plan. If the Health Plan or other Pharmacy Benefit Manager ("PBM") requires a specific file or format the cost will be determined at the time of the request.
- 5.05 Insolvency. Either the Sponsor or Sav-Rx may terminate this Agreement if the other files a petition in bankruptcy, or if Sav-Rx or the Health Plan has a petition in bankruptcy filed against it, a receiver or trustee (other than, for the Health Plan, the trustees of the Sponsor) appointed over its assets, or an attachment, seizure, lien, or levy made against a substantial portion of its assets which is not released or dismissed within thirty (30) calendar days. In such event, the termination of this Agreement shall be effective upon the insolvent party's receipt of written notice thereof.

6.

RELATIONSHIP OF THE PARTIES

- 6.01 Independent Contractors. The relationship between and among Sav-Rx and Sponsor is that of independent entities contracting solely to effectuate the purposes of this Agreement and, except to the extent expressly provided in this Agreement, nothing contained in this Agreement shall be construed or deemed to create any other relationship between the parties, including one of ownership, employment, agency, or joint venture. Sav-Rx is not an ERISA fiduciary or plan sponsor of Sponsor or its plans.

- 6.02 Sav-Rx's Services to Other Sponsors. The Sponsor acknowledges and understands that the Services performed by Sav-Rx under this Agreement shall not be rendered on an exclusive basis to Sponsor and that Sav-Rx contracts with other Sponsors for the provision of the same or similar services, which other Sponsors may be competitors of Sponsor.
- 6.03 Exclusivity of Sav-Rx. Notwithstanding Section 6.02 above, Sponsor agrees that the Services provided for under this Agreement shall be exclusively performed by Sav-Rx, including but not limited to entering into rebate agreements.

7. RECORDS; CONFIDENTIAL AND PROPRIETARY INFORMATION

- 7.01 Confidentiality of Medical Records Sav-Rx and Sponsor shall safeguard the confidentiality of Eligible Participant health records in accordance with all applicable state and federal law.
- 7.02 Maintenance of Records; Access to Records. Sav-Rx shall maintain records relating to its responsibilities under this Agreement during the Term of this Agreement and for a period of at least twelve (12) months after the expiration or termination of this Agreement or as otherwise provided by law. The Sponsor shall maintain records relating to the terms and operation of the Health Plan and the Pharmacy Benefit Program during the Term of this Agreement and for a period of twelve (12) months after the expiration or termination of this Agreement or as otherwise provided by law. Upon reasonable notice and at reasonable times, each party hereto and its agent or designee shall have the right to examine and audit the books, records, and files of the other as they relate to the performance of this Agreement or the transactions contemplated hereunder for up to a period of twelve (12) months, or such other period as required to comply with Federal and State laws and regulations. This right may be exercised by a qualified independent third party selected by the interested party and approved by the other party. The qualified independent third party may only work on a fee basis and not a contingency basis. If the independent third party is not acceptable to the other party, the other party will select an independent third party to be approved by the interested party. If this second independent third party is not acceptable to the interested party, the two unacceptable third parties shall determine an acceptable third party through mutual agreement. The expense of the audit or examination shall be borne by the party requesting it.
- 7.03.01 Sponsor's Obligations With Respect to Sav-Rx Proprietary Information. The Sponsor acknowledges and agrees that Sav-Rx's Proprietary Information is confidential or proprietary to, and a trade secret of, Sav-Rx. Except in furtherance of the performance of this Agreement and the transactions now or hereafter contemplated here under, the Sponsor agrees to hold all of Sav-Rx's Proprietary Information in strictest confidence and to not use, disclose, divulge, or exploit any such information for their own benefit or for the benefit of some third party without the prior written consent of Sav-Rx, which consent may be refused for any or no reason. Sav-Rx and Sponsor further acknowledge that, during the course of this Agreement, Sponsor may have access to or make use of certain of Sav-Rx's Proprietary Information. However, Sav-Rx shall remain the sole and exclusive owner of Sav-Rx's Proprietary Information notwithstanding its disclosure to Sponsor. Upon the expiration or termination of this Agreement, for any reason whatsoever, Sponsor shall immediately return to Sav-Rx or destroy any and all of Sav-Rx's Proprietary Information in Sponsor's possession except where such information is required by Sponsor to comply with Federal and State laws and regulations, including all copies, duplications, and replicas thereof, and the Sponsor shall take reasonable steps to ensure that the other parties to which they may have provided such information do the same. Notwithstanding the above, this Section shall not apply to aggregated or de-identified information.
- 7.03.02 Sav-Rx's Obligations With Respect to Sponsor's Proprietary Information. Sav-Rx acknowledges and agrees that Sponsor's Proprietary Information is confidential or proprietary to, and a trade secret of, the Sponsor. Except in furtherance of the performance of this Agreement and the transactions now or hereafter contemplated hereunder, Sav-Rx agrees to hold all of Sponsor's Proprietary

Information in strictest confidence and to not use, disclose, divulge, or exploit any such information for Sav-Rx's own benefit or for the benefit of some third party without the prior written consent of the Sponsor, which consent may be refused for any or no reason. The Sponsor and Sav-Rx further acknowledge that, during the course of this Agreement, Sav-Rx, may have access to or make use of certain of the Sponsor's Proprietary Information. However, the Sponsor shall remain the sole and exclusive owner of the Sponsor's Proprietary Information notwithstanding its disclosure to Sav-Rx. Upon the expiration or termination of this Agreement, for any reason whatsoever, Sav-Rx shall immediately return to the Sponsor or destroy any and all of the Sponsor's Proprietary Information in Sav-Rx's possession except where such information is required by Sav-Rx to comply with Federal and State laws and regulations, including all copies, duplications, and replicas thereof and Sav-Rx shall take reasonable steps to ensure that the other parties to which Sav-Rx may have provided such information do the same. Notwithstanding the above, this Section shall not apply to aggregated or de-identified information.

7.03.03 Confidentiality of this Agreement and Related Information. This Agreement and all terms and conditions hereof, are confidential to the extent permitted by Tennessee law. Any and all accounts, records, books, files, and lists respecting any transaction provided for or contemplated under this Agreement (the "Related Information") shall be confidential and proprietary to the party generating such information.

7.03.04 Eligible Participant Confidentiality. Notwithstanding any other provision in this Agreement, each party shall at all times maintain the confidentiality of any Eligible Participant specific information, including without limitation Protected Health Information ("PHI"), in accordance with all-applicable federal, state or local laws and regulations. The parties have executed a business associate agreement, the terms of which are incorporated herein. Each party shall cooperate with the other party in taking such reasonable steps and executing all documents reasonably requested by the other party to comply with all such state and federal laws and regulations.

7.03.05 Equitable Relief. The parties to this Agreement acknowledge and agree that it would be difficult to measure the damages resulting from any breach by the parties of their respective obligations set forth in this Section 7.03, that injury from any such breach would be impossible to calculate, and that money damages would therefore be an inadequate remedy for any such breach. Consequently, the parties mutually agree that, in addition to any other rights or remedies which the parties hereto may have, they each shall be entitled to seek injunctive and other equitable relief, without bond or other security, in the event of an actual or threatened breach by any other party of any of the covenants of this Section 7.03. The obligations and the rights and remedies of the parties under this Section 7.03 are cumulative and in addition to, and not in lieu of, any obligations, rights, or remedies created by applicable patent, copyright, or other laws, including the statutory and common laws governing unfair competition and misappropriation or theft of trade secrets, proprietary rights, or confidential information. With respect to any dispute between the parties, each party shall bear its own attorneys' fees, except as otherwise authorized by law or by statute.

7.03.06 Prescription Drug Information. To the extent permitted by applicable laws, all records of prescription drug products dispensed to Eligible Participants shall be the property of the Sponsor. However, during the Term of this Agreement and for a reasonable period after termination of this Agreement, to the extent such use or disclosure is permissible by law, Sponsor grants Sav-Rx the right to use and disclose to approved third parties the drug and related medical data of Sponsor's Eligible Participants (i) in furtherance of the performance of Sav-Rx's responsibilities under this Agreement, and (ii) as utilized in, or incorporated into, Sav-Rx's research, cost analyses, and cost comparison studies. All such research, cost analyses, and cost comparisons, and other similar studies or reports conducted or prepared by Sav-Rx ("Sav-Rx Reports") shall be the sole and exclusive property of Sav-Rx. Such information if used, will be aggregated with that of other Sponsors and de-identified so as to protect the confidentiality of both the Sponsor and the Eligible Participant. Sav-Rx shall provide copies of all such Sav-Rx Reports to Sponsor.

- 7.03.07 Identifiable Eligible Participant Information and Mailings. Sav-Rx may not use or allow any others to use identifiable Eligible Participant information to make any mailings or other solicitations to Eligible Participants without the express authorization of the Sponsor.
- 7.03.08 Disclosures. Sav-Rx shall not disclose the Sponsor's or an Eligible Participant's confidential information to its parent, affiliates, or subsidiaries nor offer or convey such information to any third parties without the express written approval of Sponsor.
- 7.03.09 Legal Disclosures. Nothing contained in this Section 7.03 shall prevent or restrict either party from disclosing any confidential or proprietary information of the other party pursuant to a subpoena or valid court order or as required under applicable statute, rule, or regulation or by a Governmental Authority with competent jurisdiction.

8. NOTICES

Any and all notices, requests, consents, demands, or other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered, if sent by United States registered or certified mail (return receipt requested), (ii) when delivered, if delivered personally by commercial courier, (iii) on the next business day, if sent by next day, United States Express Mail or United Parcel Service, or (iv) when delivered, if sent by FAX (receipt of which is confirmed), in each case to the parties at the following addresses (or at such other addresses as shall be specified by like notice) with postage or delivery charges prepaid (if applicable):

If to Sav-Rx:
224 North Park Avenue
Fremont, NE 68025
Attn: Christy Piti , CEO
Fax: 402-753-2880
cpiti@savrx.com

If to Hamblen County Government:
511 West Second North St
Morristown, TN 37814
Attn: Finance Director
Fax: 423-585-5699
Email: ahale@co.hamblen.tn.us

9. GENERAL PROVISIONS

- 9.01 Integrated Agreement. This Agreement, including all Exhibits and the business associate agreement incorporated herein, constitutes the final written integrated expression of all agreements between Sav-Rx and the Sponsor with respect to the subjects addressed in this Agreement and is a complete and exclusive statement of those terms. This Agreement supersedes all prior or contemporaneous, written or oral, memoranda, arrangements, contracts, understandings, or agreements between the parties hereto relating to any of the subjects addressed herein.
- 9.02 Amendments; Waiver. This Agreement shall not be amended, modified, revised, or supplemented, or any provision hereof waived, except pursuant to a dated written instrument executed by Sav-Rx

and the Sponsor. The waiver by any party hereto of a breach of any provision hereunder shall not operate or be construed as a waiver of any prior or subsequent breach of the same or any other provision hereunder.

- 9.03 Severability. In the event that any provision in this Agreement shall be found by a court or Governmental Authority of competent jurisdiction to be invalid, illegal, or unenforceable, such provision shall be construed and enforced as if it had been narrowly drawn so as not to be invalid, illegal, or unenforceable and the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby.
- 9.04 Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the state of Tennessee without regard to principles of conflicts of law, and of the United States. Any provisions required to be included in this Agreement by any Regulatory Laws which applies to the Sponsor or Sav-Rx, shall be deemed incorporated in full into this Agreement whether or not expressly provided herein. Any legal action, suit, or proceeding arising out of or relating to this Agreement, may be instituted in a Federal court with proper venue located in the State of Tennessee, and each party further irrevocably submits to the jurisdiction of any such court in any such action, suit, or proceeding.
- 9.05 Dispute Resolution. The parties agree to act in good faith to resolve any controversy or dispute arising out of or related to this Agreement promptly through negotiations of executive or responsible representatives of each party. In the event of a dispute, the disputing party shall give the other party written notice of the dispute and, within thirty (30) days of receiving that notice, the receiving party shall present its response. Both the notice and the response shall include a statement of each party's position, a summary of the evidence and arguments supporting the position, and the name of the executive or other representative who will negotiate on behalf of that party. Negotiations shall be held at a mutually acceptable time and place, beginning no later than thirty (30) days following the receiving party's receipt of the notice of the dispute, and continuing thereafter as often as the negotiators reasonably deem necessary to resolve the dispute. If the dispute has not been resolved within sixty (60) days of issuance of the written notice of the dispute, or if this negotiation process has not been fulfilled by either or both of the parties, then each party will retain all rights to bring an action regarding such matter in accordance with law.
- Any disputes not resolved by the dispute resolution process described above, shall be resolved by legal action brought by the respective parties and/or their counsel in the venue set forth in Section 9.04.
- 9.06 Assignment. Sponsor shall immediately notify Sav-Rx in the event of a merger or termination of the Health Plan, and Sav-Rx shall immediately notify Sponsor in the event of a change of ownership or control of the operations of Sav-Rx within twenty (20) days of merger or termination.
- 9.07 Successors and Assigns. This Agreement inures to the benefit of and is binding upon the parties, their respective successors and transferees in interest by way of merger, acquisition, or otherwise, and their permitted assigns.
- 9.08 Construction. This Agreement has been drafted with the joint participation of the Sponsor and Sav-Rx and shall be construed to be neither against nor in favor of either party hereto, but rather in accordance with the fair meaning hereof.
- 9.09 Articles, Sections, Exhibits, and Schedules. References in this Agreement to articles, sections, exhibits, and schedules are to articles, sections, exhibits, and schedules of and to this Agreement. However, the article and section headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement. All exhibits

and schedules to this Agreement, either as originally existing or as the same from time to time may be supplemented, modified, or amended, are hereby incorporated in full herein by this reference.

- 9.10 Force Majeure. Performance under this Agreement shall be excused to the extent and for so long as such performance is impaired, prevented, or delayed by any Act of God, war, riot, insurrection, civil commotion, sabotage, strike or other labor disturbances, accidents, fire, flood, earthquake, explosions that damage plants or facilities, acts of Governmental Authorities, power outages or any other cause unavoidable, unforeseeable, and beyond the control of either party, provided that the party availing itself of such excuse shall at all times exert its reasonable efforts to remove or avoid such cause and shall resume or complete its required performance promptly after such cause ceases to hinder or delay full performance hereunder.
- 9.11 Counterparts. This Agreement may be transmitted by facsimile, email and executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall be considered one and the same instrument.
- 9.12 Financial Disclosure.

Network Pharmacies— Sav-Rx contracts for its own account with retail pharmacies to dispense prescription drugs to members of the clients for whom Sav-Rx provides PBM services. The rates paid by Sav-Rx to these pharmacies differ from one network of pharmacies to the next, and among pharmacies within a network. Sav-Rx generally contracts with clients to be paid an ingredient cost for drugs dispensed in a given retail network selected by the client at a uniform rate that applies to all pharmacies in the selected network. Thus, where the rate paid by a client exceeds the rate negotiated with a particular pharmacy, Sav-Rx will realize a positive margin on the applicable prescription. The reverse may also be true, resulting in negative margin for Sav-Rx. In addition, when Sav-Rx receives payment from a client before payment to a pharmacy is due, Sav-Rx retains the benefit of the use of the funds between these payments.

Manufacturer Rebates and Associated Administrative Fees— Sav-Rx may contract for its own account with pharmaceutical manufacturers to obtain rebates attributable to the utilization of certain prescription products by individuals who receive benefits from clients for whom Sav-Rx provide PBM services. Rebate amounts vary based on the volume of utilization as well as the benefit design and formulary position applicable to utilization of a product. Sav-Rx often pays all or a portion of the rebates it receives to a client based on the client's PBM services agreement. Sav-Rx retains the financial benefit of the use of any funds held until payment is made to a client. In connection with our maintenance and operation of the systems and other infrastructure necessary for managing and administering the rebate process, Sav-Rx may also receive administrative fees from pharmaceutical manufacturers participating in the rebate program discussed above. The services provided to participating manufacturers include making certain drug utilization data available, as allowed by law, for purposes of verifying and evaluating the rebate payments.

Pharmacy Dispensing and Distribution— Sav-Rx has several licensed mail order and specialty pharmacies. These entities purchase prescription drug inventories, either directly from manufacturers or from drug wholesalers, for dispensing to patients or for distribution to physician offices. Purchase discounts off the acquisition cost of these products are made available by manufacturers in the form of both up-front and retrospective discounts. Such discounts are not considered part of the rebates paid to Sav-Rx by manufacturers in connection with Sav-Rx's rebate program. While rebates are directly attributable to the utilization of pharmaceutical products by individuals who receive benefits from clients for whom Sav-Rx provides PBM services, product acquisition price discounts are based on a pharmacy's inventory needs and, in the case of specialty pharmacies, the performance of related patient care service obligations. The purchase discounts obtained by these facilities are not based on any client's benefit design. When a Sav-Rx subsidiary pharmacy dispenses or distributes a product from its inventory, the purchase price paid for the dispensed product, including applicable dispensing fees, may be greater or less than the pharmacy's

acquisition cost for the product net of purchase discounts. In general, Sav-Rx' pharmacies realize an overall positive margin between this net acquisition cost and the amounts paid for the dispensed products.

Pharmaceutical Program Services—Sav-Rx's specialty pharmacy may receive compensation from manufacturers for their administration of programs related to the distribution of certain pharmaceutical products. This compensation is based on the fair market value of the services provided and is unrelated to the drug formulary development process or drug utilization applicable to the clients for whom we provide PBM services. Examples of these services include (i) administering patient assistance programs for indigent patients; (ii) administering product sample distribution programs; and (iii) dispensing prescription medications to patients enrolled in clinical trials.

Data Reporting—Sav-Rx may sell certain data resulting from its PBM and pharmacy services to healthcare data aggregators and similar entities from time to time. In addition, as a condition to receiving access to certain products, a specialty pharmaceutical manufacturer often will require a purchasing specialty pharmacy to report selected information to the manufacturer regarding the pharmacy's service levels and other de-identified dispensing-related data with respect to patients who receive such manufacturer's product. A portion of the discounts or other compensation made available to our specialty pharmacies represents compensation for such reporting. All such reporting activities are conducted in compliance with applicable patient privacy laws.

- 9.13 Changes to Benchmark Pricing. The parties understand that pricing indices historically used (and that are the basis in this Agreement), for determining the financial components of pharmacy billing rates are outside the control of Sponsor and Sav-Rx. The parties also understand that there are currently extra-market industry, legal, government and regulatory activities, which may lead to changes relating to, or elimination of, these pricing indices that could alter the financial positions of the parties as intended under this Agreement. The parties agree that, upon entering into this Agreement and thereafter, their mutual intent has been and is to maintain pricing stability as intended and not to advantage either party to the detriment of the other. Accordingly, if the AWP or the methodology for applying the AWP changes at any time during the Term of this Agreement, the parties will reopen the Agreement to negotiate a pricing formula that reflects the parties' interest and is consistent with the current pricing formula, using a benchmark that is a standard in the industry and agreed by both parties. Sav-Rx will provide Sponsor notice of such a change and Sponsor agrees to begin negotiations on changes to the pricing formula no later than ten (10) days following receipt of such notice. If no agreement is reached, either party may terminate this agreement upon thirty (30) days' written notice.
- 9.14 Audit. Sav-Rx will maintain all claims records relating to Services performed under this Agreement as required by applicable law. Such claims records will be in their original electronic form or other form determined by Sav-Rx. Sav-Rx claims records may be audited by Sponsor or its representative approved by Sav-Rx, subject to execution of a confidentiality agreement, for a maximum period of 12 months prior to the agreed upon audit date, or such other period as required to comply with Federal and State laws and regulations, subject to applicable confidentiality provisions and legal requirements. Unless otherwise required to comply with Federal and State laws and regulations, any audit by Sponsor may be conducted once annually upon sixty (60) days' prior written notice, and during regular business hours.

Sav-Rx's agreements with rebate aggregators are subject to confidentiality agreements. To the extent required under such agreements, an audit of a rebate aggregator will be conducted by an accounting firm approved by Sav-Rx, such approval shall not be unreasonably withheld, whose audit department is a separate stand alone function of its business, and which carries insurance for professional malpractice of at least \$2,000,000. Unless otherwise required to comply with Federal and State laws and regulations, an audit of a rebate aggregator will include only those portions of such pharmaceutical manufacturer agreements as necessary to determine Sav-Rx's compliance with respect to Total Rebates. Except as otherwise required to comply with Federal and State laws and

regulations, an audit of a rebate aggregator will be conducted once annually from January through September, during normal business hours, at Sav-Rx's offices as scheduled by agreement of the parties, but not sooner than ninety (90) days after execution of Sav-Rx's confidentiality agreement.

IN WITNESS WHEREOF, Sav-Rx and the Sponsor have executed this Agreement effective as of the date first written above.

**A & A Services, LLC, DBA
Sav-Rx Prescription Services**

Hamblen County Government

EXHIBIT A

Financial Terms

Sav-Rx will provide the Services in the Agreement pursuant to the following financial provisions.

Retail Services (Up to 34 days' supply)

For prescriptions billed to the Sponsor, electronically processed and dispensed to an Eligible Participant through Sav-Rx's retail pharmacy network, the Sponsor shall pay a guaranteed rate to Sav-Rx.

Retail: The lower of Usual and Customary Pricing or

- (A) For the Multi-Source Generic Drugs.
AWP-85%
- (B) For the Brand Name Drugs and Limited Distribution Generics.
AWP-19%
- (C) No dispensing fee.
- (D) No administrative fee.

Retail Services (Up to 90 days' supply)

For prescriptions billed to the Sponsor, electronically processed and dispensed to an Eligible Participant through Sav-Rx's retail pharmacy network, the Sponsor shall pay a guaranteed rate to Sav-Rx.

Retail: The lower of Usual and Customary Pricing or

- (A) For the Multi-Source Generic Drugs.
AWP-85.5.0%
- (B) For the Brand Name Drugs and Limited Distribution Generics.
AWP-21.50%
- (C) No dispensing fee.
- (D) No administrative fee.

Mail Order Services

For prescriptions dispensed by Sav-Rx through one of its mail service pharmacies to an Eligible Participant, the Sponsor shall pay a guaranteed rate to Sav-Rx:

- (A) For the Multi-Source Generic Drugs.
AWP-87.50%
- (B) For the Brand Name Drugs and Limited Distribution Generics.
AWP-24.00%
- (C) No dispensing fee.
- (D) No administrative fee.

Specialty Pharmacy Services

Sav-Rx offers a comprehensive Specialty Drug Program that includes patient care services, refill reminders, patient compliance assistance, utilization management, prior authorization programs, dose optimization and therapy monitoring. Patients may obtain specialty products through either our specialty pharmacy (exceptions are limited distribution products) or retail network pharmacies at the reimbursement rates set forth on the specialty drug list. Specialty products are not available through the Sav-Rx Mail Order Pharmacy.

Standard Discounts:

Sav-Rx Specialty Pharmacy

- (A) For the Generic Drugs.

- AWP-55.00%
- (B) For the Brand Name Drugs.
AWP-17.00%
- (C) No dispensing fee.
- (D) No administrative fee.

Retail Network Pharmacy

- (A) For the Generic Drugs.
AWP-55.00%
- (B) For the Brand Name Drugs.
AWP-15.50%
- (C) No dispensing fee.
- (D) No administrative fee.

Limited distribution Drugs are specialty drugs that are limited by the manufacturer to a specific pharmacy. This small number of drugs are not available through the Sav-Rx Specialty Pharmacy. Sponsor will be charged the applicable participating pharmacy's rate for these medications.

Exceptions to Standard Pricing:

Sav-Rx updates the specialty drug lists as new products are introduced to the market. Pricing for these new products will be determined by Sav-Rx and Sponsor will have the option of accepting or not accepting the addition to the list.

Vaccines/Immunizations

Definitions

- a. "Flu Vaccines" shall mean those Covered Medications that are vaccines and immunization products available to protect the body from contracting strains of influenza.
- b. "COVID Vaccines" shall mean those Covered Medications that are vaccines and immunization products available to protect the body from contracting strains of Coronavirus Disease 2019 (COVID-19) either FDA approved or under an Emergency Use Authorization (EUA). Rules regarding cost share, funding and administration fees are subject to Federal and State regulations including but not limited to the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- c. "Other Vaccines" shall mean those Covered Medications that are vaccines and immunization products available for vaccine-preventable diseases other than influenza.

For each vaccine administered to an Eligible Member, the lesser of U&C price or rates set forth below, reduced by any applicable Patient Pay Amount received.

VACCINE TYPE	REIMBURSEMENT RATE	ADMINISTRATION FEE
Flu Vaccines	AWP -15.0%	\$15.00
COVID Vaccines	\$0.00	Not to exceed CMS Standard Fee
Other Vaccines	AWP-15.0%	\$20.00

Retail/Mail Generic/Brand Guarantee

The guarantee will be calculated as: [1-(total discounted AWP ingredient cost (excluding dispensing fees and claims with ancillary charges, and prior to application of copayment) of applicable prescription drug claims for the annual period divided by total undiscounted AWP ingredient cost (both amounts will be calculated as of the date of adjudication) for the annual period]. Generic drugs subject to patent litigation actions, single source products, OTC products, and Specialty Products shall be excluded from the guarantee.

The guarantee is further subject to the following:

- To the extent the assumptions are incorrect as of the implementation date of this Agreement, or the Sponsor changes its benefit design or formulary during the Term of this Agreement, the guarantee will be equitably adjusted if there is a material impact on the generic discount achieved.
- Sav-Rx will pay the difference of the Sponsor's net cost for any shortfall between the actual result and the guaranteed result. Any excess achieved in any other guarantee offered pursuant to this Agreement will be used to make up for, and offset, a shortfall in other guarantees.

Market Check

Sav-Rx will conduct annual market assessments, otherwise known as Market Checks, during the contract term to determine the continued competitiveness of pricing and associated financial guarantees. In the event the Sponsor determines that current pricing is less favorable than those available in the competitive market, Sav-Rx agrees to enter into good faith negotiations to reach agreement on market-competitive revisions to the program pricing terms. If, after ninety (90) days, the parties have been unable to reach agreement on an equitable modification terms, then the client may terminate the contract with ninety (90) days' notice without penalty.

Additional PBM Services

Service	Fee
Direct Member Reimbursement	\$1.50 per claim
EGWP Secondary Wrap	\$2.25 per claim

Payment of Rebates.

Sponsor will receive the greater of a pass-through of 85% of rebates received by Sav-Rx within 30 days of receipt by Sav-Rx or a minimum rebate per brand prescription based on plan design.

	Open	3 rd Tier (Formulary)	3 rd Tier (Formulary & Step)
Retail per qualified brand claim	\$12	\$91.67	\$130.26
Mail per qualified brand claim	\$30	\$280.00	\$281.05
Specialty Pharmacy per qualified brand claim	\$190	\$956.25	\$1,445.00

The rebate guarantees do not apply to cash discount programs however all collected rebates will be passed through at 85% to the Fund. The "Open" guarantee level includes "Two-Tier" copayment schedules and "Three-Tier" copayment schedules without a \$15 copayment differential. The "3rd Tier" guarantee level requires the Health Plan to implement the Sav-Rx formulary without changes or customizations and to have a \$15 copayment differential between the formulary and non-formulary copayment tiers. This guarantee level cannot implement generic promotion programs for highly rebated therapeutic categories such as a step edit on the formulary drug. The "3rd Tier Formulary and Step" guarantee level also requires the Health Plan to implement the Sav-Rx formulary without changes or customizations and to have a \$15 copayment differential between the formulary and non-formulary copayment tiers. In addition, the Health Plan must add a step edit to non-formulary drugs in highly rebated therapeutic classes to promote the use of formulary drugs.