

**Ventura County Medi-Cal Managed
Care Commission (VCMCC) dba
Gold Coast Health Plan
Commission Meeting**

DATE: Monday, April 23, 2012

TIME: 3:00-5:00 pm

PLACE: 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

AGENDA

Call to Order and Welcome

Pledge of Allegiance

Roll Call

Public Comment / Correspondence

1. **Approve Minutes** - *None available at this time.*
2. **Election of Chair and Vice-Chair** *Action Required*
3. **CEO Management Update** *For Information*
4. **Accept and File Financial Report**
 - a. March Financials *Action Required*
5. **Review and Approve CEO Priorities** *Action Required*
6. **Ratification of Legal Services Contract with Nordman
Cormany Hair & Compton LLP** *Action Required*

Meeting Agenda available at <http://www.goldcoasthealthplan.org>

ADMINISTRATIVE REPORTS RELATING TO THIS AGENDA AND MATERIALS RELATED TO AN AGENDA ITEM SUBMITTED TO THE COMMISSION AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC REVIEW DURING NORMAL BUSINESS HOURS AT THE OFFICE OF THE CLERK OF THE BOARD, 2220 E. GONZALES ROAD, SUITE 200, OXNARD, CA.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT TRACI AT 805/981-5320. REASONABLE ADVANCE NOTIFICATION OF THE NEED FOR ACCOMMODATION PRIOR TO THE MEETING (48 HOURS ADVANCE NOTICE IS PREFERABLE) WILL ENABLE US TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING

**Ventura County Medi-Cal Managed Care Commission (VCMMCC) dba
Gold Coast Health Plan April 23, 2012 Commission Meeting Agenda (continued)**

TIME: 3:00-5:00 pm

7. Management Recommendations & Reports

- a. ScriptCare Presentation *For Information*
- b. Approve Contract with Healthcare Effectiveness Data and Information Set (HEDIS) Vendor to collect and Provide Statistical Data *Action Required*
- c. Changes to Provider Advisory Committee *Action Required*

8. Special Committee Report

- a. Possible Solutions
 - 1. CEO
 - 2. CFO
 - 3. Claims Director
 - 4. Recruiting Firm
 - 5. Legal Counsel
 - 6. Human Resources Director
 - 7. Consultants – contract for services not to exceed \$150,000

Comments from Commissioners

Adjourn to Closed Session

- a. Conference with legal counsel-anticipated litigation GC § 54956.9(b) -1 case
- b. Public Employment GC § 54957 Title: Permanent Chief Executive Officer

Return to Open Meeting

Announcements from Closed Session, if any.

Adjournment

Unless otherwise determined by the Commission, the next regular meeting of the Commission will be held on May 21, 2012 at 3:00 p.m. at 2240 E. Gonzales Road, Suite 200, Oxnard CA 93036

Meeting Agenda available at <http://www.goldcoasthealthplan.org>

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Chief Executive's Monthly Report to Commission

April 23, 2012

I would like to open with a thank you to all of the staff at Gold Coast Health Plan for their commitment to our members and providers. Many dedicated a lot of their personal time to resolve issues to help the members and providers under our responsibility.

Listed below are some examples of accomplishments since Go-Live:

- #1 Accomplishment every day is our commitments to our members to provide the best customer service. We are also committed to obtaining quality healthcare services for our members.
- Two day training session with ACS to develop both additional training materials and processes for the customer service unit
- Implemented a program with our sister health plan in Northern California to provide healthcare services for our members when they seek seasonal work in other counties
- Outreach to the Mixteco community
- Over 25 provider training sessions
- Significant reduction in claims backlog
- Cash advances to providers to continue the cash flow during the backlog of claims
- Claims turnaround time within State guidelines
- Implemented Compliance 360 software to manage the State Contract
- California Children's Services (CCS) and Gold Coast Health Plan have implemented a coordination process for the custodial care of mutual clients
- Signed contracts for Cultural and Linguistic services and ASL Interpreter services
- Health Education staff developed a group needs assessment survey of 10,000 members to assess cultural and language barriers to service
- Cultural and linguistic training of 50% of staff with the remainder of the training to be completed by the end of May
- Participation in the Statewide Tobacco Prevention Advisory Committee (DHCS).
- Transition of the Adult Day Health Care program to Community-Based Adult Services (CBAS) has been completed
- First meeting of the Medical Advisory Committee on 3/22/2012
- Monthly outreach calendar to members to provide plan information

California Department of Health Care Services (DHCS)

- GCHP staff from Claims, Provider Relations, Compliance, Government Affairs, and Finance Departments continue to have regular scheduled weekly calls with DHCS. The purpose of these calls is to respond to inquiries concerning policies, procedures, and other deliverables. We currently are not auto assigning based on the filed auto assignment policy (system will not handle) and have 30 days to comply. A proposed (revised) policy is being presented today.

- We are under a corrective action plan monitored by the State through their contract with Berkely Research Group. I met (via telephone) with Joan Ogle, Deputy Director-Health Care Delivery Systems; Margaret Tartar, Chief- Medi-Cal Managed Care; Stuart Busby, Chief-Capitated Rates Development Division; to discuss our responses to the monitoring report. We have received additional issues that will be included in future reports.

Personnel

Additions:

- Nancy, Sellers, RN – Grievance & Appeals and NICU Nurse
- Colette Torres – Clinical Operations Assistant
- Julie Booth MS Public Health – Director of Quality Improvement

Transitions:

- Nurses that have been under the direction of our Vendor, ACS are being transitioned to Gold Coast Health Plan

Resignations:

- Paul Roberts, Director of Provider Contracting and Provider services

Under the requirements of California Law AB 1825, we have conducted Preventing Harassment, Discrimination & Retaliation Training
 Current office space is very limited in the ability to meet staffing requirements. In the short term, we are relocating several staff presently in single person offices so that 2 to 4 staff can be relocated to those offices. We are also using part of the lunch room for space, to mention a few examples. We have posted an RFQ for broker services to assist us in finding the appropriate needed space.

Community Outreach & Education

- March 31, outreach in support of the Mixteco/Indigena Community Organizing Project (MICOP)
- April 3, Presentation to healthcare professionals at the Community Networking Meeting hosted by St. John’s Regional Medical Center
- April 21, Channel Island Health Fair
- April 19, Ventura County Human Service Agency – IHSS Meeting. To discuss a “Wrap Around” system for care coordination for mutual members

Claims

| | |
|--|--------|
| Average claim receipts | 23,343 |
| Average weekly production | 19,393 |
| Inventory as of April 23 (includes 14,480 processed claims that will be “paid” tomorrow) | 50,604 |
| Days inventory on hand | 17 |
| Auto adjudication rate | 31% |

Government Affairs

- **Healthy Families Program Transition to Medi-Cal Managed Care:** The Assembly Budget Subcommittee on Health approved a partial transition of the Healthy Families Program to Medi-Cal managed care. The transition is limited to the so-called “brightline” children, or those families at 133 percent below the federal poverty level (approximately \$30,000 for a family of four). If the Senate does not take an action similar to the Assembly the item will go to conference committee. Currently there are approximately 20,000 children enrolled in the Healthy Families Program in Ventura County.
- **Community Based Adult Services;** As part of the state budget cuts the state DHCS proposed the elimination of Adult Day Health Care Program (ADHC) under Medi-Cal. Senior advocates filed suit and argued that the elimination of the ADHC Program without adequate replacement services placed disabled seniors and others at risk of unnecessary institutionalization and violated the Americans with Disabilities Act. The court agreed and ordered the state to implement a replacement program- Community Based Adult Services (CBAS). DHCS expects the CBAS Program to go into operation on July 1, 2012. There are approximately 976 CBAS eligible beneficiaries in Ventura County that will receive ADHC-like services at five CBAS centers in Ventura County. The CBAS Centers are expected to contract with GCHP. On April 2, 2012 the state sent the first of three notices to beneficiaries informing them of the elimination of the ADHC and implementation of CBAS Programs respectively. For those beneficiaries deemed ineligible for the CBAS Program, GCHP is required to provide enhanced case management (ECM). GCHP is in the process of developing ECM plans for those ineligible for CBAS services.

Health Education, Cultural & Linguistic Services

Lupe Gonzalez, Health Education Manager at Gold Coast Health Plan, was selected to serve on the California Medicaid Incentives for the Prevention of Chronic Disease Advisory Committee: Quitting among Medi-Cal Smokers.

Health Services

- Gold Coast Health Plan continues to collaborate with the State and participate in weekly consultation sessions to discuss the transition of members from licensed/certified care to deliver custodial care. Health Services and Member Services continue to work closely on a case by case basis, educating families with alternate non-clinical services that is available to the member. We have identified 14 members whose services are covered by Title II. A total of six cases approved by CCS for shift care nursing, five under review, and three denied but transition back to GCHP for re-evaluation.
- Community Based Adult Services (CBAS)conversion – 48 of the 53 assessments for non-eligible CBAS members for Enhanced Case Management (ECM) have been conducted by an outside Vendor. On-going meetings with the administrators of the ADHC/CBAS facilities and the Director of the VC Area

Agency on Aging to discuss coordination of care. ECM care plans completed to meet the 4/1/12 deadline.

Member Services

State Fair Hearing preparation continues with members requesting continued custodial care services. We have had two that have gone as far as this process. Currently 1 is still being reviewed and 1 was upheld.

The following Call Center Statistics appear reasonable:

| | 12-Mar | Calls Offered | Calls Handled | Calls Abandoned | Abandoned Percent | Avg Speed Answer (in min) | Average Talk Time (in min) | Average Hold Time (in min) |
|----------------------|--------------|---------------|---------------|-----------------|-------------------|---------------------------|----------------------------|----------------------------|
| Member Calls | Month Totals | 2653 | 2637 | 15 | 0.57% | 0.1 | 4.75 | 0.45 |
| Provider Calls | Month Totals | 3840 | 3808 | 28 | 0.73% | 0.15 | 4.48 | 0.69 |
| Combined Calls | Month Totals | 7730 | 7665 | 59 | 0.76% | 0.13 | 4.75 | 0.57 |
| Spanish member Calls | Month Totals | 1237 | 1220 | 16 | 1.29% | 0.11 | 5.63 | 0.48 |

Provider Contracting

All our provider contracts need to be renewed for an effective date July 1. We will begin this process next week.

Information Technology

I have reviewed our current situation with the website. At this point, I have significant concerns that this format will ever meet our needs. We investigated alternatives and are taking a different approach.

Consumer Advisory Group

April's Consumer Advisory Committee meeting has been rescheduled for May 16th 2012.

Tentative agenda for next Consumer Advisory Committee items are; Group Needs Assessment, Fraud and Abuse Hotline, Interpretation Services, Goal and Objectives, Plan update by Cassie Undlin - CEO.

Provider Advisory Group

A member of the Provider Advisory Committee has resigned effective March 31, 2012. Suggestions for a replacement would be appreciated.

Auto Assignment Committee

The Commission delegated the responsibility of the determining the Auto Assignment policy to the CEO in the November 28, 2011 meeting. The CEO met with the committee to listen to the comments and concerns from the committee members. With this input

and input from State Agency, a policy has been developed for submission to the Commission today.

Tatum Team Assessment

I have been here for almost three weeks. During that time and with the additional information provided from the assessment, I believe we may need to commit additional resources in the form of contractors or employees.

Respectfully submitted,

Cassie Undlin
Interim Chief Executive Officer

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| Gold Coast Health Plan | Policies and Procedures |
| Title: Member Assignment to a Primary Care Physician | Policy Number: 13.G / 16.A <u>Revised XXXX</u> |

Comment [CU1]:

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Purpose:

To describe the process by which new members who do not select a Primary Care Provider (PCP) on their own are assigned to one.

Policy:

GCHP will ensure that new members who do not select a PCP on their own are assigned to one in accordance with all applicable statutory, regulatory and contractual requirements. A Member may select a different PCP by contacting GCHP Member Services. Administrative Members are not required to select a PCP.

Definitions:

Administrative Members: The following are considered Administrative Members:

- Share of Cost: A Member who has Medi-Cal with share of cost requirement.
- Long-Term Care: A Member who is residing in a skilled or intermediate-care nursing facility for more than 30 days after the month of admission.
- Out of Area: A Member who resides out of the Plan's Ventura County service area but whose Medi-Cal case remains in Ventura County. This may include out-of-area foster-care or adoption-assistance placements and long-term care placements.
- Other Health Coverage: A Member who has other health insurance that is primary to their Medi-Cal; this includes Members with both Medi-Cal and Medicare Part B, as well as Members with both Medi-Cal and commercial insurance. Gold Coast Health Plan Members with other health coverage must access care through their primary insurance.
- Members who are enrolled under special aid categories such as Breast and Cervical Cancer Treatment Program.

The term, "Administrative Member" will be printed on the Health Plan ID cards in the PCP section, rather than the name of a doctor or clinic. The change of a Member's status from enrolled to administrative is not automatic — the Plan must be informed of the Member's circumstances by the Participating Provider or the Member him/herself in order to make the change in status effective.

Enrolled Member: An individual who has selected or been assigned to a PCP and will have the name of the PCP Physician or Clinic Provider on the Member's ID card. These individuals are sometimes referred to as "Linked Members."

Newly Eligible Member: An individual who is not yet assigned to a specific Participating Primary Care Physician or Clinic and, therefore, may see any willing Medi-Cal provider within the Plan's service area. Newly eligible GCHP Members will have "Newly Eligible" on their ID cards in the PCP section.

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|---|-----------------------------------|
| Gold Coast Health Plan | Policies and Procedures |
| Title: Member Assignment to a Primary Care Physician | Policy Number: 13.G / 16.A |

Safety Net Provider: Recognized disproportionate share hospitals, federally qualified health centers, and rural health centers.

~~Traditional Provider: Providers that have served Ventura County Medi-Cal beneficiaries for at least three years, and with a patient population / payor mix of at least 30% Medi-Cal and/or uninsured/charity care.~~

Procedure:

1. At the end of each month, after the monthly eligibility file is downloaded and processed, all newly eligible members who have not selected a PCP, within the last 30 days will be assigned to a PCP. The assignment will be done through the GCHP System PCP auto-assignment program.

The auto-assignment program logic considers the following factors:

- Zip code of Member's residence and location of PCP facility
- Age of Member
- Gender of Member
- Member's preferred language
 - Provider status in terms of safety-net versus traditional Medi-Cal versus non safety-net or traditional, capacity, practice type and any historical ties to the Member (such as previous patient of specific Participating Providers, etc.)
- Mid-level Providers. (Nurse Practioners and Physicians Assistants) will be included in the calculation

2. The auto-assignment program reads the member data set ~~and checks~~ ~~and checks~~ each record to see if the provider number is blank. If the provider number is blank, it finds every member with that particular family number who is not already linked to a PCP. The program will assign all members with the same family number to ~~the same~~ the same PCP, taking into consideration age, gender and provider capacity restrictions.

3. The provider data set for this program contains only those PCPs contracted with GCHP and allowed to participate in the auto-assignment program. The provider data set contains any age, gender and capacity restrictions.

4. For each zip code in the GCHP service area, there is a corresponding list of PCPs accepting auto-assignment. This enables each member requiring auto- assignment to be linked to a PCP located near the member's residence.

5. The Plan will assign returning Member to the last known PCP.

6. If there is are no open PCP's in a member's area, the member will be left unassigned and a detailed report will be generated for staff to review.

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| Gold Coast Health Plan | Policies and Procedures |
| Title: Member Assignment to a Primary Care Physician | Policy Number: 13.G / 16.A Revised |

~~7. The PCP auto-assignment program logic is weighted to give preference to traditional and safety-net providers. Safety-Net Providers will be assigned three members for every one member assigned to a Traditional Provider.~~

87. If a member is dissatisfied with the provider he/she has been assigned to, he/she can select a different PCP by contacting Member Services Department.

Revision History:

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| Review Date | Revised Date | Approved By |
|-------------|---------------------------|----------------------|
| | 5/31/2011 | <i>Earl M. Green</i> |
| | 4/23/2012 | |
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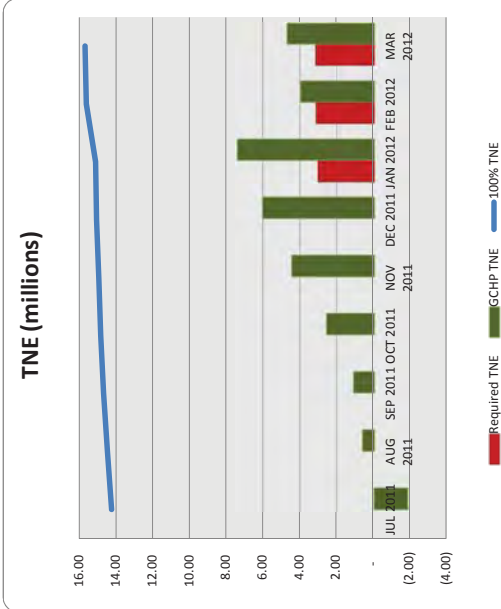
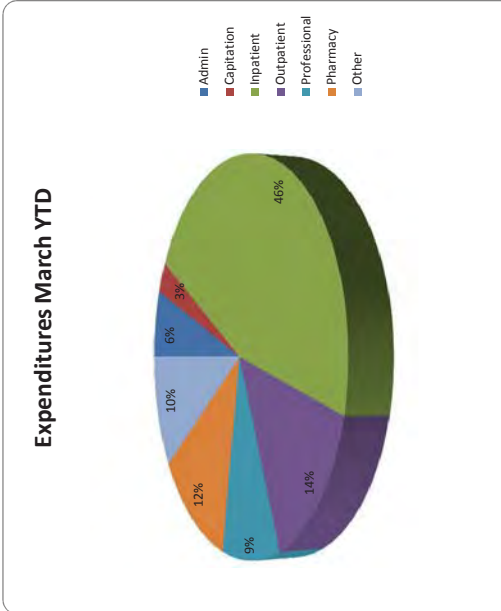
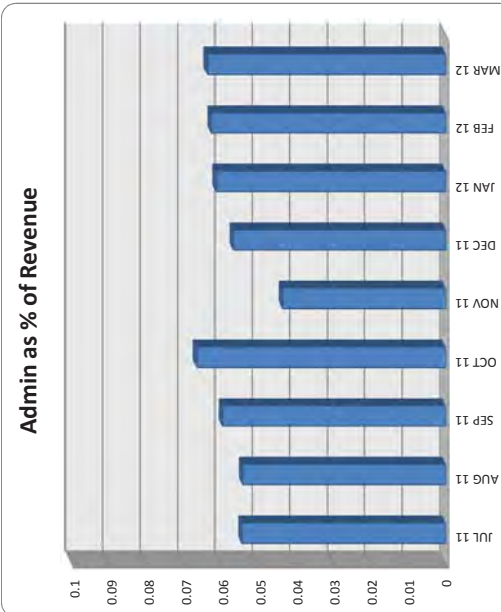
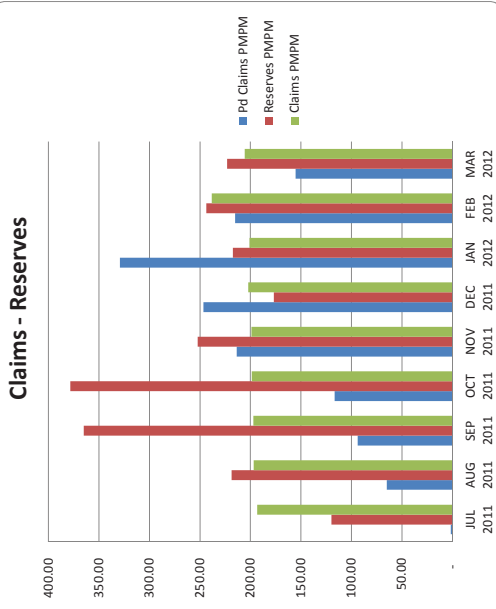
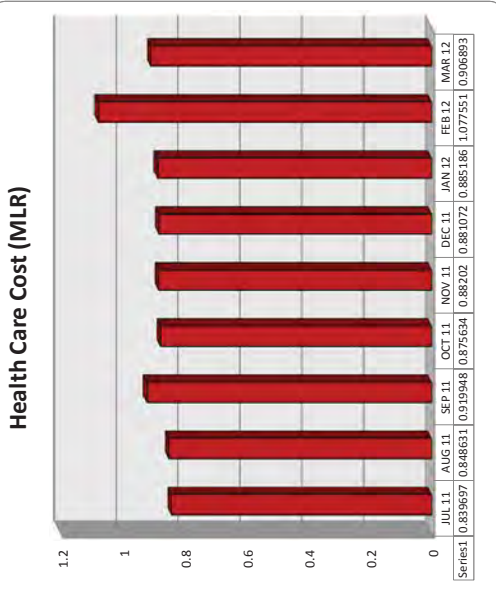
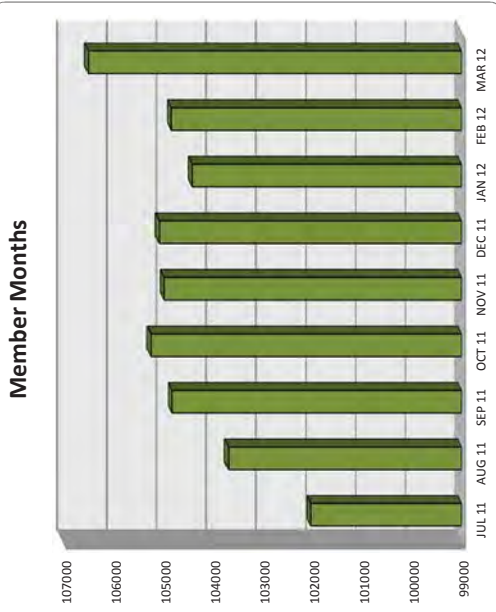
Revision History:

| Review Date | Revised Date | Approved By |
|--------------------|---------------------|------------------------|
| | 5/31/2011 | <i>Earl H. Greeniz</i> |
| | 4/23/2012 | |
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GOLD COAST HEALTH PLAN
SUMMARY FINANCIAL RESULTS
Nine Months & Year-to-Date

| | | Ventura County Medi-Cal | | | | | | | | | | | |
|--------------------------|--|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|--------------------|--|--|
| | | JUL 11 | AUG 11 | SEP 11 | OCT 11 | NOV 11 | DEC 11 | JAN 12 | FEB 12 | MAR 12 | YTD | | |
| Member Months | | 102,033 | 103,689 | 104,821 | 105,245 | 104,979 | 105,079 | 104,418 | 104,839 | 106,503 | 941,606 | | |
| Revenue | | 24,678,298 | 25,035,423 | 23,740,361 | 25,199,998 | 24,946,694 | 25,440,875 | 24,990,447 | 24,231,927 | 25,411,162 | 223,675,185 | | |
| <i>ppmp</i> | | 241.87 | 241.45 | 226.48 | 239.44 | 237.64 | 242.11 | 239.33 | 231.13 | 238.60 | 237.55 | | |
| Health Care Costs | | 20,722,297 | 21,245,838 | 21,839,899 | 22,065,987 | 22,003,480 | 22,415,249 | 22,121,202 | 26,111,143 | 23,045,202 | 201,570,297 | | |
| <i>ppmp</i> | | 203.09 | 204.90 | 208.35 | 209.66 | 209.60 | 213.32 | 211.85 | 249.06 | 216.38 | 214.07 | | |
| % of Revenue | | 84.0% | 84.9% | 92.0% | 87.6% | 88.2% | 88.1% | 88.5% | 107.8% | 90.7% | 90.1% | | |
| Admin Exp | | 1,341,729 | 1,354,008 | 1,413,721 | 1,672,837 | 1,084,862 | 1,440,127 | 1,529,225 | 1,516,129 | 1,615,365 | 12,968,004 | | |
| <i>ppmp</i> | | 13.15 | 13.06 | 13.49 | 15.89 | 10.33 | 13.71 | 14.65 | 14.46 | 15.17 | 13.77 | | |
| % of Revenue | | 5.4% | 5.4% | 6.0% | 6.6% | 4.3% | 5.7% | 6.1% | 6.3% | 6.4% | 5.8% | | |
| Net Income | | 2,614,273 | 2,435,577 | 486,741 | 1,461,174 | 1,858,351 | 1,585,499 | 1,340,019 | (3,395,346) | 750,595 | 9,136,884 | | |
| <i>ppmp</i> | | 25.62 | 23.49 | 4.64 | 13.88 | 17.70 | 15.09 | 12.83 | (32.39) | 7.05 | 9.70 | | |
| % of Revenue | | 10.6% | 9.7% | 2.1% | 5.8% | 7.4% | 6.2% | 5.4% | -14.0% | 3.0% | 4.1% | | |
| 100% TNE | | 14,242,618 | 14,455,522 | 14,671,236 | 14,837,677 | 14,925,890 | 15,048,230 | 15,101,073 | 15,615,661 | 15,685,187 | | | |
| Required TNE | | - | - | - | - | - | - | 3,020,215 | 3,123,132 | 3,137,037 | | | |
| GCHP TNE | | (1,808,546) | 627,031 | 1,113,773 | 2,574,946 | 4,433,298 | 6,018,797 | 7,358,815 | 3,963,469 | 4,714,064 | | | |

GOLD COAST HEALTH PLAN
Financial Scorecard - March 2012



**Gold Coast Health Plan
Balance Sheet
March 31, 2012**

ASSETS

Current Assets

| | |
|--|-------------------|
| Total Cash and Cash Equivalents | 53,074,719 |
| Medi-Cal Receivable | 2,011,361 |
| Provider Receivable | 784,704 |
| Other Receivables | 30,231 |
| Total Accounts Receivable | 2,826,295 |
| Total Prepaid Accounts | 214,604 |
| Total Other Current Assets | 750,000 |
| Total Current Assets | 56,865,619 |

| | |
|---------------------------|---------------|
| Total Fixed Assets | 94,878 |
|---------------------------|---------------|

| | |
|---------------------|-------------------|
| Total Assets | 56,960,496 |
|---------------------|-------------------|

LIABILITIES & FUND BALANCE

Current Liabilities

| | |
|-------------------------------------|-------------------|
| Incurred But Not Reported | 23,748,422 |
| Claims Payable | 17,189,037 |
| Capitation Payable | 631,179 |
| Accrued Premium Reduction | 5,005,645 |
| | |
| Accounts Payable | 60,636 |
| Accrued ACS | 664,165 |
| Accrued RGS | 474,030 |
| Accrued Premium Tax | 1,851,653 |
| Current Portion of Deferred Revenue | 460,000 |
| Current Portion Of Long Term Debt | 500,000 |
| Total Current Liabilities | 50,584,765 |

Long-Term Liabilities

| | |
|--------------------------------------|------------------|
| Other Long-term Liability | 166,667 |
| Deferred Revenue - Long Term Portion | 1,495,000 |
| Notes Payable | - |
| Total Long-Term Liabilities | 1,661,667 |

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|--------------------------|-------------------|
| Total Liabilities | 52,246,432 |
|--------------------------|-------------------|

| | |
|-------------------------|-------------|
| Beginning Fund Balance | (4,422,819) |
| Net Income Current Year | 9,136,884 |

| | |
|---------------------------|------------------|
| Total Fund Balance | 4,714,064 |
|---------------------------|------------------|

| | |
|---|-------------------|
| Total Liabilities & Fund Balance | 56,960,496 |
|---|-------------------|

**Gold Coast Health Plan
Income Statement
Period Ended March 31, 2012**

| | <u>JAN 2012</u> | <u>FEB 2012</u> | <u>MAR 2012</u> | <u>Budget</u> | <u>Variance Fav/(Unfav)</u> | <u>YTD</u> | <u>% of Rev</u> | <u>Budget</u> | <u>Variance Fav/(Unfav)</u> |
|---|-------------------|--------------------|-------------------|-------------------|---------------------------------|--------------------|---------------------|--------------------|---------------------------------|
| Members (Member/Months) | 100,636 | 100,768 | 101,439 | 101,746 | (307) | 911,869 | | 915,085 | (3,216) |
| Revenues | | | | | | | | | |
| Premium | 26,093,935 | 25,423,527 | 26,551,649 | 24,750,119 | 1,801,530 | 233,709,596 | 101.98% | 223,358,783 | 10,350,813 |
| Reserve for Retro-Active Rate Reduction | (556,929) | (553,821) | (561,704) | - | (561,704) | (5,005,645) | -2.18% | (1,658,225) | (3,347,420) |
| Interest Income | 18,094 | 21,284 | 13,833 | 14,850 | (1,017) | 118,408 | 0.05% | 106,112 | 12,296 |
| Miscellaneous Income | 38,333 | 38,333 | 38,333 | 38,333 | 0 | 345,000 | 0.15% | 344,997 | 3 |
| Total Revenues | 25,593,434 | 24,929,324 | 26,042,112 | 24,803,302 | 1,238,810 | 229,167,360 | 100.00% | 222,151,667 | 7,015,693 |
| MCO Tax | 602,987 | 697,397 | 630,949 | 569,253 | (61,696) | 5,492,176 | 2.40% | 5,136,285 | 355,891 |
| Net Revenue | 24,990,447 | 24,231,927 | 25,411,162 | 24,234,049 | 1,177,113 | 223,675,185 | 97.60% | 217,015,382 | 6,659,803 |
| Cost of Health Care | | | | | | | | | |
| <u>Capitation</u> | 638,740 | 620,892 | 631,179 | 735,781 | 104,602 | 5,635,072 | 2.46% | 6,247,608 | 612,536 |
| <u>Claims</u> | | | | | | | | | |
| Inpatient FFS Expense | 3,814,390 | 8,633,321 | 4,461,281 | 3,716,785 | (744,496) | 39,771,146 | 17.35% | 33,592,860 | (6,178,286) |
| LTC/SNF Expense | 7,029,419 | 2,310,147 | 6,530,526 | 6,849,547 | 319,021 | 58,002,045 | 25.31% | 61,915,551 | 3,913,506 |
| Outpatient FFS Expense | 2,178,213 | 5,665,031 | 2,687,937 | 2,180,419 | (507,518) | 24,002,525 | 10.47% | 20,365,694 | (3,636,831) |
| Laboratory and Radiology Expense | 232,763 | 126,753 | 227,068 | 232,999 | 5,931 | 2,026,126 | 0.88% | 2,010,225 | (15,901) |
| Emergency Room Facility Services FFS | 405,556 | 1,234,941 | 522,102 | 405,967 | (116,135) | 4,670,796 | 2.04% | 4,451,926 | (218,870) |
| Physician Specialty Services FFS | 2,039,790 | 2,108,578 | 2,038,710 | 1,950,472 | (88,238) | 18,184,546 | 7.94% | 17,657,650 | (526,896) |
| Professional FFS Expense | - | - | - | - | - | 121 | 0.00% | - | (121) |
| Other Medical Professional | 212,811 | 260,562 | 285,034 | 203,492 | (81,542) | 2,010,099 | 0.88% | 1,832,261 | (177,838) |
| Pharmacy | 3,102,270 | 3,053,291 | 3,257,618 | 3,561,113 | 303,495 | 26,154,797 | 11.41% | 29,078,635 | 2,923,838 |
| Reinsurance | 92,131 | 91,579 | 91,244 | 92,589 | 1,345 | 832,170 | 0.36% | 832,728 | 558 |
| Other Medical Care Expenses | - | - | 916 | - | (916) | 916 | 0.00% | - | (916) |
| Other Fee For Service Expense | 1,558,468 | 1,328,009 | 1,510,761 | 1,485,493 | (25,268) | 13,472,370 | 5.88% | 12,352,818 | (1,119,552) |
| Transportation FFS | 310,704 | 190,317 | 293,805 | 297,099 | 3,294 | 2,630,399 | 1.15% | 2,543,383 | (87,016) |
| Medical & Care Management | 505,948 | 487,722 | 507,022 | 558,862 | 51,840 | 4,177,170 | 1.82% | 2,195,071 | (1,982,099) |
| <u>Total Claims</u> | <u>21,482,462</u> | <u>25,490,251</u> | <u>22,414,023</u> | <u>21,534,837</u> | <u>(879,186)</u> | <u>195,935,226</u> | <u>85.50%</u> | <u>188,828,802</u> | <u>(7,106,424)</u> |
| Total Cost of Health Care | 22,121,202 | 26,111,143 | 23,045,202 | 22,270,618 | (774,584) | 201,570,298 | 87.96% | 195,076,410 | (6,493,888) |
| Administrative Expenses | | | | | | | | | |
| Salaries and Wages | 250,054 | 240,262 | 207,163 | 332,873 | 125,710 | 2,132,235 | 0.93% | 2,425,620 | 293,385 |
| Payroll Taxes and Benefits | 75,300 | 102,090 | 110,151 | 114,925 | 4,774 | 782,527 | 0.34% | 837,970 | 55,443 |
| Total Travel and Training | 1,155 | 6,710 | 4,932 | 10,390 | 5,458 | 37,399 | 0.02% | 78,809 | 41,410 |
| Outside Service - ACS | 948,983 | 951,390 | 1,084,489 | 940,676 | (143,813) | 8,665,113 | 3.78% | 8,432,827 | (232,286) |
| Outside Service - CQS | - | - | - | - | - | - | 0.00% | 50,956 | 50,956 |
| Outside Service - RGS | 9,763 | 9,628 | 9,314 | 12,446 | 3,132 | 84,108 | 0.04% | 94,604 | 10,496 |
| Outside Service - Script Care | 0 | 0 | - | 0 | - | - | 0.00% | - | - |
| Outside Services - Other | 16,198 | 56,099 | 73,973 | 29,887 | (44,086) | 168,296 | 0.07% | 131,542 | (36,754) |
| Accounting & Actuarial Services | - | 7,127 | - | 5,000 | 5,000 | 29,253 | 0.01% | 123,445 | 94,192 |
| Legal Expense | - | 11,172 | 418 | 3,000 | 2,582 | 32,759 | 0.01% | 35,667 | 2,908 |
| Insurance | 2,959 | 2,959 | 2,959 | 2,959 | 0 | 29,090 | 0.01% | 29,093 | 3 |
| Lease Expense -Office | 13,089 | 11,869 | 13,469 | 26,080 | 12,611 | 116,667 | 0.05% | 156,480 | 39,813 |
| Consulting Services Expense | - | 9,460 | 56,675 | 8,100 | (48,575) | 70,864 | 0.03% | 42,630 | (28,234) |
| Translation Services | 483 | 12 | 1,106 | 1,397 | 291 | 6,184 | 0.00% | 9,857 | 3,673 |
| Advertising and Promotion Expense | - | 15,793 | 1,484 | 996 | (488) | 170,879 | 0.07% | 232,236 | 61,357 |
| General Office Expenses | 49,125 | 40,867 | 28,463 | 77,599 | 49,136 | 301,665 | 0.13% | 361,251 | 59,586 |
| Depreciation & Amortization Expense | 1,806 | 1,461 | 1,461 | 1,461 | 0 | 13,491 | 0.01% | 13,149 | (342) |
| Printing Expense | 5,370 | 2,344 | 1,353 | 24,250 | 22,897 | 20,072 | 0.01% | 165,214 | 145,142 |
| Shipping & Postage Expense | - | 13,034 | 412 | 8,575 | 8,163 | 14,894 | 0.01% | 60,049 | 45,155 |
| Interest Exp | 154,942 | 33,852 | 17,543 | - | (17,543) | 292,507 | 0.13% | 5,175 | (287,332) |
| Total Administrative Expenses | 1,529,225 | 1,516,129 | 1,615,365 | 1,600,614 | (14,751) | 12,968,004 | 5.66% | 13,286,574 | 318,570 |
| Net Income / (Loss) | 1,340,019 | (3,395,346) | 750,595 | 362,817 | 387,778 | 9,136,884 | 3.99% | 8,652,398 | 484,486 |

**Gold Coast Health Plan
Income Statement PMPM
Period Ended March 31, 2012**

| | <u>JAN 2012</u> | <u>FEB 2012</u> | <u>MAR 2012</u> | <u>Budget</u> | <u>Variance</u> Fav/(Unfav) | <u>YTD</u> | <u>Budget</u> | <u>Variance</u> Fav/(Unfav) |
|---|-----------------|-----------------|-----------------|---------------|--------------------------------|---------------|---------------|--------------------------------|
| Members (Member/Months) | 100,636 | 100,768 | 101,439 | 101,746 | (307) | 911,869 | 915,085 | (3,216) |
| Revenues | | | | | | | | |
| Premium | 259.29 | 252.30 | 261.75 | 243.25 | 18.50 | 256.30 | 244.09 | 12.21 |
| Reserve for Retro-Active Rate Reduction | (5.53) | (5.50) | (5.54) | - | (5.54) | (5.49) | (1.81) | (3.68) |
| Interest Income | 0.18 | 0.21 | 0.14 | 0.15 | (0.01) | 0.13 | 0.12 | 0.01 |
| Miscellaneous Income | 0.38 | 0.38 | 0.38 | 0.38 | 0.00 | 0.38 | 0.38 | 0.00 |
| Total Revenues | 254.32 | 247.39 | 256.73 | 243.78 | 12.95 | 251.32 | 242.77 | 8.55 |
| MCO Tax | 5.99 | 6.92 | 6.22 | 5.59 | (0.63) | 6.02 | 5.61 | 0.41 |
| Net Revenue | 248.33 | 240.47 | 250.51 | 238.18 | 12.32 | 245.29 | 237.15 | 8.14 |
| Cost of Health Care | | | | | | | | |
| <u>Capitation</u> | 6.35 | 6.16 | 6.22 | 7.23 | 1.01 | 6.18 | 6.83 | 0.65 |
| <u>Claims</u> | | | | | | | | |
| Inpatient FFS Expense | 37.90 | 85.68 | 43.98 | 36.53 | (7.45) | 43.61 | 36.71 | (6.90) |
| LTC/SNF Expense | 69.85 | 22.93 | 64.38 | 67.32 | 2.94 | 63.61 | 67.66 | 4.05 |
| Outpatient FFS Expense | 21.64 | 56.22 | 26.50 | 21.43 | (5.07) | 26.32 | 22.26 | (4.07) |
| Laboratory and Radiology Expense | 2.31 | 1.26 | 2.24 | 2.29 | 0.05 | 2.22 | 2.20 | (0.03) |
| Emergency Room Facility Services FFS | 4.03 | 12.26 | 5.15 | 3.99 | (1.16) | 5.12 | 4.87 | (0.26) |
| Physician Specialty Services FFS | 20.27 | 20.93 | 20.10 | 19.17 | (0.93) | 19.94 | 19.30 | (0.65) |
| Professional FFS Expense | - | - | - | - | - | 0.00 | - | (0.00) |
| Other Medical Professional | 2.11 | 2.59 | 2.81 | 2.00 | (0.81) | 2.20 | 2.00 | (0.20) |
| Pharmacy | 30.83 | 30.30 | 32.11 | 35.00 | 2.89 | 28.68 | 31.78 | 3.09 |
| Reinsurance | 0.92 | 0.91 | 0.90 | 0.91 | 0.01 | 0.91 | 0.91 | (0.00) |
| Other Medical Care Expenses | - | - | 0.01 | - | (0.01) | 0.00 | - | (0.00) |
| Other Fee For Service Expense | 15.49 | 13.18 | 14.89 | 14.60 | (0.29) | 14.77 | 13.50 | (1.28) |
| Transportation FFS | 3.09 | 1.89 | 2.90 | 2.92 | 0.02 | 2.88 | 2.78 | (0.11) |
| Medical & Care Management | 5.03 | 4.84 | 5.00 | 5.49 | 0.49 | 4.58 | 2.40 | (2.18) |
| <u>Total Claims</u> | <u>213.47</u> | <u>252.96</u> | <u>220.96</u> | <u>211.65</u> | <u>(9.31)</u> | <u>214.87</u> | <u>206.35</u> | <u>(8.52)</u> |
| Total Cost of Health Care | 219.81 | 259.12 | 227.18 | 218.88 | (8.30) | 221.05 | 213.18 | (7.87) |
| Administrative Expenses | | | | | | | | |
| Salaries and Wages | 2.48 | 2.38 | 2.04 | 3.27 | 1.23 | 2.34 | 2.65 | 0.31 |
| Payroll Taxes and Benefits | 0.75 | 1.01 | 1.09 | 1.13 | 0.04 | 0.86 | 0.92 | 0.06 |
| Total Travel and Training | 0.01 | 0.07 | 0.05 | 0.10 | 0.05 | 0.04 | 0.09 | 0.05 |
| Outside Service - ACS | 9.43 | 9.44 | 10.69 | 9.25 | (1.45) | 9.50 | 9.22 | (0.29) |
| Outside Service - CQS | - | - | - | - | - | - | 0.06 | 0.06 |
| Outside Service - RGS | 0.10 | 0.10 | 0.09 | 0.12 | 0.03 | 0.09 | 0.10 | 0.01 |
| Outside Service - Script Care | - | - | - | - | - | - | - | - |
| Outside Services - Other | 0.16 | 0.56 | 0.73 | 0.29 | (0.44) | 0.18 | 0.14 | (0.04) |
| Accounting & Actuarial Services | - | 0.07 | - | 0.05 | 0.05 | 0.03 | 0.13 | 0.10 |
| Legal Expense | - | 0.11 | 0.00 | 0.03 | 0.03 | 0.04 | 0.04 | 0.00 |
| Insurance | 0.03 | 0.03 | 0.03 | 0.03 | (0.00) | 0.03 | 0.03 | (0.00) |
| Lease Expense -Office | 0.13 | 0.12 | 0.13 | 0.26 | 0.12 | 0.13 | 0.17 | 0.04 |
| Consulting Services Expense | - | 0.09 | 0.56 | 0.08 | (0.48) | 0.08 | 0.05 | (0.03) |
| Translation Services | 0.00 | 0.00 | 0.01 | 0.01 | 0.00 | 0.01 | 0.01 | 0.00 |
| Advertising and Promotion Expense | - | 0.16 | 0.01 | 0.01 | (0.00) | 0.19 | 0.25 | 0.07 |
| General Office Expenses | 0.49 | 0.41 | 0.28 | 0.76 | 0.48 | 0.33 | 0.39 | 0.06 |
| Depreciation Expense | 0.02 | 0.01 | 0.01 | 0.01 | (0.00) | 0.01 | 0.01 | (0.00) |
| Depreciation & Amortization Expense | 0.02 | 0.01 | 0.01 | 0.01 | (0.00) | 0.01 | 0.01 | (0.00) |
| Printing Expense | 0.05 | 0.02 | 0.01 | 0.24 | 0.22 | 0.02 | 0.18 | 0.16 |
| Shipping & Postage Expense | - | 0.13 | 0.00 | 0.08 | 0.08 | 0.02 | 0.07 | 0.05 |
| Interest Exp | 1.54 | 0.34 | 0.17 | - | (0.17) | 0.32 | 0.01 | (0.32) |
| Total Administrative Expenses | 15.20 | 15.05 | 15.92 | 15.73 | (0.19) | 14.22 | 14.52 | 0.30 |
| Net Income / (Loss) | 13.32 | (33.69) | 7.40 | 3.57 | 3.83 | 10.02 | 9.46 | 0.56 |

**Gold Coast Health Plan
Income Statement
Current Month vs. Prior Month**

| | <u>FEB 2012</u> | <u>MAR 2012</u> | <u>Variance Fav/(Unfav)</u> | <u>% Variance Fav/(Unfav)</u> | <u>Variance Explanation</u> |
|---|-------------------|-------------------|---------------------------------|-----------------------------------|---|
| Members (Member/Months) | <u>100,768</u> | <u>101,439</u> | <u>671</u> | | Gains mainly in Adult/Family Category |
| Revenues | | | | | |
| Premium | 25,423,527 | 26,551,649 | 1,128,123 | 4.44% | |
| Reserve for Retro-Active Rate Reduction | (553,821) | (561,704) | (7,884) | -1.42% | |
| Interest Income | 21,284 | 13,833 | (7,451) | -35.01% | |
| Miscellaneous Income | 38,333 | 38,333 | - | 0.00% | |
| Total Revenues | <u>24,929,324</u> | <u>26,042,112</u> | <u>1,112,788</u> | <u>4.46%</u> | |
| MCO Tax | 697,397 | 630,949 | 66,448 | 9.53% | |
| Net Revenue | <u>24,231,927</u> | <u>25,411,162</u> | <u>1,179,236</u> | <u>4.87%</u> | |
| Cost of Health Care | | | | | |
| Capitation | 620,892 | 631,179 | (10,287) | -1.66% | |
| <u>Claims</u> | | | | | |
| Inpatient FFS Expense | 8,633,321 | 4,461,281 | 4,172,040 | 48.32% | |
| LTC/SNF Expense | 2,310,147 | 6,530,526 | (4,220,379) | -182.69% | |
| Outpatient FFS Expense | 5,665,031 | 2,687,937 | 2,977,094 | 52.56% | |
| Laboratory and Radiology Expense | 126,753 | 227,068 | (100,315) | -79.14% | |
| Emergency Room Facility Services FFS | 1,234,941 | 522,102 | 712,839 | 57.72% | |
| Physician Specialty Services FFS | 2,108,578 | 2,038,710 | 69,868 | 3.31% | |
| Other Medical Professional | 260,562 | 285,034 | (24,472) | -9.39% | |
| Pharmacy | 3,053,291 | 3,257,618 | (204,327) | -6.69% | |
| Reinsurance | 91,579 | 91,244 | 335 | 0.37% | |
| Other Medical Care Expenses | - | 916 | (916) | -100.00% | |
| Other Fee For Service Expense | 1,328,009 | 1,510,761 | (182,752) | -13.76% | |
| Transportation FFS | 190,317 | 293,805 | (103,488) | -54.38% | |
| Medical & Care Management | 487,722 | 507,022 | (19,300) | -3.96% | Health Services + Scriptcare management |
| Total Claims | 25,490,251 | 22,414,023 | 3,076,228 | 12.07% | |
| Total Cost of Health Care | <u>26,111,143</u> | <u>23,045,202</u> | <u>3,065,941</u> | <u>11.74%</u> | Prior month included addition to reserves |

**Gold Coast Health Plan
Income Statement
Current Month vs. Prior Month**

| | <u>FEB 2012</u> | <u>MAR 2012</u> | <u>Variance Fav/(Unfav)</u> | <u>% Variance Fav/(Unfav)</u> | <u>Variance Explanation</u> |
|--------------------------------------|--------------------|------------------|---------------------------------|-----------------------------------|--|
| Administrative Expenses | | | | | |
| Salaries and Wages | 240,262 | 207,163 | 33,099 | 13.78% | |
| Payroll Taxes and Benefits | 102,090 | 110,151 | (8,061) | -7.90% | |
| Total Travel and Training | 6,710 | 4,932 | 1,778 | 26.50% | |
| Outside Service - ACS | 951,390 | 1,084,489 | (133,099) | -13.99% | Rec'd invoice for 3 mos retroactivity \$163K |
| Outside Service - CQS | - | - | - | 0.00% | |
| Outside Service - RGS | 9,628 | 9,314 | 314 | 3.26% | |
| Outside Service - Script Care | - | - | - | 0.00% | |
| Outside Services - Other | 56,099 | 73,973 | (17,874) | -31.86% | \$54K BRG |
| Accounting & Actuarial Services | 7,127 | - | 7,127 | 100.00% | |
| Legal Expense | 11,172 | 418 | 10,754 | 96.26% | |
| Insurance | 2,959 | 2,959 | - | 0.00% | |
| Lease Expense -Office | 11,869 | 13,469 | (1,600) | -13.48% | |
| Consulting Services Expense | 9,460 | 56,675 | (47,215) | -499.11% | H/R consulting by RGS \$47,489 |
| Translation Services | 12 | 1,106 | (1,094) | -9326.43% | |
| Advertising and Promotion Expense | 15,793 | 1,484 | 14,309 | 90.60% | |
| General Office Expenses | 40,867 | 28,463 | 12,404 | 30.35% | |
| Depreciation & Amortization Expense | 1,461 | 1,461 | - | 0.00% | |
| Printing Expense | 2,344 | 1,353 | 991 | 42.27% | |
| Shipping & Postage Expense | 13,034 | 412 | 12,622 | 96.84% | |
| Interest Exp | 33,852 | 17,543 | 16,310 | 48.18% | |
| Total Administrative Expenses | 1,516,129 | 1,615,365 | (99,236) | -6.55% | |
| Net Income / (Loss) | (3,395,346) | 750,595 | 4,145,941 | 122.11% | |

**Gold Coast Health Plan
General Office Expense
Period Ended March 31, 2012**

| | <u>FEB 2012</u> | <u>MAR 2012</u> |
|--------------------------------------|-----------------|-----------------|
| Committee/Advisory | 1,100 | - |
| Non-Capital - Furniture & Equip. | 537 | 3,040 |
| Non-Capital Equipment - Computer | 1,399 | 895 |
| Software Licenses | 9,618 | 4,887 |
| Repairs & Maintenance | 485 | 236 |
| Telephone Services/ Internet Charges | 1,121 | 4,724 |
| Office & Operating Supplies | 3,562 | 3,216 |
| Bank Service Fees Expense | 796 | 30 |
| EE Recruitment | 15,850 | 4,784 |
| Prof Dues, Fees and Licenses | 6,399 | 6,651 |
| General Office Expenses | 40,867 | 28,463 |

Gold Coast Health Plan
Fiscal Year July 1, 2011 - June 30, 2012
Reforecasted P & L - 04.17.12

| | <u>Actual</u> | | | | | | | | | | | | | | | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|--------------------|---------------------|------------------------|-----------------|
| | <u>Jul-11</u> | <u>Aug-11</u> | <u>Sep-11</u> | <u>Oct-11</u> | <u>Nov-11</u> | <u>Dec-11</u> | <u>Jan-12</u> | <u>Feb-12</u> | <u>Mar-12</u> | <u>Apr-12</u> | <u>May-12</u> | <u>Jun-12</u> | <u>8+4 Total</u> | <u>Approved 3+9</u> | <u>Var Fav/(Unfav)</u> | <u>% Change</u> |
| Enrollment-Members | 102,033 | 101,487 | 101,470 | 101,619 | 101,174 | 101,243 | 100,636 | 100,768 | 101,439 | 101,464 | 101,490 | 101,515 | 1,216,338 | | | |
| Retroactivity | - | 2,202 | 3,351 | 3,626 | 3,805 | 3,836 | 3,782 | 4,071 | 5,064 | 4,120 | 4,128 | 4,131 | 42,116 | | | |
| Member Months | 102,033 | 103,689 | 104,821 | 105,245 | 104,979 | 105,079 | 104,418 | 104,839 | 106,503 | 105,584 | 105,618 | 105,646 | 1,258,455 | 1,220,476 | 37,979 | 3.1% |
| Average Membership | | | | | | | | | | | | | 104,871 | 101,706 | 3,165 | 3.1% |
| <u>Revenue</u> | | | | | | | | | | | | | | | | |
| Premium | 25,231,919 | 25,578,699 | 25,934,155 | 26,300,397 | 26,051,388 | 26,543,927 | 26,093,935 | 25,423,527 | 26,551,649 | 25,720,798 | 25,743,874 | 25,751,360 | 310,925,629 | 297,646,272 | 13,279,356 | 4.5% |
| Reserve for Retro Rate Decrease | - | - | (1,658,225) | (556,951) | (557,959) | (560,056) | (556,929) | (553,821) | (561,704) | | | | (5,005,645) | (1,658,225) | (3,347,420) | 201.9% |
| Adjusted Revenue | 25,231,919 | 25,578,699 | 24,275,931 | 25,743,446 | 25,493,429 | 25,983,871 | 25,537,006 | 24,869,706 | 25,989,945 | 25,720,798 | 25,743,874 | 25,751,360 | 305,919,984 | 295,988,047 | 9,931,936 | 3.4% |
| Interest Income | - | 5,816 | 11,251 | 15,348 | 15,968 | 16,814 | 18,094 | 21,284 | 13,833 | 15,432 | 15,446 | 15,451 | 164,738 | 150,684 | 14,054 | 9.3% |
| Other Income | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 38,333 | 459,999 | 459,996 | 3 | 0.0% |
| Total Gross Revenue | 25,270,252 | 25,622,849 | 24,325,515 | 25,797,127 | 25,547,730 | 26,039,018 | 25,593,434 | 24,929,324 | 26,042,112 | 25,774,564 | 25,797,654 | 25,805,143 | 306,544,721 | 296,598,728 | 9,945,993 | 3.4% |
| MCO Tax | 591,954 | 587,426 | 585,154 | 597,129 | 601,035 | 598,144 | 602,987 | 697,397 | 630,949 | 591,578 | 592,109 | 592,281 | 7,268,144 | 6,844,898 | 423,246 | 6.2% |
| Net Revenue | 24,678,298 | 25,035,423 | 23,740,361 | 25,199,998 | 24,946,694 | 25,440,875 | 24,990,447 | 24,231,927 | 25,411,162 | 25,182,985 | 25,205,545 | 25,212,862 | 299,276,577 | 289,753,830 | 9,522,747 | 3.3% |
| <u>Health Care Costs</u> | | | | | | | | | | | | | | | | |
| Capitation | 588,173 | 582,177 | 665,127 | 625,098 | 637,089 | 646,596 | 638,740 | 620,892 | 631,179 | 765,940 | 764,890 | 765,093 | 7,930,994 | 8,456,054 | 525,060 | 6.2% |
| <u>Claims</u> | | | | | | | | | | | | | | | | |
| Inpatient | 10,596,127 | 10,768,103 | 10,885,661 | 10,929,693 | 10,902,069 | 10,912,454 | 10,843,809 | 10,943,468 | 10,991,807 | 10,971,273 | 10,974,779 | 10,977,679 | 130,696,921 | 127,223,256 | (3,473,664) | -2.7% |
| Outpatient | 2,827,335 | 2,873,222 | 2,920,801 | 2,939,463 | 2,921,288 | 2,936,974 | 2,816,532 | 7,026,725 | 3,437,107 | 3,446,274 | 3,447,375 | 3,448,286 | 41,041,383 | 34,824,166 | (6,217,217) | -17.9% |
| Professional | 2,160,039 | 2,195,217 | 2,219,060 | 2,228,037 | 2,222,405 | 2,224,523 | 2,252,601 | 2,369,140 | 2,323,744 | 2,259,506 | 2,260,228 | 2,260,825 | 26,975,324 | 25,955,036 | (1,020,288) | -3.9% |
| Pharmacy | 2,276,259 | 2,701,995 | 2,747,049 | 2,884,784 | 2,913,958 | 3,217,573 | 3,102,270 | 3,053,291 | 3,257,618 | 3,167,531 | 3,168,544 | 3,169,381 | 35,660,253 | 39,767,317 | 4,107,064 | 10.3% |
| Other | 1,760,535 | 1,790,171 | 1,803,967 | 1,843,404 | 1,851,697 | 1,860,930 | 1,869,172 | 1,518,326 | 1,805,482 | 1,804,437 | 1,805,014 | 1,805,491 | 21,518,626 | 20,712,711 | (805,915) | -3.9% |
| Reinsurance | 92,850 | 92,353 | 92,338 | 94,616 | 92,928 | 92,131 | 92,131 | 91,579 | 91,244 | 96,082 | 96,112 | 96,138 | 1,120,503 | 1,110,633 | (9,869) | -0.9% |
| Care Management | 420,979 | 242,600 | 505,896 | 520,891 | 462,046 | 524,067 | 505,948 | 487,722 | 507,022 | 528,738 | 530,808 | 529,988 | 5,766,703 | 6,104,562 | 337,859 | 5.5% |
| Total Claims | 20,134,124 | 20,663,661 | 21,174,772 | 21,440,889 | 21,366,391 | 21,768,653 | 21,482,462 | 25,490,251 | 22,414,023 | 22,273,840 | 22,282,860 | 22,287,787 | 262,779,712 | 255,697,681 | (7,082,031) | -2.8% |
| Total Health Care Costs | 20,722,297 | 21,245,838 | 21,839,899 | 22,065,987 | 22,003,480 | 22,415,249 | 22,121,202 | 26,111,143 | 23,045,202 | 23,039,780 | 23,047,749 | 23,052,879 | 270,710,706 | 264,153,735 | (6,556,971) | -2.5% |
| Administrative Expenses | 1,341,729 | 1,354,008 | 1,413,721 | 1,672,837 | 1,084,862 | 1,440,127 | 1,529,225 | 1,516,129 | 1,615,365 | 1,559,589 | 1,631,469 | 1,563,474 | 17,722,536 | 18,120,558 | 398,021 | 2.2% |
| Net Income | 2,614,273 | 2,435,577 | 486,741 | 1,461,174 | 1,858,351 | 1,585,499 | 1,340,019 | (3,395,346) | 750,595 | 583,616 | 526,326 | 596,509 | 10,843,334 | 7,479,537 | 3,363,797 | 45.0% |

Gold Coast Health Plan
Fiscal Year July 1, 2011 - June 30, 2012
Reforecasted P & L - 04.17.12

| | <u>Actual</u> | | | | | | | | | | | | | | | |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|------------------|---------------------|------------------------|-----------------|
| | <u>Jul-11</u> | <u>Aug-11</u> | <u>Sep-11</u> | <u>Oct-11</u> | <u>Nov-11</u> | <u>Dec-11</u> | <u>Jan-12</u> | <u>Feb-12</u> | <u>Mar-12</u> | <u>Apr-12</u> | <u>May-12</u> | <u>Jun-12</u> | <u>8+4 Total</u> | <u>Approved 3+9</u> | <u>Var Fav/(Unfav)</u> | <u>% Change</u> |
| PMPM | | | | | | | | | | | | | | | | |
| Revenue | | | | | | | | | | | | | | | | |
| Premium | 247.29 | 246.69 | 231.59 | 244.60 | 242.84 | 247.28 | 244.57 | 237.22 | 244.03 | 243.60 | 243.74 | 243.75 | 243.09 | 242.52 | 0.57 | 0.2% |
| Interest Income | - | 0.06 | 0.11 | 0.15 | 0.15 | 0.16 | 0.17 | 0.20 | 0.13 | 0.15 | 0.15 | 0.15 | 0.13 | 0.12 | | |
| Other Income | 0.38 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.37 | 0.38 | (0.01) | -1.9% |
| Total Gross Revenue | 247.67 | 247.11 | 232.07 | 245.11 | 243.36 | 247.80 | 245.11 | 237.79 | 244.52 | 244.11 | 244.25 | 244.26 | 243.59 | 243.02 | 0.57 | 0.2% |
| MCO Tax | 5.80 | 5.67 | 5.58 | 5.67 | 5.73 | 5.69 | 5.77 | 6.65 | 5.92 | 5.60 | 5.61 | 5.61 | 5.78 | 5.61 | 0.17 | 3.0% |
| Net Revenue | 241.87 | 241.45 | 226.48 | 239.44 | 237.64 | 242.11 | 239.33 | 231.13 | 238.60 | 238.51 | 238.65 | 238.65 | 237.81 | 237.41 | 0.40 | 0.2% |
| Health Care Costs | | | | | | | | | | | | | | | | |
| Capitation | 5.76 | 5.61 | 6.35 | 5.94 | 6.07 | 6.15 | 6.12 | 5.92 | 5.93 | 7.25 | 7.24 | 7.24 | 6.30 | 6.93 | 0.63 | 9.0% |
| Claims | | | | | | | | | | | | | | | | |
| Inpatient | 103.85 | 103.85 | - | - | - | - | - | - | - | - | - | - | 103.86 | 104.24 | 0.39 | 0.4% |
| Outpatient | 27.71 | 27.71 | - | - | - | - | - | - | - | - | - | - | 32.61 | 28.53 | (4.08) | -14.3% |
| Professional | 21.17 | 21.17 | - | - | - | - | - | - | - | - | - | - | 21.44 | 21.27 | (0.17) | -0.8% |
| Pharmacy | 22.31 | 26.06 | 26.49 | - | - | - | - | - | - | - | - | - | 28.34 | 32.58 | 4.25 | 13.0% |
| Other | 17.25 | 17.26 | - | - | - | - | - | - | - | - | - | - | 17.10 | 16.97 | (0.13) | -0.8% |
| Reinsurance | 0.91 | 0.89 | 0.91 | 0.91 | - | - | - | - | - | - | - | - | 0.89 | 0.91 | 0.02 | 2.2% |
| Reinsurance Recoveries | 4.13 | 2.34 | | | | | | | | | | | | | | |
| Total Claims | 197.33 | 199.28 | 202.01 | 203.72 | 203.53 | 207.16 | 205.74 | 243.14 | 210.45 | 210.96 | 210.98 | 210.97 | 208.81 | 209.51 | 0.70 | 0.3% |
| Total Health Care Costs | 203.09 | 204.90 | 208.35 | 209.66 | 209.60 | 213.32 | 211.85 | 249.06 | 216.38 | 218.21 | 218.22 | 218.21 | 215.11 | 216.44 | 1.32 | 0.6% |
| Administrative Expenses | 13.15 | 13.06 | 13.49 | 15.89 | 10.33 | 13.71 | 14.65 | 14.46 | 15.17 | 14.77 | 15.45 | 14.80 | 14.08 | 14.85 | 0.76 | 5.1% |
| Net Income | 25.62 | 23.49 | 4.64 | 13.88 | 17.70 | 15.09 | 12.83 | (32.39) | 7.05 | 5.53 | 4.98 | 5.65 | 8.62 | 6.13 | 2.49 | 40.6% |

| Impact on TNE: | | | | | | | | | | | | | | | |
|---------------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|--|--|
| Required TNE | 14,242,618 | 14,455,522 | 14,671,236 | 14,837,677 | 14,925,890 | 15,048,230 | 15,101,073 | 15,615,661 | 15,685,187 | 15,728,336 | 15,764,274 | 15,794,500 | 15,794,500 | | |
| Phased in Requirement (20%/36%) | - | - | - | - | - | - | 3,020,215 | 3,123,132 | 3,137,037 | 3,145,667 | 3,152,855 | 3,158,900 | 3,158,900 | | |
| TNE Excess / (Deficiency) | (1,808,546) | 627,031 | 1,113,773 | 2,574,946 | 4,433,298 | 6,018,797 | 4,338,601 | 840,337 | 1,577,027 | 2,152,013 | 2,671,151 | 3,261,615 | 3,261,615 | | |
| | | | | | | | 48.7% | 25.4% | 30.1% | 33.7% | 36.9% | 40.7% | | | |

**Gold Coast Health Plan
Statement of Cash Flows
Month Ended March 31, 2012**

| | |
|--|-------------------|
| Cash Flow From Operating Activities | |
| Collected Premium | 51,942,498 |
| Miscellaneous Income | 13,833 |
| <u>Paid Claims</u> | |
| Medical & Hospital Expenses | (13,054,973) |
| Pharmacy | (3,356,649) |
| Capitation | (620,892) |
| Reinsurance of Claims | (91,244) |
| Reinsurance Recoveries | - |
| Payment of Withhold / Risk Sharing Incentive | - |
| Paid Administration | (3,208,751) |
| Repay Initial Net Liabilities | - |
| MCO Taxes Expense | - |
| Net Cash Provided by Operating Activities | 31,623,822 |
| | |
| Cash Flow From Investing/Financing Activities | |
| Proceeds from Paid in Surplus/Issuance of Stock | - |
| Costs of Capitalization | - |
| Net Acquisition of Property/Equipment | - |
| Net Cash Provided by Investing/Financing | - |
| | |
| Net Cash Flow | 31,623,822 |
| | |
| Cash and Cash Equivalents (Beg. of Period) | 21,450,897 |
| Cash and Cash Equivalents (End of Period) | 53,074,719 |
| | 31,623,822 |
| | |
| Adjustment to Reconcile Net Income to Net Cash Flow | |
| Net Income/(Loss) | 750,595 |
| Depreciation & Amortization | 1,461 |
| Decrease/(Increase) in Receivables | 25,691,640 |
| Decrease/(Increase) in Prepaids & Other Current Assets | (46,374) |
| (Decrease)/Increase in Payables | (1,259,263) |
| (Decrease)/Increase in LT Liabilities | (80,000) |
| Purchase of fixed Assets | - |
| Changes in Withhold / Risk Incentive Pool | - |
| Change in MCO Tax Liability | 630,949 |
| Changes in Claims and Capitation Payable | 7,739,523 |
| Changes in IBNR | (1,804,709) |
| | 31,623,822 |
| Net Cash Flow from Operating Activities | 31,623,822 |

**Gold Coast Health Plan
Statement of Cash Flows
Nine Months Ended March 31, 2012**

| | |
|--|-------------------|
| Cash Flow From Operating Activities | |
| Collected Premium | 231,698,980 |
| Miscellaneous Income | 139,648 |
| <u>Paid Claims</u> | |
| Medical & Hospital Expenses | (128,581,931) |
| Pharmacy | (23,837,946) |
| Capitation | (5,633,525) |
| Reinsurance of Claims | (740,039) |
| Reinsurance Recoveries | |
| Payment of Withhold / Risk Sharing Incentive | |
| Paid Administration | (16,969,910) |
| Repay Initial Net Liabilities | |
| MCO Taxes Expense | (3,640,523) |
| Net Cash Provided by Operating Activities | 52,434,753 |
| | |
| Cash Flow From Investing/Financing Activities | |
| Proceeds from Paid in Surplus/Issuance of Stock | - |
| Costs of Capitalization | - |
| Net Acquisition of Property/Equipment | (20,731) |
| Net Cash Provided/(Used) by Investing/Financing | (20,731) |
| | |
| Net Cash Flow | 52,414,022 |
| | |
| Cash and Cash Equivalents (Beg. of Period) | 660,697 |
| Cash and Cash Equivalents (End of Period) | 53,074,719 |
| | 52,414,022 |
| | |
| Adjustment to Reconcile Net Income to Net Cash Flow | |
| Net (Loss) Income | 9,136,884 |
| Depreciation & Amortization | 13,491 |
| Decrease/(Increase) in Receivables | (2,817,141) |
| Decrease/(Increase) in Prepaids & Other Current Assets | (924,477) |
| (Decrease)/Increase in Payables | (721,606) |
| (Decrease)/Increase in LT Liabilities | (678,333) |
| Purchase of fixed Assets | (20,731) |
| Changes in Withhold / Risk Incentive Pool | - |
| Change in MCO Tax Liability | 1,851,653 |
| Changes in Claims and Capitation Payable | 22,825,861 |
| Changes in IBNR | 23,748,422 |
| | 52,414,022 |
| Net Cash Flow from Operating Activities | 52,414,022 |

GOLD COAST HEALTH PLAN – BUSINESS STRATEGY AND OPERATIONS – OPERATIONAL REVIEW AND PRIORITIES

BUILDING BLOCKS FOR SUCCESS

| | | | | |
|-----------|--------------|--------------|-------------|-----------------------|
| 5. | New Products | New Services | New Markets | Other New Initiatives |
|-----------|--------------|--------------|-------------|-----------------------|

| | |
|---|--|
| Ease of implementation | 4. CONSIDERATIONS FOR NEW INITIATIVES |
| Effective arbitrage (ie Fees > Cost), product line/service line profitability | |
| Market receptivity | |
| Required capital/financial results (operate with appropriate margin) | |

| | |
|--|---|
| Excellent data collection, management, controls and reporting: <ul style="list-style-type: none"> • Economic data • Clinical data • Customer service data • Internal operations data • Financial management, reporting, accountability <i>COLLECTIVELY DECISION SUPPORT</i> | 3. INFRASTRUCTURE - BASIC DEVELOPMENT AND PERFORMANCE CRITERIA |
| Excellent systems and access to best practices <ul style="list-style-type: none"> • Case Management • Medical Management • Claims Management | |
| Excellent operations management, regulatory compliance | |
| Appropriate Pricing, Reserves Returns | |

| 2. CRITICAL SUCCESS FACTORS | | | |
|---|---|---|--------------|
| Superior Programs <ul style="list-style-type: none"> • Care/treatment • Wellness • Screening | Superior Provider Network <ul style="list-style-type: none"> • Physicians • Mid-levels • Acute care/facilities • Alternate site | Effective Risk Management: <ul style="list-style-type: none"> • Business risk - contracting • Case management • Medical management | Market Share |

| |
|---|
| <p align="center">1. FOUNDATION</p> <p>GOAL: MISSION, VISION, VALUES, OBJECTIVES "REASON FOR BEING"</p> <ul style="list-style-type: none"> • Improve Health of the Community <ul style="list-style-type: none"> • Patient Safety, Satisfaction • Employee Safety, Satisfaction • Community Wellness – Economic and Health |
|---|





Gold Coast Health Plan

Pharmacy Plan Analysis
January 1, 2012 – March 31, 2012
vs.
October 1, 2011 – December 31, 2011

Prepared by: Scott Holtmyer, R.Ph.
sholtmyer@scriptcare.com



Current Plan

| | Jan-Mar 2012 |
|-----------------------|--------------|
| Total Cost | \$9,413,179 |
| Member Paid | \$0 |
| Plan Paid | \$9,413,179 |
| Rx | 212,328 |
| Generics - Total Cost | \$3,912,496 |
| Member Paid | \$0 |
| Plan Paid | \$3,912,496 |
| Rx | 177,737 |
| Months | 3 |
| Average Enrollment | 108,756 |

Total cost to the plan was \$9,413,179 for the first quarter of 2012

| | Jan-Mar 2012 |
|----------------------------------|--------------|
| Average Enrollment | 108,756 |
| Total Cost Per Month | \$3,137,726 |
| Member Paid Per Month | \$0 |
| Plan Paid Per Month | \$3,137,726 |
| Total Cost PMPM | \$28.85 |
| Member Paid PMPM | \$0.00 |
| Plan Paid PMPM | \$28.85 |
| Total Cost Per Rx | \$44.33 |
| Member Paid Per Rx | \$0.00 |
| Plan Paid Per Rx | \$44.33 |
| Rx PMPM | 0.65 |
| Member Paid/Total Cost | 0.00% |
| Generic Utilization - Total Cost | 41.56% |
| By Plan Paid | 41.56% |
| By Rx | 83.71% |

Generic utilization was 83.71%



Summary

| | Oct-Dec 2011 | Jan-Mar 2012 |
|-----------------------|--------------|--------------|
| Total Cost | \$9,016,315 | \$9,413,179 |
| Member Paid | \$0 | \$0 |
| Plan Paid | \$9,016,315 | \$9,413,179 |
| Rx | 191,632 | 212,328 |
| Generics - Total Cost | \$3,508,560 | \$3,912,496 |
| Member Paid | \$0 | \$0 |
| Plan Paid | \$3,508,560 | \$3,912,496 |
| Rx | 157,893 | 177,737 |
| Months | 3 | 3 |
| Average Enrollment | 109,347 | 108,756 |

Plan cost increased 4.4% while prescription volume increased 10.8%

Enrollment decreased 591 members quarter over quarter



Statistics

| | Oct-Dec 2011 | Jan-Mar 2012 | |
|----------------------------------|--------------|--------------|--------|
| Average Enrollment | 109,347 | 108,756 | -0.54% |
| Utilizing Members | 37,063 | 40,349 | 8.87% |
| Total Cost Per Month | \$3,005,438 | \$3,137,726 | 4.40% |
| Member Paid Per Month | \$0 | \$0 | |
| Plan Paid Per Month | \$3,005,438 | \$3,137,726 | 4.40% |
| Total Cost PMPM | \$27.49 | \$28.85 | 4.97% |
| Member Paid PMPM | \$0.00 | \$0.00 | |
| Plan Paid PMPM | \$27.49 | \$28.85 | 4.97% |
| Total Cost Per Rx | \$47.05 | \$44.33 | -5.77% |
| Member Paid Per Rx | \$0.00 | \$0.00 | |
| Plan Paid Per Rx | \$47.05 | \$44.33 | -5.77% |
| Rx PMPM | 0.58 | 0.65 | 11.40% |
| Member Paid/Total Cost | 0.00% | 0.00% | |
| Generic Utilization - Total Cost | 38.91% | 41.56% | 2.65% |
| By Plan Paid | 38.91% | 41.56% | 2.65% |
| By Rx | 82.39% | 83.71% | 1.31% |

Utilizing members of the pharmacy benefit increased from 33.9% to 37.1% or 3,286 more utilizing members

Cost per prescription decreased \$2.72 to \$44.33

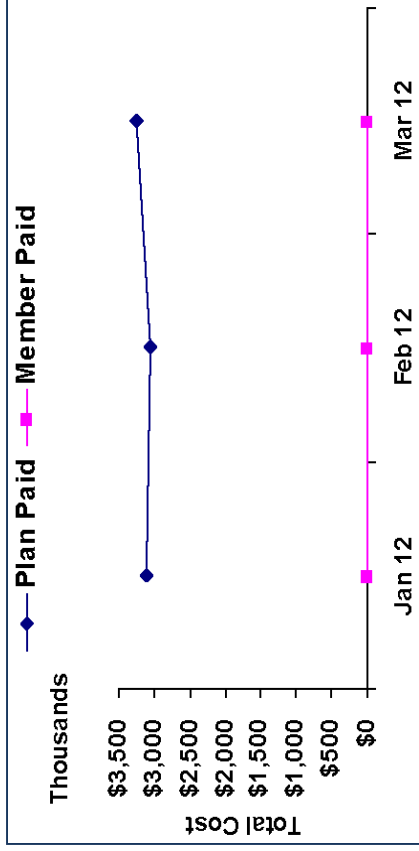
Generic utilization increased 1.32 points quarter over quarter



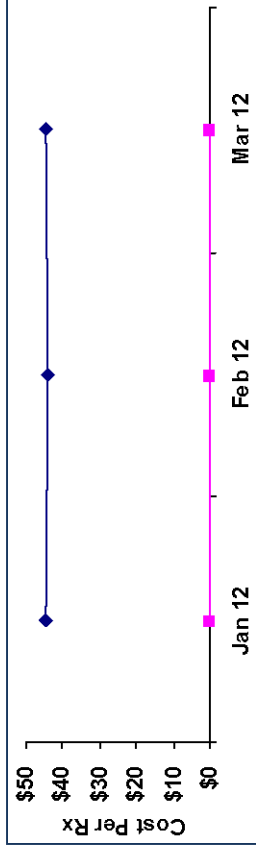


Total Cost Trends

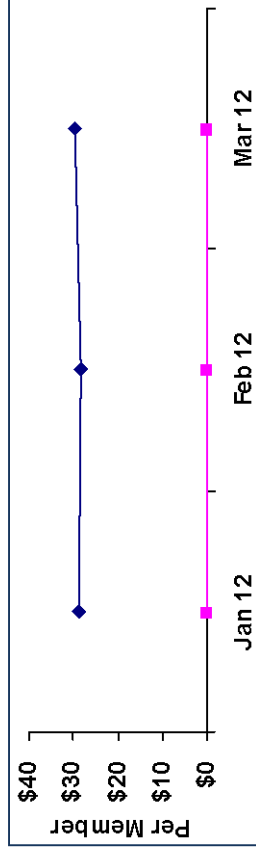
Average total drug spend was \$3,137,726 per month. The average monthly drug spend for the first 9 months was \$2,906,088



Average total drug spend was \$44.33 per prescription

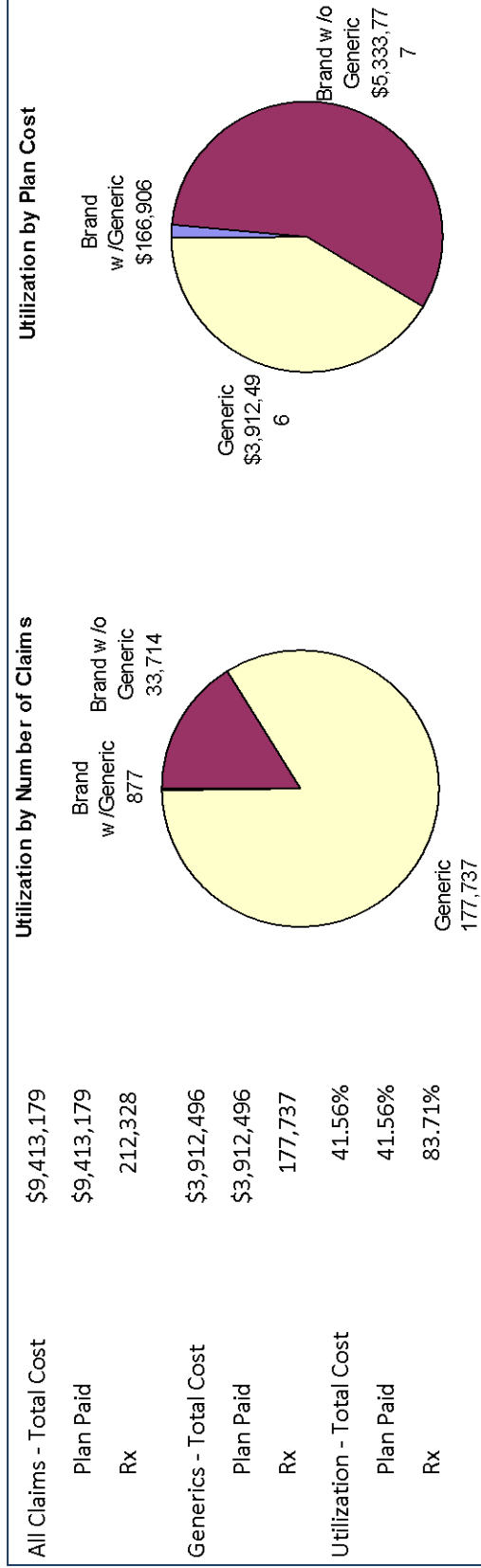


Average total cost was \$28.85 PMPM



Generic Utilization

Generic fill rate was 83.71% and cost the plan 41.56% of the total cost
 The average generic prescription cost \$22.01
 Single source brands, including specialty products, accounted for 15.9% of
 prescriptions and 56.7% of the total cost
 The average single source brand cost \$158.21 and multi source was \$190.31



Plan Variance

| | Oct-Dec 2011 | Jan-Mar 2012 | Variance |
|-------------------------|--------------|--------------|-------------|
| Total Cost/Rx | \$47.05 | \$44.33 | (\$520,656) |
| Percentage Paid By Plan | 100.00% | 100.00% | \$0 |
| Rx/Member Per Month | 0.58 | 0.65 | \$968,673 |
| Enrollment | 109,347 | 108,756 | (\$51,153) |
| # Months | 3 | 3 | |
| Plan Paid | \$9,016,315 | \$9,413,179 | \$396,864 |

Plan cost increased \$396,864 quarter over quarter

The increase in prescriptions PMPM cost the plan \$968,673 and was partially offset by the decrease in cost per prescription and enrollment





Enrollment Statistics

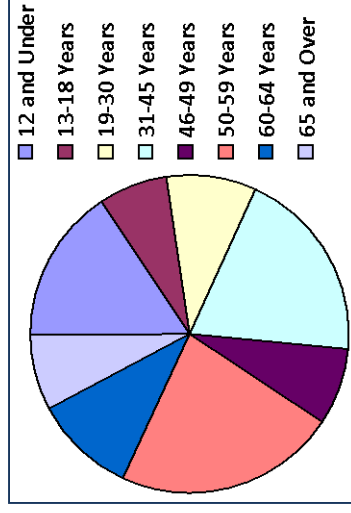
Understanding your membership composition



Utilization By Age

| Range | Rx | Member Paid | Plan Paid | % of Total | Per Rx |
|--------------|----------------|-------------|--------------------|----------------|----------------|
| 12 and Under | 42,475 | \$0 | \$1,496,440 | 15.90% | \$35.23 |
| 13-18 Years | 12,962 | \$0 | \$644,716 | 6.85% | \$49.74 |
| 19-30 Years | 21,721 | \$0 | \$873,529 | 9.28% | \$40.22 |
| 31-45 Years | 37,717 | \$0 | \$1,816,685 | 19.30% | \$48.17 |
| 46-49 Years | 14,475 | \$0 | \$731,121 | 7.77% | \$50.51 |
| 50-59 Years | 39,091 | \$0 | \$2,155,582 | 22.90% | \$55.14 |
| 60-64 Years | 16,848 | \$0 | \$953,280 | 10.13% | \$56.58 |
| 65 and Over | 27,039 | \$0 | \$741,828 | 7.88% | \$27.44 |
| Total | 212,328 | \$0 | \$9,413,179 | 100.00% | \$44.33 |

Plan Paid



The 50-59 age group spent 22.9% of the total drug spend with a census of 6,021



Age Variance

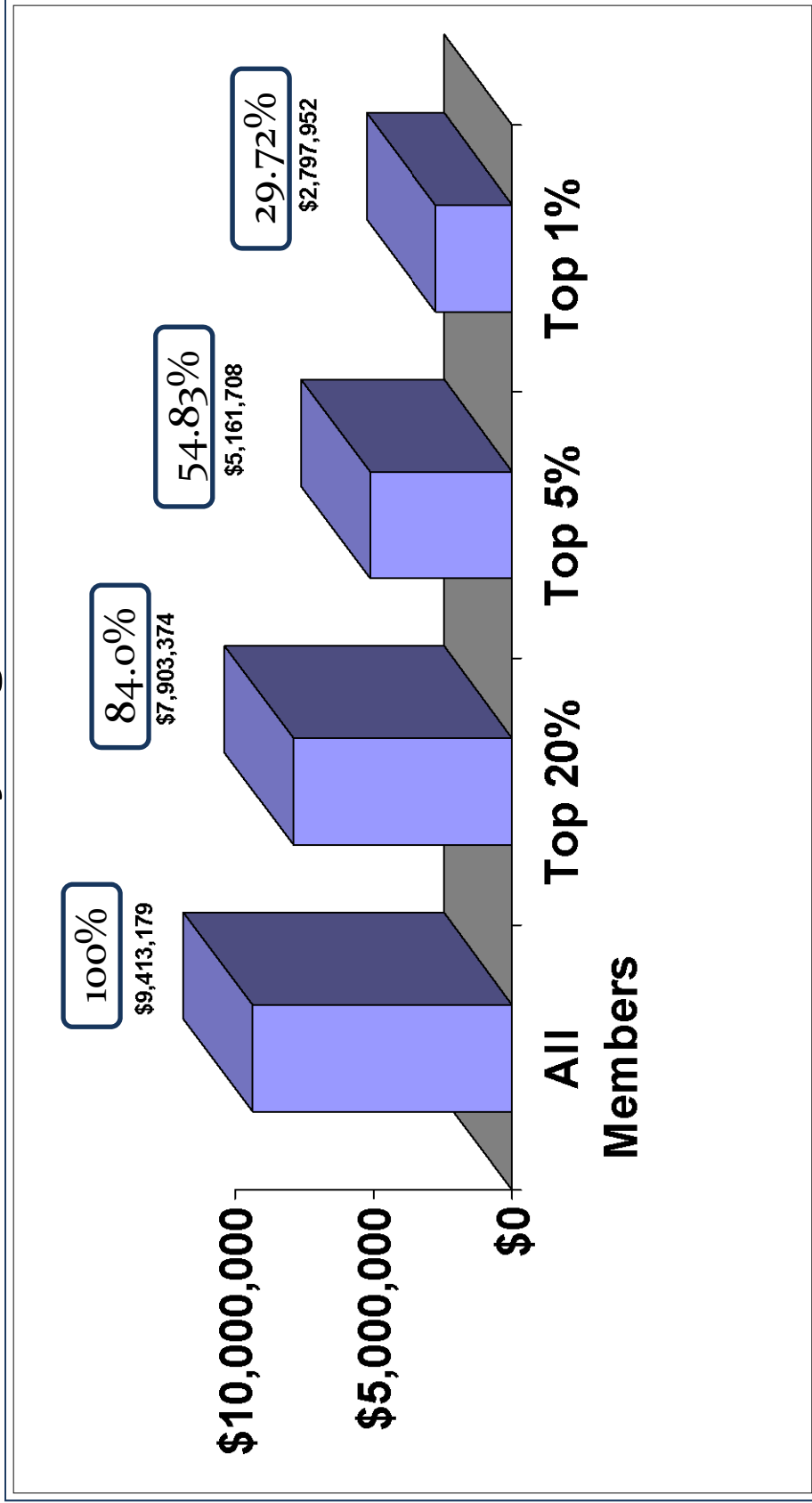
| | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | | | | |
|---------------------|--------------|-------------|--------------|-------------|---|---|-----------|---|-------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total | = | Rx | + | Avg Paid/Rx |
| | | | | | | | | | |
| 12 and Under | 34,661 | \$1,330,699 | 39,969 | \$1,496,440 | \$165,741 | | \$203,784 | | (\$38,043) |
| 13-18 Years | 11,516 | \$620,554 | 12,256 | \$644,716 | \$24,162 | | \$39,876 | | (\$15,714) |
| 19-30 Years | 18,849 | \$834,418 | 20,060 | \$873,529 | \$39,111 | | \$53,609 | | (\$14,498) |
| 31-45 Years | 33,026 | \$1,807,507 | 35,476 | \$1,816,685 | \$9,177 | | \$134,088 | | (\$124,911) |
| 46-49 Years | 12,677 | \$670,030 | 13,729 | \$731,121 | \$61,090 | | \$55,602 | | \$5,488 |
| 50-59 Years | 33,859 | \$2,149,115 | 37,371 | \$2,155,582 | \$6,467 | | \$222,915 | | (\$216,448) |
| 60-64 Years | 15,048 | \$871,363 | 16,181 | \$953,280 | \$81,916 | | \$65,607 | | \$16,309 |
| 65 and Over | 21,877 | \$732,629 | 25,911 | \$741,828 | \$9,199 | | \$135,093 | | (\$125,894) |
| | 181,513 | \$9,016,315 | 200,953 | \$9,413,179 | \$396,864 | | \$910,575 | | (\$513,711) |

The 12 and under age group experienced the greatest increase quarter over quarter

Increase in volume is driving the increase in overall cost



Utilization by Highest Users



Top 1% translates to 1,088 members





Providers

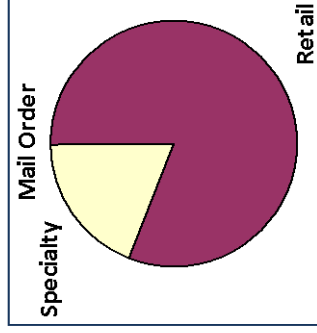
Most plans offer a variety of provider types to their membership



Provider Utilization

| | Rx | % | Plan Paid | % |
|-------------------|----------------|---------------|--------------------|---------------|
| Retail | | | | |
| Brand w/o Generic | 33,090 | 15.58% | \$3,745,325 | 39.79% |
| Brand w/Generic | 862 | 0.41% | \$158,399 | 1.68% |
| Generic | 177,286 | 83.50% | \$3,711,543 | 39.43% |
| Total | 211,238 | 99.49% | \$7,615,268 | 80.90% |
| Specialty | | | | |
| Brand w/o Generic | 617 | 0.29% | \$1,582,727 | 16.81% |
| Brand w/Generic | 15 | 0.01% | \$8,506 | 0.09% |
| Generic | 445 | 0.21% | \$200,418 | 2.13% |
| Total | 1,077 | 0.51% | \$1,791,651 | 19.03% |

Plan Paid

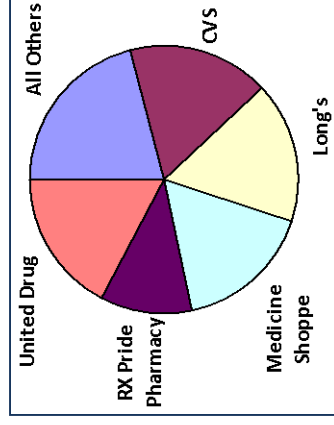


The 1,077 specialty prescriptions was 0.51% of the prescription volume and 19.03% of total cost



Retail Chain Utilization

| Chain | Rx | Copay | Plan Paid | % of All |
|----------------------------|--------|-------|-------------|----------|
| United Drug | 25,947 | \$0 | \$1,305,228 | 13.87% |
| CVS | 32,473 | \$0 | \$1,136,090 | 12.07% |
| Long's | 31,085 | \$0 | \$1,101,062 | 11.70% |
| Medicine Shoppe | 28,154 | \$0 | \$1,051,268 | 11.17% |
| RX Pride Pharmacy | 20,688 | \$0 | \$702,516 | 7.46% |
| Safeway Pharmacy | 9,613 | \$0 | \$383,515 | 4.07% |
| Target Pharmacy | 10,996 | \$0 | \$346,606 | 3.68% |
| Wal Mart Pharmacy | 7,481 | \$0 | \$229,055 | 2.43% |
| Caremark Pharmacy Services | 40 | \$0 | \$197,685 | 2.10% |
| Acme, Lucky, Osco, Sav- | 3,415 | \$0 | \$161,760 | 1.72% |
| on | | | | |



The top 4 pharmacy providers processed 55.4% of the total prescriptions



Specialty Statistics

| | Oct-Dec 2011 | Jan-Mar 2012 | |
|------------------------|--------------|--------------|--------|
| Average Enrollment | 109,347 | 108,756 | -0.54% |
| Utilizing Members | 329 | 353 | 7.29% |
| Total Cost Per Month | \$596,453 | \$597,217 | 0.13% |
| Member Paid Per Month | \$0 | \$0 | |
| Plan Paid Per Month | \$596,453 | \$597,217 | 0.13% |
| Total Cost PMPM | \$5.45 | \$5.49 | 0.67% |
| Member Paid PMPM | \$0.00 | \$0.00 | |
| Plan Paid PMPM | \$5.45 | \$5.49 | 0.67% |
| Total Cost Per Net Rx | \$1,699.30 | \$1,711.22 | 0.70% |
| Member Paid Per Net Rx | \$0.00 | \$0.00 | |
| Plan Paid Per Net Rx | \$1,699.30 | \$1,711.22 | 0.70% |
| Rx PMPM | 0.00 | 0.00 | |
| Member Paid/Total Cost | 0.00% | 0.00% | |

Utilizing members increased from 329 to 353 quarter over quarter

Plan cost per net prescription increased \$1.92 quarter over quarter



Provider Type Variance

| | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | | |
|--------------------|----------------|--------------------|----------------|--------------------|---|---|-----------------------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total | = | Rx + Paid/Rx |
| Retail | | | | | | | |
| Brand w/o Generic | 32,135 | \$3,731,674 | 33,090 | \$3,745,325 | \$13,652 | | \$76,559 (\$62,907) |
| Brand w/Generic | 925 | \$171,240 | 862 | \$158,399 | (\$12,841) | | (\$8,049) (\$4,792) |
| Generic | 157,446 | \$3,318,156 | 177,286 | \$3,711,543 | \$393,387 | | \$418,374 (\$24,987) |
| Total | 190,506 | \$7,221,070 | 211,238 | \$7,615,268 | \$394,198 | | \$486,884 (\$92,687) |
| Specialty | | | | | | | |
| Brand w/o Generic | 639 | \$1,570,658 | 617 | \$1,582,727 | \$12,070 | | (\$25,961) \$38,031 |
| Brand w/Generic | 33 | \$28,940 | 15 | \$8,506 | (\$20,433) | | (\$13,971) (\$6,462) |
| Generic | 439 | \$189,762 | 445 | \$200,418 | \$10,656 | | \$8,152 \$2,504 |
| Total | 1,111 | \$1,789,359 | 1,077 | \$1,791,651 | \$2,292 | | (\$31,780) \$34,072 |
| Grand Total | 191,632 | \$9,016,315 | 212,328 | \$9,413,179 | \$396,864 | | \$453,445 (\$56,581) |

Plan cost increased \$396,864 quarter over quarter

The volume cost increased while the cost per prescription decreased





Therapeutic Utilization

Usage by Therapeutic Class



Drug Variance – Top 15 Drugs

| | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | | |
|--|--------------|-------------|--------------|-------------|---|---|----------------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total | = | Rx + Paid/Rx |
| SINGULAIR - Antiasthmatic | 1,667 | \$240,407 | 1,643 | \$255,098 | \$14,691 | | (\$3,461) \$18,152 |
| ADVAIR DISKU - Antiasthmatic | 952 | \$211,741 | 938 | \$212,369 | \$628 | | (\$3,114) \$3,742 |
| ACTOS - Antidiabetic | 791 | \$170,810 | 779 | \$178,694 | \$7,885 | | (\$2,591) \$10,476 |
| INCIVEK - Antiviral | 14 | \$231,759 | 11 | \$177,612 | (\$54,147) | | (\$49,663) (\$4,484) |
| LANTUS - Antidiabetic | 1,007 | \$142,692 | 1,144 | \$176,860 | \$34,168 | | \$19,413 \$14,755 |
| PROAIR HFA - Antiasthmatic | 3,305 | \$141,236 | 3,634 | \$160,957 | \$19,721 | | \$14,060 \$5,661 |
| DIVALPROEX - Anticonvulsant | 1,268 | \$143,810 | 1,299 | \$140,475 | (\$3,334) | | \$3,516 (\$6,850) |
| LANSOPRAZOLE - Ulcer Drugs | 955 | \$127,411 | 979 | \$127,752 | \$342 | | \$3,202 (\$2,860) |
| VENLAFAXINE - Antidepressants | 741 | \$109,416 | 844 | \$119,266 | \$9,850 | | \$15,209 (\$5,359) |
| FLUTICASONONE - Systemic And Topical Nasal Products | 2,187 | \$102,659 | 2,423 | \$110,633 | \$7,974 | | \$11,078 (\$3,104) |
| ENBREL - Analgesics-Anti-Inflammatory | 43 | \$82,655 | 52 | \$106,729 | \$24,074 | | \$17,300 \$6,774 |
| OMEPRAZOLE - Ulcer Drugs | 2,383 | \$88,157 | 2,972 | \$106,608 | \$18,451 | | \$21,790 (\$3,339) |
| HYDROCO/APAP - Analgesics-Narcotic | 6,725 | \$94,642 | 7,400 | \$105,908 | \$11,266 | | \$9,499 \$1,767 |
| ENOXAPARIN - Anticoagulants | 68 | \$65,202 | 81 | \$102,237 | \$37,035 | | \$12,465 \$24,570 |
| FOCALIN XR - Stimulants/Anti-Obesity Anorexiant | 438 | \$80,813 | 491 | \$98,420 | \$17,607 | | \$9,779 \$7,829 |
| | 22,544 | \$2,033,409 | 24,690 | \$2,179,621 | \$146,212 | | \$78,481 \$67,731 |

Singulair once again was the greatest expenditure. Incivek had the greatest decrease in cost while Enoxaparin had the greatest increase



Therapeutic Class Variance

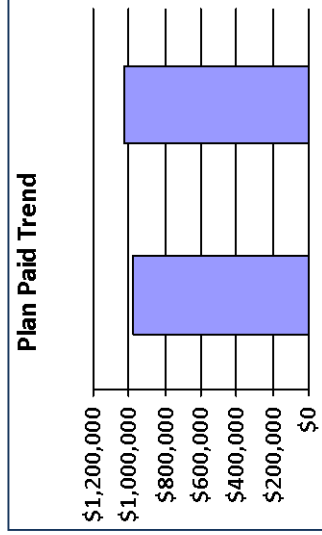
| | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | | |
|--|--------------|-------------|--------------|-------------|---|-------------|-------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total | = Rx + | Paid/Rx |
| Antiasthmatic | 11,797 | \$978,190 | 12,526 | \$1,030,371 | \$52,181 | \$60,448 | (\$8,267) |
| Antidiabetic | 9,048 | \$695,169 | 10,049 | \$792,168 | \$96,999 | \$76,908 | \$20,091 |
| Anticonvulsant | 11,296 | \$612,837 | 11,727 | \$628,992 | \$16,155 | \$23,383 | (\$7,228) |
| Stimulants/Anti-Obesity Anorexiant | 2,834 | \$419,529 | 3,119 | \$485,285 | \$65,756 | \$42,190 | \$23,567 |
| Antidepressants | 11,441 | \$450,129 | 12,464 | \$470,191 | \$20,062 | \$40,248 | (\$20,186) |
| Analgesics-Narcotic | 11,695 | \$410,815 | 12,749 | \$407,015 | (\$3,799) | \$37,024 | (\$40,824) |
| Antiviral | 633 | \$436,506 | 967 | \$401,904 | (\$34,602) | \$230,321 | (\$264,923) |
| Ulcer Drugs | 6,617 | \$397,196 | 7,416 | \$402,548 | \$5,352 | \$47,961 | (\$42,609) |
| Antineoplastics | 697 | \$378,610 | 691 | \$353,093 | (\$25,516) | (\$3,259) | (\$22,257) |
| Analgesics-Anti- Inflammatory | 9,306 | \$272,560 | 10,636 | \$342,125 | \$69,565 | \$38,954 | \$30,611 |
| Antihyperlipidemic | 6,361 | \$231,175 | 7,230 | \$270,587 | \$39,412 | \$31,582 | \$7,830 |
| Assorted Classes | 521 | \$231,514 | 527 | \$254,018 | \$22,504 | \$2,666 | \$19,838 |
| Misc. Cardiovascular | 75 | \$232,298 | 76 | \$248,455 | \$16,157 | \$3,097 | \$13,060 |
| Dermatological | 6,366 | \$192,994 | 6,688 | \$210,577 | \$17,583 | \$9,762 | \$7,821 |
| Misc. Psychotherapeutic and Neurological Agents | 475 | \$190,580 | 616 | \$203,546 | \$12,965 | \$56,572 | (\$43,607) |
| All Others | 102,470 | \$2,886,215 | 114,847 | \$2,912,304 | \$26,090 | \$348,616 | (\$322,526) |
| | 191,632 | \$9,016,315 | 212,328 | \$9,413,179 | \$396,864 | \$1,046,473 | (\$649,609) |

Antidiabetic therapeutic class had the greatest increase quarter over quarter



Therapeutic Class Variance I

| Antiasthmatic Variances | Oct-Dec 2011 | Jan-Mar 2012 | Variance |
|-------------------------|--------------|--------------|-----------|
| Total Cost/Rx | \$82.92 | \$82.26 | (\$7,786) |
| Percentage Paid By Plan | 100.00% | 100.00% | \$0 |
| Rx/Util. Mmbr Per Month | 0.69 | 0.70 | \$4,661 |
| Utilizing Members | 5,677 | 5,999 | \$55,306 |
| # Months | 3 | 3 | \$0 |
| Plan Paid | \$978,190 | \$1,030,371 | \$52,181 |



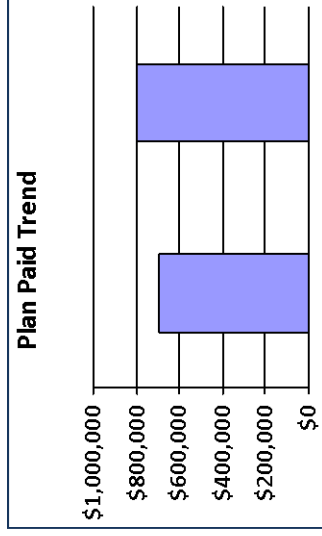
| Top 'Antiasthmatic' Medications | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | | |
|------------------------------------|--------------|-----------|--------------|-----------|---|-----------|-------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total = | Rx + | Avg Paid/Rx |
| PROAIR HFA AER | 3,305 | \$141,236 | 3,634 | \$160,957 | \$19,721 | \$14,060 | \$5,661 |
| SINGULAIR TAB 10MG | 823 | \$116,326 | 824 | \$124,370 | \$8,044 | \$141 | \$7,903 |
| ADVAIR DISKU AER 250/50 | 532 | \$118,851 | 543 | \$122,673 | \$3,822 | \$2,457 | \$1,364 |
| SINGULAIR CHW 5MG | 442 | \$65,624 | 419 | \$67,213 | \$1,589 | (\$3,415) | \$5,004 |
| SPIRIVA CAP HANDIHLR | 221 | \$49,728 | 269 | \$55,867 | \$6,139 | \$10,801 | (\$4,661) |
| SINGULAIR CHW 4MG | 329 | \$47,642 | 349 | \$55,352 | \$7,710 | \$2,896 | \$4,813 |
| ADVAIR DISKU AER 100/50 | 272 | \$49,075 | 256 | \$47,983 | (\$1,092) | (\$2,887) | \$1,795 |
| ADVAIR DISKU AER 500/50 | 148 | \$43,815 | 139 | \$41,713 | (\$2,102) | (\$2,664) | \$563 |
| BUDESONIDE SUS 0.5MG/2 | 115 | \$33,851 | 150 | \$40,478 | \$6,628 | \$10,302 | (\$3,675) |
| BUDESONIDE SUS 0.25MG/2 | 155 | \$38,169 | 160 | \$38,715 | \$545 | \$1,231 | (\$686) |
| | 6,342 | \$704,318 | 6,743 | \$755,322 | \$51,004 | \$32,923 | \$18,081 |



Utilizing members increased 322 quarter over quarter

Therapeutic Class Variance II

| Antidiabetic Variances | Oct-Dec 2011 | Jan-Mar 2012 | Variance |
|-------------------------|--------------|--------------|----------|
| Total Cost/Rx | \$76.83 | \$78.83 | \$18,090 |
| Percentage Paid By Plan | 100.00% | 100.00% | \$0 |
| Rx/Util. Mmbr Per Month | 1.20 | 1.22 | \$9,360 |
| Utilizing Members | 2,504 | 2,745 | \$69,549 |
| # Months | 3 | 3 | \$0 |
| Plan Paid | \$695,169 | \$792,168 | \$96,999 |



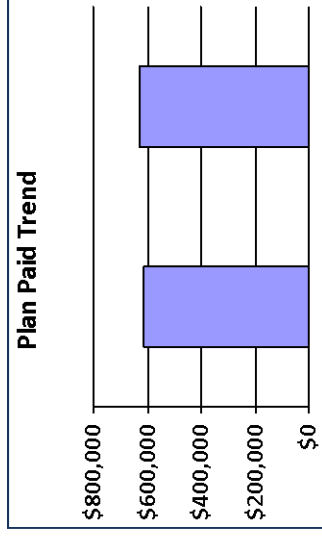
| Top 'Antidiabetic' Medications | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | |
|-----------------------------------|--------------|-----------|--------------|-----------|---|------------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total = | Rx + Avg Paid/Rx |
| LANTUS INJ 100/ML | 896 | \$121,163 | 995 | \$147,999 | \$26,836 | \$13,387 |
| HUMALOG INJ 100/ML | 458 | \$89,621 | 470 | \$89,542 | (\$78) | \$2,348 |
| ACTOS TAB 30MG | 316 | \$76,929 | 346 | \$87,257 | \$10,328 | \$7,303 |
| JANUVIA TAB 100MG | 196 | \$39,167 | 318 | \$55,749 | \$16,582 | \$24,379 |
| ACTOS TAB 45MG | 203 | \$49,008 | 195 | \$50,065 | \$1,057 | (\$1,931) |
| ACTOS TAB 15MG | 272 | \$44,873 | 238 | \$41,373 | (\$3,500) | (\$5,609) |
| LANTUS INJ SOLOSTAR | 111 | \$21,529 | 149 | \$28,861 | \$7,332 | \$7,370 |
| LEVEMIR INJ | 155 | \$24,709 | 157 | \$27,707 | \$2,999 | \$319 |
| NOVOLOG INJ 100/ML | 94 | \$16,667 | 122 | \$19,390 | \$2,723 | \$4,965 |
| ACTOPLUS MET TAB 15/850MG | 125 | \$28,480 | 69 | \$16,500 | (\$11,980) | (\$12,759) |
| | 2,826 | \$512,144 | 3,059 | \$564,443 | \$52,299 | \$39,773 |



Utilizing members increased 241 quarter over quarter

Therapeutic Class Variance III

| Anticonvulsant Variances | Oct-Dec 2011 | Jan-Mar 2012 | Variance |
|--------------------------|--------------|--------------|------------|
| Total Cost/Rx | \$54.25 | \$53.64 | (\$6,962) |
| Percentage Paid By Plan | 100.00% | 100.00% | \$0 |
| Rx/Util. Mmbr Per Month | 1.04 | 1.03 | (\$10,205) |
| Utilizing Members | 3,611 | 3,813 | \$33,322 |
| # Months | 3 | 3 | \$0 |
| Plan Paid | \$612,837 | \$628,992 | \$16,155 |



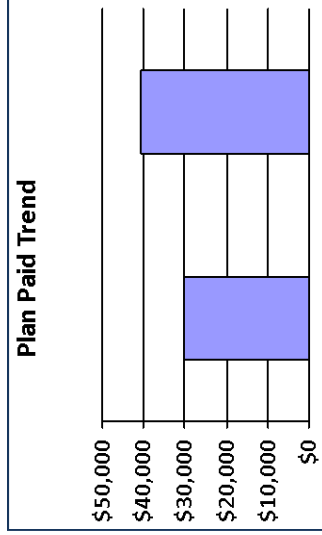
| Top 'Anticonvulsant' Medications | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | |
|----------------------------------|--------------|-----------|--------------|-----------|---|--------------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total = | Rx + Avg Paid/Rx |
| DIVALPROEX TAB 500MG ER | 663 | \$101,032 | 685 | \$98,087 | (\$2,945) | \$3,352 (\$6,297) |
| OXCARBAZEPIN TAB 600MG | 95 | \$23,066 | 102 | \$26,284 | \$3,218 | \$1,700 \$1,518 |
| GABAPENTIN TAB 600MG | 397 | \$24,642 | 404 | \$24,220 | (\$422) | \$434 (\$857) |
| LEVETIRACETA SOL 100MG/ML | 209 | \$21,674 | 218 | \$24,132 | \$2,458 | \$933 \$1,525 |
| DIVALPROEX TAB 500MG DR | 279 | \$21,754 | 286 | \$21,471 | (\$283) | \$546 (\$829) |
| OXCARBAZEPIN TAB 300MG | 132 | \$20,272 | 131 | \$18,756 | (\$1,516) | (\$154) (\$1,362) |
| TOPIRAMATE TAB 100MG | 447 | \$18,014 | 425 | \$17,704 | (\$309) | (\$887) \$577 |
| LEVETIRACETA TAB 500MG | 313 | \$15,554 | 325 | \$14,965 | (\$589) | \$596 (\$1,186) |
| GABAPENTIN CAP 300MG | 920 | \$11,714 | 1,030 | \$12,714 | \$1,000 | \$1,401 (\$400) |
| LEVETIRACETA TAB 1000MG | 117 | \$11,300 | 139 | \$12,596 | \$1,296 | \$2,125 (\$829) |
| | 3,572 | \$269,021 | 3,745 | \$270,929 | \$1,908 | \$10,047 (\$8,140) |



Utilizing members increased 202 members quarter over quarter

Therapeutic Class Variance IV

| Stimulants/Anti-Obesity Anorexiants Variance | Oct-Dec 2011 | Jan-Mar 2012 | Variance |
|--|--------------|--------------|----------|
| Total Cost/Rx | \$148.03 | \$155.59 | \$21,413 |
| Percentage Paid By Plan | 100.00% | 100.00% | \$0 |
| Rx/Util. Mmbr Per Month | 0.81 | 0.85 | \$17,514 |
| Utilizing Members | 1,162 | 1,230 | \$26,829 |
| # Months | 3 | 3 | \$0 |
| Plan Paid | \$419,529 | \$485,285 | \$65,756 |



Top 'Stimulants/Anti-Obesity Anorexiants' Medications

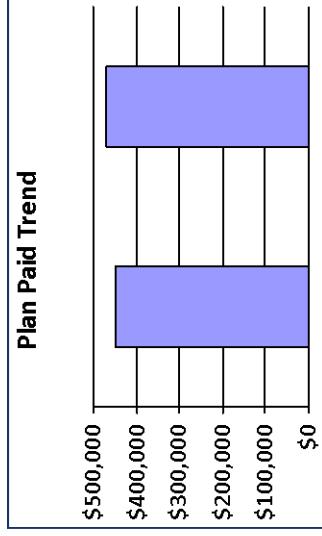
| | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | | |
|--------------------------|--------------|-----------|--------------|-----------|---|-----------|-------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total = | Rx + | Avg Paid/Rx |
| METHYLPHENID TAB 36MG ER | 132 | \$28,910 | 167 | \$35,865 | \$6,955 | \$7,666 | (\$711) |
| FOCALIN XR CAP 10MG | 134 | \$23,982 | 152 | \$30,653 | \$6,671 | \$3,222 | \$3,449 |
| AMPHETAMINE CAP 20MG ER | 123 | \$25,224 | 132 | \$28,185 | \$2,961 | \$1,846 | \$1,116 |
| METHYLPHENID TAB 54MG ER | 105 | \$17,101 | 141 | \$23,781 | \$6,681 | \$5,863 | \$817 |
| PROVIGIL TAB 200MG | 18 | \$23,333 | 24 | \$23,733 | \$400 | \$7,778 | (\$7,377) |
| FOCALIN XR CAP 15MG | 97 | \$16,760 | 120 | \$23,034 | \$6,274 | \$3,974 | \$2,300 |
| FOCALIN XR CAP 20MG | 117 | \$22,778 | 111 | \$22,790 | \$12 | (\$1,168) | \$1,180 |
| FOCALIN XR CAP 5MG | 87 | \$16,926 | 96 | \$19,954 | \$3,028 | \$1,751 | \$1,277 |
| VYVANSE CAP 30MG | 96 | \$15,131 | 102 | \$17,372 | \$2,241 | \$946 | \$1,295 |
| VYVANSE CAP 40MG | 97 | \$14,533 | 102 | \$16,379 | \$1,846 | \$749 | \$1,097 |
| | 1,006 | \$204,677 | 1,147 | \$241,745 | \$37,068 | \$32,625 | \$4,443 |



Provigil has recently gone generic

Therapeutic Class Variance V

| Antidepressants Variances | Oct-Dec 2011 | Jan-Mar 2012 | Variance |
|---------------------------|--------------|--------------|------------|
| Total Cost/Rx | \$39.34 | \$37.72 | (\$18,529) |
| Percentage Paid By Plan | 100.00% | 100.00% | \$0 |
| Rx/Util. Mmbr Per Month | 0.90 | 0.90 | (\$2,330) |
| Utilizing Members | 4,238 | 4,642 | \$40,921 |
| # Months | 3 | 3 | \$0 |
| Plan Paid | \$450,129 | \$470,191 | \$20,062 |



| Top 'Antidepressants' Medications | Oct-Dec 2011 | | Jan-Mar 2012 | | Plan Paid Variances - Increase/(Decrease) | | |
|-----------------------------------|--------------|-----------|--------------|-----------|---|------------|-------------|
| | Rx | Plan Paid | Rx | Plan Paid | Total = | Rx + | Avg Paid/Rx |
| VENLAFAXINE CAP 75MG ER | 297 | \$50,277 | 331 | \$55,521 | \$5,244 | \$5,756 | (\$511) |
| CYMBALTA CAP 60MG | 258 | \$50,539 | 266 | \$55,322 | \$4,782 | \$1,567 | \$3,215 |
| VENLAFAXINE CAP 150MG ER | 288 | \$42,186 | 329 | \$44,891 | \$2,705 | \$6,006 | (\$3,301) |
| BUPROPION HCL TAB 150MG XL | 282 | \$41,531 | 324 | \$44,037 | \$2,506 | \$6,186 | (\$3,680) |
| BUPROPION HCL TAB 300MG XL | 288 | \$30,473 | 307 | \$30,895 | \$422 | \$2,010 | (\$1,588) |
| LEXAPRO TAB 20MG | 318 | \$42,568 | 200 | \$29,264 | (\$13,304) | (\$15,796) | \$2,492 |
| BUPROPION TAB 150MG SR | 325 | \$20,877 | 421 | \$26,013 | \$5,136 | \$6,167 | (\$1,030) |
| CYMBALTA CAP 30MG | 95 | \$19,636 | 102 | \$23,554 | \$3,918 | \$1,447 | \$2,471 |
| LEXAPRO TAB 10MG | 185 | \$23,434 | 101 | \$14,352 | (\$9,082) | (\$10,640) | \$1,559 |
| VENLAFAXINE CAP 37.5MG | 74 | \$10,076 | 91 | \$10,934 | \$858 | \$2,315 | (\$1,457) |
| | 2,410 | \$331,599 | 2,472 | \$334,784 | \$3,186 | \$5,016 | (\$1,831) |



Gold Coast Health Plan

Diabetic Overview

Usage from 7/1/11-3/31/12

- 3,465 Members on medication for Diabetes
- 5,580 Members on medication acquired testing supplies
- 47,976 Prescriptions processed
 - 26,547 processed for medications
 - 21,429 processed for supplies
- \$2,883,258 plan cost (11.0% of total drug spend)



Gold Coast Health Plan

- Non-Diabetic
 - Total Drug Spend \$18,318,275
 - Total Members 33,318
 - \$61.09 Per Member Per Month
- Diabetic
 - Total Drug Spend \$7,836,522
 - Total Members 7,031
 - \$123.84 Per Member Per Month

Annually, health care costs for a person with Diabetes are three times more than a person without Diabetes





Diabetic Overview, Cont.

The following table identifies the number of Gold Coast Health Plan members who have co-morbidities. This is the number of concurrent disease states.

| Diabetes Only | 2 co-morbidities | 3 co-morbidities | 4 co-morbidities | 5 co-morbidities |
|---------------|------------------|------------------|------------------|------------------|
| 1,934 | 2,688 | 1,295 | 726 | 388 |

The following table identifies the co-morbidities of Gold Coast Health Plan members with diabetes.

| Hypertension | Hyperlipidemia | Depression | Ulcers | Asthma |
|--------------|----------------|------------|--------|--------|
| 2,538 | 1,890 | 1,030 | 1,181 | 2,433 |



AGENDA ITEM 7b

To: Ventura County Medi-Cal Managed Care Commission

From: Cassie Undlin, CEO

Date: April 23, 2012

Re: HEDIS Vendor

Recommendation: That the Commission authorize GCHP Management to proceed in contracting with Verisk Health as the Plan HEDIS Vendor.

Background: GCHP is contractually obligated to collect HEDIS measures selected by the DHCS and DMHC. In order to comply with this contract requirement, GCHP must contract with an NCQA certified HEDIS vendor to produce the statistically appropriate sample for each of the required measures. Programming is extremely complex and samples and programming structure will be further audited by the State EQRO, HSAG. In addition to administrative data pulls, GCHP will be required to assist the State of CA in meeting its obligation to CMS by collecting a second set of measures for the SPD only population. This doubles the work to the vendor in separating out these members and pulling a statistically valid SPD only sample. Since nine of the thirteen required DHCS selected measures require manual medical record review, GCHP can expect to collect data from in excess 3500 medical records. The record collection timeline is short and without contracting for outside nurse review, data collection could not be completed. Verisk has the ability to provide trained nurses to abstract data on behalf of GCHP. In addition, GCHP is required to submit data to the State for the NCQA CAHPS survey which requires additional programming. The cost for this service is included in the Verisk contract pricing. HEDIS data collection is an annual State requirement thus it is important that the vendor is familiar with GCHP processes and claims data. Verisk has worked with IKA data in the past is very familiar with the IKA data layout.

Attached for your information is a list of the required measure for 2012.

Discussion: Management has reviewed several HEDIS vendors. Several other COHS and LI plans were surveyed to determine which vendors are being used. The preferred vendor for GCHP is Verisk. The cost for the service and the extra benefits provided (CAHPS data pull and nurse abstractor availability) make Verisk the best choice for GCHP. Result of the HEDIS measures will be used to determine the quality of the medical care delivered to Ventura County members. A reliable, experienced and certified HEDIS vendor such as Verisk is essential to our success



| | Milliman | Verisk | VIPS |
|--|---|--|---|
| Pricing | MILLIMAN IS NOT ABLE TO PROVIDE HEDIS DATA PROGRAMMING SERVICES. | Implementation: \$5,000 (ONE TIME) Annual Fees: \$100,000.00 Medical record abstraction - \$25/chart | Implementation: \$65,000.00(ONE TIME) Annual Fees: \$83,000.00 No medical record capabilities |
| Project Timeline | N/A | 60 ~ 90 days | 90 days |
| Functionality | N/A | Web based reporting portal for HEDIS reporting. | Web based HEDIS reporting software. |
| Current Installation and Utilization sites | N/A | LA Care - Los Angeles Health Net - Woodland Hills Molina Healthcare – Long Beach Sharp Health – San Diego Central California Alliance for Health – Santa Cruz Santa Clara Family Health – Santa Clara Contra Costa Health Plan Health Plan of San Joaquin Kern Health Systems – Bakersfield San Francisco Health Plan - SF Western Health Advantage - Sacramento | CenCal Health - Santa Barbara |
| System profile | NA/ | Using Oracle database and JAVA development programming language. | SQL Server based supporting database with application using JAVA programming language. |



Pros and Cons

| | Milliman | Verisk | VIPS |
|------|----------|---|-------------------------------|
| Pros | N/A | Well-designed HEDIS reporting system. | WEB enabled reporting system. |
| | | NCQA certified vendor. | NCQA certified vendor. |
| | | Ability to provide chart review service. | Customization of reporting. |
| | | Able to provide modified HEDIS study as directed by DHCS | |
| | | Customization of reporting | |
| Cons | | Will run quarterly HEDIS estimates to enable implementation of action plans to improve rates. | |
| | N/A | | No chart review service. |
| | | | |
| | | | |
| | | | |
| | | | |

**PROPOSED 2013 HEDIS MEASURES FOR FULL-SCOPE PLANS:
November 18, 2011**

| | HEDIS Reporting year 2011¹ | HEDIS Reporting Year 2012² | Proposed: HEDIS Reporting Year 2013³ | Notes |
|-----|---|---|---|--|
| 1. | Well-Child Visits in the 3 rd , 4 th , 5 th , & 6 th Years of Life | Well-Child Visits in the 3 rd , 4 th , 5 th , & 6 th Years of Life | Well-Child Visits in the 3 rd , 4 th , 5 th , & 6 th Years of Life | Hybrid measure; Used for Auto Assignment |
| 2. | Adolescent Well-Care Visits | Adolescent Well-Care Visits | Deleted | Hybrid measure; Used for Auto Assignment |
| 3. | Childhood Immunization Status – Combo 3 | Childhood Immunization Status – Combo 3 | Childhood Immunization Status – Combo 3 | Hybrid measure; Used for Auto Assignment |
| 4. | Appropriate Treatment for Children with Upper Respiratory Infection | Deleted | | Admin measure |
| 5. | Prenatal & Postpartum Care (2 indicators): • Timeliness of Prenatal Care • Postpartum Care | Prenatal & Postpartum Care (2 indicators): • Timeliness of Prenatal Care • Postpartum Care | Prenatal & Postpartum Care (2 indicators): • Timeliness of Prenatal Care • Postpartum Care | Hybrid measure; Prenatal indicator used for Auto Assignment |
| 6. | Use of Imaging Studies for Low Back Pain - 1 st year | Use of Imaging Studies for Low Back Pain – 2 nd year | Use of Imaging Studies for Low Back Pain | Admin measure |
| 7. | Breast Cancer Screening | Deleted | | Admin measure |
| 8. | Cervical Cancer Screening | Cervical Cancer Screening | Cervical Cancer Screening | Hybrid measure; Used for Auto Assignment |
| 9. | Weight Assessment & Counseling for Nutrition & Physical Activity for Children & Adolescents - 1 st year | Weight Assessment & Counseling for Nutrition & Physical Activity for Children & Adolescents – 2 nd year | Weight Assessment & Counseling for Nutrition & Physical Activity for Children & Adolescents | Hybrid measure |
| 10. | Comprehensive Diabetes Care (8 indicators): • Eye Exam (Retinal) Performed • LDL-C Screening Performed • LDL-C Control (<100 mg/Dl) • HbA1c Testing • HbA1c Poor Control (>9.0%) • HbA1c Control (<8.0%) • Medical Attn. for Nephropathy • Blood pressure control (<140/90 mm Hg) | Comprehensive Diabetes Care (8 indicators): • Eye Exam (Retinal) Performed • LDL-C Screening Performed • LDL-C Control (<100 mg/Dl) • HbA1c Testing • HbA1c Poor Control (>9.0%) • HbA1c Control (<8.0%) • Medical Attn. for Nephropathy • Blood pressure control (<140/90 mm Hg) | Comprehensive Diabetes Care (8 indicators): • Eye Exam (Retinal) Performed • LDL-C Screening Performed • LDL-C Control (<100 mg/Dl) • HbA1c Testing • HbA1c Poor Control (>9.0%) • HbA1c Control (<8.0%) • Medical Attn. for Nephropathy • Blood pressure control (<140/90 mm Hg) | Hybrid measure; HbA1c Testing indicator used for Auto Assignment |

¹ Uses data from January 1, 2010, through December 31, 2010, measurement year.

² Uses data from January 1, 2011, through December 31, 2011, measurement year.

³ Uses data from January 1, 2012, through December 31, 2012, measurement year.

| | HEDIS Reporting year 2011¹ | HEDIS Reporting Year 2012² | Proposed: HEDIS Reporting Year 2013³ | Notes |
|-----|---|--|--|--|
| 11. | Avoidance of Antibiotic Treatment in Adults with Acute Bronchitis | Avoidance of Antibiotic Treatment in Adults with Acute Bronchitis | Avoidance of Antibiotic Treatment in Adults with Acute Bronchitis | Admin measure |
| 12. | | Children & Adolescents' Access to Primary Care Practitioners - 1 st year | Children & Adolescents' Access to Primary Care Practitioners - 2 nd year | Admin measure |
| 13. | | Immunizations for Adolescents - 1 st year | Immunizations for Adolescents | Hybrid measure |
| 14. | | Annual Monitoring for Patients on Persistent Medications (w/out anticonvulsant indicator) 1 st year | Annual Monitoring for Patients on Persistent Medications (w/out anticonvulsant indicator) 2 nd year | Admin measure; Addresses members 18 yrs & older |
| 15. | | Ambulatory care: <ul style="list-style-type: none"> • Outpatient visits • Emergency Department visits 1 st year | Ambulatory care: <ul style="list-style-type: none"> • Outpatient visits • Emergency Department visits 2 nd year | Admin measure; Addresses members <1 yr through 85+ yrs |
| 16. | | | NEW FOR 2013 Controlling High Blood Pressure (CBP) | Hybrid measure |
| 17. | | | NEW FOR 2013 Medication Management for People with Asthma (MMA) | Admin measure |
| | 7 Hybrid & 4 Admin measures | 8 Hybrid & 5 Admin measures | 8 Hybrid & 6 Admin measures | |

¹ Uses data from January 1, 2010, through December 31, 2010, measurement year.

² Uses data from January 1, 2011, through December 31, 2011, measurement year.

³ Uses data from January 1, 2012, through December 31, 2012, measurement year.

Verisk Health, Inc.
201 Jones Road, 4th Floor West
Waltham, MA 02451

GENERAL VERISK MASTER SERVICES AGREEMENT
COVER PAGE

Client: Gold Coast Health Plan

Type of entity (e.g., corporation, partnership): Medi-Cal Managed Care Health Plan (Public Entity)

State (if applicable) and Country of Organization: California

Address: 2220 E. Gonzales Road, Suite 200, Oxnard, CA 93036

Administrative Contacts:

Client: _____

Verisk: _____

Verisk Health, Inc. on behalf of itself and its subsidiaries ("Verisk"), a Massachusetts corporation having offices at 201 Jones Road, 4th Floor West, Waltham, Massachusetts 02451, has developed certain software, services and other data network/Internet-available applications and decision analytics designed to assist service providers, employers, insurance carriers and other health care industry participants, in processing and analyzing data and claims to identify, manage and minimize clinical and financial risk. This Verisk Master Services Agreement ("Agreement") and its Appendices and any Schedules set forth the terms and conditions on which Verisk and the above-referenced entity ("Client") have agreed that Client will have access to such services and applications.

In consideration of the mutual covenants set forth herein, Verisk and Client agree to all of the provisions of this Agreement, including the provisions of this Cover Page, Terms and Conditions, Appendices, and any schedules attached hereto and documents expressly referenced above or described herein, all of which are incorporated by reference herein and, together, constitute the Agreement. Accordingly, intending to be legally bound, Verisk and Client have executed this Agreement as of the last date set forth below.

Verisk Health, Inc.

Client

Signature

By: _____

Title: _____

Date: _____

Signature

By: _____

Title: _____

Date: _____

TERMS AND CONDITIONS

1. DEFINITIONS. Whenever the following terms or phrases are used in this Agreement, they will have the following meaning unless the context clearly requires otherwise:

1.1 “Deliverable” means the provision of an Internet- or other data network-available application or consulting, programming, professional or other service by Verisk to Client, per Client's requirements as defined and agreed to per a Statement of Work coincident with this Agreement as of the Effective Date or subsequently appended to this Agreement.

1.2 “Effective Date” means the last date on the Cover Page on which this Agreement is signed by the Parties required to execute it.

1.3 “Intellectual Property” means the sum of any patentable or unpatentable discoveries, ideas, concepts, or products, or any works fixed in any medium of expression, including copyright and mask work rights, which are brought to bear to generate a Deliverable or are inherent in the Deliverable itself.

1.4 “Party” or “Parties” means, as applicable, Client and/or Verisk.

1.5 “Master Agreement” means the terms and conditions of this Agreement exclusive of any Appendices and Statements of Work.

1.6 “Person” includes, without limitation, any corporation, company, partnership, entity or individual.

1.7 “Statement of Work” means any additional terms and conditions agreed to by the Parties and added to this Agreement containing instructions for Verisk to provide one or more specific Deliverables for specific fees.

1.8 “Term” has the meaning ascribed to it in Section 8.1 of this Agreement.

1.9 “Third Party” means a Person other than Client or Verisk.

1.10 “Application Data” Includes but is not limited to individuals' personal, medical, pharmacy, disability, provider or insurance claim information provided by Client or Client's business partners, including without limitation, third party administrators, pharmacy benefit companies and utilization management companies, to Verisk to create an Application Service, pursuant to the Applications Agreement. Application Data includes, but is not necessarily limited to, claims and membership information for Client insurance plan members.

1.11 “Application Service” means any Deliverable whereby users gain access, via an interface provided by Verisk, to information compiled by Verisk, in any Internet-available or private data network.

1.12 “Verisk Applications” means any and all Application Services, the software source, object and executable code used to implement such Application Services, any reports generated from data available through such Application Services, and any modifications or enhancements thereto, but not including any stored Application Data provided by Client to Verisk hereunder.

1.13 “Comparative Data” will mean aggregated data, including De-identified Data and that provided by other Verisk clients, compiled by Verisk, which allows Client to compare its calculated values against the calculated values of a broader base of similar clients. For purposes of explanation and not exclusion, Protected Health Information (as defined in Appendix B) will be excluded from Comparative Data.

1.14 “De-identified Data” means Application Data that has undergone de-identification of protected health information as specified by HIPAA privacy rule 45 C.F.R. Part 164.514(a)-(c).

1.15 “Ancillary Verisk Services” will include but are not limited to Comparative Data and other benchmarking, comparative reporting and analysis services used by Verisk as part of or ancillary to an Application Service or consulting service.

2. STRUCTURE OF THE AGREEMENT

2.1 Scope. This Agreement between the Parties will contain the sole and exclusive terms and conditions that will govern the rights, responsibilities, and obligations of the Parties with respect to the Deliverables.

2.2 Appendices. The terms of a General Appendix will govern all Deliverables described in any Statement of Work. The terms of a Specific Appendix governs all Deliverables in any Statement of Work specifically referencing that appendix. As of the Effective Date of this Agreement, the Parties agree that the Appendices listed below are added to this Agreement upon the Effective Date:

(a) **Appendix A—Verisk Application Services** is a Specific Appendix for Statements of Work requesting Internet- or other data network-available application Deliverables.

(b) **Appendix B—Business Associate Agreement** is a general appendix.

(c) **Appendix C—Service Change Request** is a general appendix.

(d) **Appendix D—License for Permitted Contractors** sets forth the terms and conditions of Application Service Use by Permitted Contractors.

2.3 Order of Precedence. In the event of contrary, additional or inconsistent terms and conditions within Appendices or Statements of Work incorporated into this Agreement, the following order of precedence will apply: (i) the Statement of Work; (ii) the Specific Appendix(es), if any, to which the Statement of Work relates, (iii) any General Appendices, and (iii) the Master Agreement, each for their limited purposes. For clarity, the terms of the applicable Statement of Work will apply to the subject matter of such Statement of Work, and will control in the event that there are any conflicts between the terms of the Statement of Work, its related Specific Appendix(es), any General Appendix or the Master Agreement. Each Specific Appendix will apply for the limited purposes of the applicable Statement(s) of Work, and will control in the event of any conflicts with a General Appendix or the Master Agreement. Each General Appendix will apply for its limited purposes and will control in the event of any conflicts with the Master Agreement. To the extent there are no conflicts applied in accordance with the foregoing, the Master Agreement will apply broadly across all Appendices and Statements of Work.

2.4 Deliverables Coincident with the Effective Date. Subject to the terms and conditions of this Agreement, Client hereby orders and Verisk agrees to provide Deliverables defined in Statements of Work coincident with this Agreement.

2.5 Deliverables Subsequent to the Effective Date. Subject to the terms and conditions of this Agreement, as modified by or appended to by any subsequent Statement of Work, Verisk agrees to provide Deliverables defined in such Statement of Work.

3. CONFIDENTIAL INFORMATION.

3.1 Definition. “Confidential Information” means the terms and conditions of this Agreement (including, but not limited to, the financial terms herein), the Deliverables, Statements of Work, and any information disclosed by a Party (the “Disclosing Party”) to the other Party (the “Receiving Party”) and marked as confidential or proprietary. No information of the Disclosing Party will be considered Confidential Information to the extent that an exception is provided for it in Section 3.3 herein.

3.2 Use and Disclosure of Confidential Information. The Receiving Party acknowledges that it will have access to the Disclosing Party’s Confidential Information. The Receiving Party agrees that it will not (i) use any such Confidential Information in any way, for its

own account or the account of any Third Party, except for the exercise of its rights and performance of its obligations under this Agreement, or (ii) disclose any such Confidential Information to any Third Party, other than furnishing such Confidential Information to its employees who are required to have access to the Confidential Information in connection with the exercise of its rights and performance of its obligations under this Agreement. The Receiving Party agrees that it will not allow any unauthorized Person access to the Disclosing Party’s Confidential Information, and that the Receiving Party will take all action reasonably necessary to protect the confidentiality of such Confidential Information, including implementing and enforcing procedures to minimize the possibility of unauthorized use or copying of such Confidential Information. In the event that the Receiving Party is required by applicable law to make any disclosure of any of the Disclosing Party’s Confidential Information, by subpoena, judicial or administrative order or otherwise, the Receiving Party will first give written notice of such requirement to the Disclosing Party, and will permit the Disclosing Party to intervene in any relevant proceedings to protect its interests in the Confidential Information, and provide full cooperation and assistance to the Disclosing Party in seeking to obtain such protection. In addition, neither Party will disclose the terms of this Agreement to any Third Party without the prior written consent of the other Party, except that either Party may disclose the terms of this Agreement to its (a) attorneys for all purposes and (b) accountants, advisors, investors, acquirers and/or potential investors or acquirers and their advisors (collectively, “Investment Representatives”) of such Party, which Investment Representatives have a “need-to-know” solely for the purpose of evaluating, negotiating or documenting a contemplated investment or acquisition; provided, however, that each such Investment Representative is bound by a written agreement (or in the case of attorneys or other professional advisors, formal ethical duties) requiring such Investment Representative to treat, hold and maintain the terms of this Agreement as Confidential Information in accordance with the terms and conditions of this Section 3.

3.3 Exceptions. Information will not be deemed Confidential Information hereunder if such information: (a) is known to the Receiving Party prior to receipt from the Disclosing Party directly or indirectly from a source other than one having an obligation of confidentiality to the Disclosing Party; (b) becomes known (independently of disclosure by the Disclosing Party) to the Receiving Party directly or indirectly from a source other than one having an obligation of confidentiality to the Disclosing Party; (c) becomes publicly known or otherwise ceases to be secret or confidential, except through a breach of this Agreement by the Receiving Party; or (d) is independently developed by the Receiving Party. Each Party has the right to refuse to accept any trade secret, Confidential Information or similar proprietary information prior to full disclosure.

3.4 Verisk's Rights in Application Data.

Notwithstanding anything to the contrary, Verisk Health is expressly permitted to aggregate and de-identify PHI obtained from Client ("De-Identified Information") for use in an aggregate database, and to use and disclose De-Identified Information without any further written consent of Client. Verisk Health may use, reproduce, transfer, retain and combine De-Identified Information for preparing commercially available normative and benchmarking data, and for internal and external research, analysis and product development purposes.

3.5 Intellectual Property Ownership

Verisk owns and retains all right, title, and interest in and to, including without limitation all Intellectual Property rights, in all software programs (whether or not installed on a Client-owned system), methodology, techniques, the identity of edits and materials, enhancements, derivatives, and modifications to all Verisk owned intellectual property, including without limitation all source code, object code, and documentation associated therewith, and all documentation, report formats, methodologies, algorithms, templates, logic flow, formulae, inventions, methods, systems, processes, works of authorship, and materials which have been or are in the future created, conceived, developed or acquired by Verisk and which are included in or used in providing the Services, including without limitation the Licensed Products and Services and all modifications, improvements, derivative works and compilations thereof and thereto (all the foregoing, collectively, Verisk IP or Verisk Intellectual Property). Client agrees that all Verisk IP constitutes the Confidential Information of Verisk, and Client shall not use or disclose such Confidential Information except as permitted herein.

Client agrees that it will not use or disclose such Verisk IP except solely as necessary to receive the Services described in this Agreement. Without limiting the foregoing, Client shall not, and shall cause its employees or authorized users to: 1) reverse engineer, decompile, reverse compile, or disassemble the Verisk IP; 2) create a derivative work or compilation of the Verisk IP, including without limitation any product or service derived or compiled from or based on, in whole or in part, any Verisk services or products. Client may not copy, distribute, market, sell, lease, sublicense or otherwise transfer the Licensed Programs or Services to third parties.

Notwithstanding the above, in no way shall Client be prevented from implementing changes to its systems, processes, or contracts that are done in the ordinary course of business or were otherwise arrived at independent of and without reliance on or benefit of the results of the Licensed Programs or Services provided herein.

4. BILLING AND PAYMENT.

4.1 Billing. Client agrees to pay Verisk within thirty (30) days from the date an invoice is received by Client. Verisk will render invoices to Client at the address on the Cover Page or such other address that Client provides in writing to Verisk. Payments to Verisk must be in United States dollars and mailed to Verisk at the address listed on the Cover Page, Attn. Accounting.

4.2 Overdue Payments. Overdue payments are subject to a late payment charge, calculated and compounded monthly at a monthly rate of two percent (2%). If the late payment rate exceeds the maximum permitted by law, the charge will be reduced to that maximum allowable rate.

4.3 Taxes. Client will be responsible for, either through direct payment or the reimbursement of any amounts incurred by Verisk, all sales or use taxes, duties, or levies imposed by any authority, government or government agency (other than those levied on Verisk's net income or property) in connection with this Agreement with respect to which Client is not exempt from taxation. If Verisk is required to collect a tax to be paid by Client, Client will pay this tax or provide evidence of exemption on demand. If Client fails to pay these taxes, duties or levies, Client will pay all reasonable expenses incurred by Verisk, including reasonable attorney's fees, to collect such taxes, duties or levies.

4.4 Collection for Non-Payment. If Client fails to pay any undisputed fee, expense, tax or any other sum due under this Agreement, Client will pay all reasonable expenses incurred by Verisk in collecting those sums, including reasonable attorneys' fees.

5. REPRESENTATIONS AND WARRANTIES.

5.1 Verisk Warranty. Verisk warrants that Deliverables will be performed using sound, professional practices and in a competent and professional manner by knowledgeable, trained and qualified personnel. Verisk does not warrant or guaranty that Deliverables will be error free, or that any access to such Deliverables will always be uninterrupted. Client's sole and exclusive remedy for breach by Verisk of the foregoing warranty will be for: (i) Verisk to re-perform the nonconforming whole or part of the Deliverable; and (ii) if within thirty (30) business days of receiving notice from Client Verisk fails to provide a specific conforming Deliverable, Verisk will provide to Client a proportional refund of the fees (as set forth in Statements of Work) paid by Client for the nonconforming portion of the Deliverable.

5.2 Disclaimer of Verisk Warranty. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN SECTION 5.1 OR THE APPLICABLE APPENDIX, ("VERISK WARRANTY"), VERISK: (A) MAKES NO EXPRESS

OR IMPLIED WARRANTIES OF ANY KIND, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, NON-INFRINGEMENT OR WARRANTIES ALLEGED TO ARISE AS A RESULT OF CUSTOM AND USAGE; ALL SERVICES AND PRODUCTS ARE ADVISORY AND PROVIDED ON AN "AS IS" BASIS.

5.3 Client's Right to Provide Information. Client represents and warrants to Verisk that it has the right to provide Application Data, information, specifications, and/or other data that it has provided or will provide to Verisk in order for Verisk to provide Deliverables hereunder. Client further represents and warrants to Verisk that possession and/or use of that Application Data, information, specifications, and other data by Verisk under the terms and conditions of this Agreement will not constitute a violation or an infringement upon any patent, copyright, trade secret, other Intellectual Property right or privacy right of any Third Party. Client represents and warrants that it shall only provide de-identified or group level Confidential Information to each of its employer groups unless and until such employer group certifies that it has complied with the requirements of 45 CFR164.504(f)(2) of the Privacy Rule.

6. LIMITATION OF LIABILITY.

6.1 Limited Liability. Even if advised of the possibility of loss, liability, damage or expense, Verisk is not liable for any indirect damages, including any lost profits, data, business, goodwill, anticipated savings, opportunity or use or other incidental or consequential damages, which Client or any Third Party may suffer as a result of or in connection with the furnishing of a Deliverable.

6.2 Exclusion from Liability. Verisk will not be liable for any damages, expenses or loss due to impairments to a Deliverable caused by acts of Client's Representatives, subcontractors, or suppliers.

6.3 Exclusion from Liability – Transaction Loss. Even if VERISK is advised of the possibility of loss, liability, damage or expense, VERISK will not be liable for any damages, expenses or loss due to: (a) misuse of any data or Deliverable by Client; (b) any error or omission in data results or information provided by the Deliverable and not caused by VERISK; (c) any inability to use the Deliverable; (d) any error or omission in data provided to VERISK; and/or (e) any failure, delay, corruption, error, inaccuracy, discrepancy, incompleteness or omission in or made through the Deliverable and not caused by VERISK.

6.4 Liability Not to Exceed Amounts Paid. Notwithstanding anything to the contrary, or any failure of essential purpose of any limited remedy or invalidity of

this Section 6, VERISK's aggregate liability, if any, to Client or to any Third Party for claimed loss or damage arising under this Agreement during any specific period will not exceed the lesser of (i) twice the amount actually paid by Client to VERISK during the corresponding period or (ii) the total amount actually paid by Client to VERISK since the Effective Date pursuant to this Agreement only.

6.5 Reasonableness. Client hereby expressly acknowledges and agrees that in view of the amount of the fees paid or to be paid hereunder, the limitations of liability in this Section 6 and the indemnities given in Section 7 ("Indemnification") below are in all respects fair and reasonable and reflect a duly considered allocation of risk between the Parties.

7. INDEMNIFICATION.

7.1 Mutual Indemnity. Each Party will protect, indemnify, hold harmless and defend the other Party and its affiliates, with counsel reasonably acceptable to each Party, at the indemnifying Party's expense, from and against any and all damages, whether direct, indirect, consequential or special, to the extent arising from (a) breach by the indemnifying Party of any duty owed to any Third Party, or (b) any act or omission of the other Party based upon, made or omitted in reliance or consequence of any instruction, message or information made or provided to the other Party by or on behalf of the indemnifying Party.

7.2 Additional Client Indemnity. Client will protect, indemnify, hold harmless and defend VERISK and its affiliates, with counsel reasonably acceptable to each Party, at Client's expense, from and against any and all damages, whether direct, indirect, consequential or special, to the extent arising from (a) Client's right to provide information as described in Section 5.3 herein; (b) Client's or a Third Party's misuse of a Deliverable; (c) the content of any information, specifications, or data that Client has or will provide or arrange to be provided to Verisk; or (d) the termination of, disciplinary action against, or other employment, ERISA, employee benefits, human resources, legal, administrative, or regulatory event to or by any physician, health care provider, or other health care or insurance services professional or entity pertaining to or resulting directly or indirectly from Client's use of a Deliverable.

8. TERM AND TERMINATION.

8.1 Term. The Term of this Agreement will commence on the Effective Date and remain in effect, subject to prior termination in accordance with this Section 8, for a short implementation period, to be followed by a production period of thirty-six (36) months. Thereafter, the Term of this Agreement will be automatically extended for successive renewal periods of one (1) year at a time, provided that either Party may terminate this Agreement as

of the end of the initial or any renewal period by written notice to the other Party given not later than sixty (60) days prior to the end of the initial or relevant renewal period. Verisk reserves the right, not later than ninety (90) days prior to the end of the initial or relevant renewal period, to make revisions to pricing, as described in Statements of Work, without revision to any other section or appendix of this Agreement.

8.2 Termination for Cause.

(a) Termination for Breach. Either Party may terminate this Agreement for cause, if the other Party has breached a material term of the Agreement, and has not cured such breach within sixty (60) days after receipt of written notice thereof from the other Party specifying the breach in reasonable detail, unless such breach is nonpayment of invoices in which case the period to cure such breach will be thirty (30) days. Notwithstanding the foregoing to the contrary, (i) if the applicable breach (other than for nonpayment of invoices) cannot reasonably be cured within thirty (30) days, then there will be no termination so long as the breaching Party has begun the cure within the thirty (30) day period and, thereafter, proceeds diligently to cure such breach and (ii) a cure period will not be longer than one hundred eighty (180) days from receipt of written notice of the alleged breach, without the written consent of the non-breaching Party.

(b) Rights and Obligations Upon Termination. Upon any termination of this Agreement, and except as expressly provided in section 3.4 of this Agreement, each Party will return to the other Party any Confidential Information of such other Party which is in its possession. Upon such termination, all rights and obligations of the Parties under this Agreement will cease except for: (i) Client's obligation to make any payment of any fees accrued hereunder on or prior to the date of termination, and (ii) the provisions of Sections 1 (Definitions), 2 (Structure of the Agreement), 3 (Confidential Information), 5 (Representations and Warranties), 6 (Limitation of Liability), 7 (Indemnification), this Section 8.2, 8.3 (Non-Exclusive Rights) and 9 (General).

8.3 Non-Exclusive Rights. These termination rights are in addition to all other rights and remedies available to the either Party.

9. GENERAL.

9.1 Use of Other Party's Name. Notwithstanding anything to the contrary in this Agreement, each Party, with the documented consent of the other, is allowed to use in advertising, publicity, promotion, marketing, or other similar activity, any name, trade name, trademark, or other designation including any abbreviation, contraction or simulation of the other Party. Parties agree, upon mutual agreement of content, to a timely released media announcement regarding the Agreement. Notwithstanding

the foregoing, either Party may use the name of the other Party, with reference to the existence of this Agreement, without consent, in all of its materials provided to Investment Representatives.

9.2 Assignment. Except as otherwise permitted herein, neither Party will assign, in whole or in part, this Agreement or any license, rights or obligations granted hereunder, to any other Person or entity, without the prior written consent of the other Party, which consent may not be unreasonably withheld. Any attempted assignment, delegation or transfer by a Party in violation hereof will be null and void. However, either Party may assign this Agreement without the written consent of the other Party to a corporation or other business entity succeeding to all or substantially all the assets and business of the assigning Party by merger or purchase, provided that such corporation or other business entity is not a direct competitor of Verisk's, and will expressly assume all of the assigning Party's obligations under this Agreement by a writing delivered to the other Party. Subject to the foregoing, this Agreement will be binding on the Parties and their successors and assigns.

9.3 Waiver. The failure of either Party at any time to enforce any of the provisions of this Agreement or any right under this Agreement, or to exercise any option provided, will in no way be construed to be a waiver of the provisions, rights, or options, or in any way to affect the validity of this Agreement. The failure of either Party to exercise any rights or options under the terms or conditions of this Agreement will not preclude or prejudice the exercising of the same or any other right under this Agreement.

9.4 Force Majeure. Neither Party will be liable for delay or damages if prevented from fulfilling its obligations by reason of Force Majeure causes, including but not limited to acts of God, acts of war (whether declared or undeclared), insurrection, terrorism, or acts of hostilities (such as invasion or bombing), lockouts, strikes, riots, floods, fires, governmental restrictions covering the use of Internet-based application and support services, priority given to U.S. Government work, export restrictions imposed by any Government, mobilization of technical personnel in general, or any other cause beyond the control of such Party. In case of Force Majeure, the Party's performance obligations will be extended by a reasonable period of time corresponding to the delay caused by the Force Majeure. The Party experiencing the Force Majeure will inform the other Party in writing within fifteen (15) days after a fact or event of Force Majeure has been recognized to have occurred.

9.5 Schedule Delay. In those instances where a responsibility or performance obligation of Verisk or Client is dependent on a precedent performance activity or responsibility of the other Party, and the other Party does not perform its precedent performance activity or

responsibility as of the scheduled date or in accordance with the specifications for such precedent performance activity or responsibility, then the performance activity or responsibility of the other Party may be allowed to delay its performance by a reasonable amount of time; an allowance at least equal to the length of the delay engendered by the other party. The Parties understand that there may be instances where such a corresponding delay may reduce the amount of time for the non-delaying Party to perform its performance activity or its responsibility such that the non-delaying Party does not have adequate or sufficient time to fulfill its obligations in a commercially reasonable manner and stay within the agreed upon schedule as set forth herein, in which case the non-delaying Party will be entitled to take a reasonably necessary amount of time to complete its performance activity or obligation. The Parties agree that a delay, other than a minimal delay, may require a negotiation between the Parties to address the effect of such delay upon performance, schedule and/or price or costs.

9.6 Governing Law; Consent to Jurisdiction. This Agreement, including all matters of construction, validity, and performance, will be governed, construed and enforced in accordance with the laws of New York, if suit is brought by Client, or in accordance with the laws of the Client's state, as listed on the Cover Page of this Agreement, if suit is brought by Verisk. The Parties hereto agree that the exclusive jurisdiction and venue for any action under this Agreement, if brought by Client, will be the state and federal courts in New York, NY, and if brought by Verisk, will be the state and federal courts in Client's state, as listed on the Cover Page of this Agreement, and each of the Parties hereby agrees and submits itself to the exclusive jurisdiction and venue of such courts for such purposes.

9.7 Interpretation. Each Party hereby acknowledges that it has been represented by legal counsel in connection with this Agreement and the matters contemplated hereby. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. No course of dealing, course of performance, or usage of trade may be considered in the interpretation or enforcement of this Agreement. Both parties waive any right they may have to introduce any such evidence.

9.8 Severability. If any provision or portion of a provision of this Agreement is held invalid or unenforceable, the remainder of the Agreement will not be affected, and the remaining terms will continue in effect and be binding on the Parties, provided that such holding of invalidity or unenforceability does not materially affect the essence of the Agreement.

9.9 Notice. Any notice or other written communication required or permitted to be given by a

Party under this Agreement must be addressed to the attention of the administrative contact of the other Party at the address set forth on the Cover Page. The administrative contacts of Verisk and Client are set forth on the Cover Page. Any such notice or other written communication will be deemed delivered either: (1) five (5) business days after the notice has been mailed by certified mail or (2) the next business day after receipted delivery to a recognized overnight courier.

9.10 Compliance with Laws. The Parties agree to comply with all applicable laws. If Verisk requires any government licenses or approvals to proceed with the provision of any Deliverable, Verisk will provide Client with prior notice of the requirement and an estimate of any resulting increase in the price of the Deliverable and Client will have the right to terminate this Agreement without further obligation, excepting obligations as defined in Section 8.2(b) ("Rights and Obligations upon Termination") herein, if Client determines in its reasonable discretion that such price increase is materially large.

9.11 Headings Not Controlling. The headings and numbering of the sections and attachments of this Agreement are inserted for convenience of reference only and will not be construed to define or limit any of the terms herein or to affect the meaning of this Agreement.

9.12 Relationship of the Parties. The Parties to this Agreement are independent contractors. Nothing herein will be deemed to create a separate corporation, a merger or partnership of the Parties, a joint venture, a master-servant relationship, an employer-employee relationship, a contractor-subcontractor relationship, a principal-agent relationship, or any other relationship whatsoever besides that of independent contractors. Further, neither of the Parties to this Agreement, nor their respective officers, directors or employees will be construed to be the agent, employee or representative of the other except, and unless, specifically provided in this Agreement.

9.13 Entire Agreement. This is the entire Agreement between the Parties about its subject. It consists of the Cover Page, Sections 1 through 9, inclusive, any of Appendices A through I, if attached, any attached Statements of Work, and documents expressly referenced or described herein. It incorporates and supersedes all written and oral communications about its subject. This Agreement may not be amended, supplemented or changed in any manner except by a written instrument executed by an authorized representative of both Parties.

9.14 If any applicable federal or state laws either now or hereafter in effect may render any of the material terms of this Agreement unlawful or unenforceable, then the Parties will work together in good faith to restructure the arrangement and amend this Agreement to conform to the then-existing law.

9.15 Dispute Resolution.

- (a) Any dispute arising out of, or relating to this Agreement, not resolved between the parties within fifteen (15) days shall be resolved in accordance with the following procedures. The parties shall refer the dispute to the Chief Executive Officer of each party, who shall have authority to resolve the dispute between the parties. Such executives shall use all reasonable efforts to confer in person or by telephone within forty-eight (48) hours after referral of a dispute, and thereafter as they reasonably deem necessary, to exchange relevant information and to attempt to resolve the dispute.
- (b) Subject to the provisions of this paragraph 9.15, in the event of any dispute under this Agreement, or if it becomes necessary for a party to bring legal action to enforce its rights under this Agreement, the prevailing party in any such dispute or legal action or other proceeding shall be entitled to recover its reasonable legal fees, costs, and expenses from the other party.

[END OF TEXT]

APPENDIX A – VERISK APPLICATION SERVICES

All Deliverables rendered under this Appendix A will be set forth in a related Statement of Work. All Statements of Work will be governed in accordance with the Master Agreement, with the terms and conditions of this Appendix A and in the use and Confidentiality of Protected Health Information by Appendix B (collectively, the “Applications Agreement”).

APPENDIX A.1 TERMS AND CONDITIONS FOR VERISK APPLICATION SERVICES

A.1.1 Definitions

(a) “Application Service” means any Deliverable whereby users gain access, via an interface provided by Verisk, to information compiled by Verisk, in any Internet-available or private data network.

(b) “Application Data” Includes but is not limited to individuals' personal, medical, pharmacy, disability, provider or insurance claim information provided by Client or Client’s business partners, including without limitation, third party administrators, pharmacy benefit companies and utilization management companies, to Verisk to create an Application Service, pursuant to the Applications Agreement. Application Data includes, but is not necessarily limited to, claims and membership information for Client insurance plan members.

(c) “Client Customer” means a Third Party making payments to Client for Client's services and for whom the Application Data used by Verisk to provide an Application Service is uniquely specific.

(d) “Authorized User” means (a) any employee of a Client, or (b) any employee of a Permitted Contractor, or a Client Customer (“Approved Authorized User”).

(e) “Permitted Contractor” means each person or entity who contracts with Client to provide consulting, programming, analytical, or processing services, by installing or accessing the Application Service on computers operated by such person or entity and accessing or executing the Application Service or manipulating related input or output in support of the purposes authorized hereunder for Client’s use of the Application Service, provided that, in the absence of further authorization from Verisk, to qualify as an Approved Authorized User, such person or entity must provide such services insofar as they pertain to the Application Service solely to Client for its sole account, and Client must cause each such entity to enter into, be bound by, and comply with the restrictions and obligations applicable to Client as detailed below.

(f) “Ancillary Verisk Services” will include but are not limited to Comparative Data and other benchmarking, comparative reporting and analysis services used by Verisk as part of or ancillary to an Application Service or consulting service.

(g) “Documentation” will mean the printed user manuals provided by Verisk to Client for use with an Application Service.

(h) “Verisk Applications” means any and all Application Services, the software source, object and executable code used to implement such Application Services, any reports generated from data available through such Application Services, and any modifications or enhancements thereto, but not including any stored Application Data provided by Client to Verisk hereunder.

(i) “Application Service Use” means any access to, visualization of any screen or print display of, or any written or oral description of any such visualization of any component of Verisk Applications.

A.1.2 Use of an Application Service

(a) Client may permit its Authorized Users to access and use an Application Service only for Client’s own internal use and for Client's use in providing services to Client Customers, and not for the use or benefit of any other Third Party.

(b) Client will limit access to an Application Service to those of its Authorized Users that have a reasonable need for such access and will inform the Authorized Users who are allowed such access of the restrictions contained in the Applications Agreement on the use of the Application Service.

(c) Client will not grant access to Approved Authorized Users without first identifying the prospective user to Verisk and receiving approval from Verisk to grant such access, such approval not to be unreasonably withheld.

(d) Each Authorized User account will be used by one and only one individual.

(e) Client will be responsible for the acts and omissions of its Authorized Users with respect to the provisions of the Applications Agreement and use of an Application Service.

(f) The Parties agree to abide by restrictions, as described in Appendix B of this Agreement, on the use of protected health information.

A.1.3 Rights in Application Service Use.

(a) Subject to the terms and conditions of this Agreement, Verisk grants to Client a personal, nontransferable and nonexclusive right to Application Service Use solely within and for the benefit of Client's own internal business operations and for Client's use in providing services to Client Customers, and for no other purpose.

(b) Additional limitations on Client's rights are as follows:

(i) The right to Application Service Use will not extend to any Third Party other than an Authorized User, or any business or operation of a Third Party, unless and until (i) Verisk is notified in writing of the desire for such extension, and (ii) Verisk and Client agree in writing as to appropriate increases, if any, in the payments required under this Agreement.

(ii) Client will not modify, add to, transfer, copy, adapt, translate, create derivative works of, reverse engineer, de-compile or disassemble the Verisk Applications ("Adaptations"). Client will not contract with any Third Party to create Adaptations, nor use Adaptations created by any Third Party independently.

(iii) No right is granted to Client to (i) make Verisk Applications available in any public electronic bulletin board, public computer based information system, or the equivalent; (ii) publish, translate or transfer possession of Verisk Applications or copy any portion thereof; or (iii) without prior written permission from Verisk, frame or deep-link into any page of any Verisk Application, or otherwise mask the appearance of Verisk -identifying information on such page.

(iv) No right is granted to Client (i) for the use of the Documentation or Comparative Data except as part of the corresponding Application Service; (ii) for Application Service Use for or by any Third Party; (iii) to sell, transfer, export, license, sublicense or provide any Verisk Applications to Third Parties other than Application Services made available to Client Customers as Approved Authorized Users, (iv) to transmit Verisk Applications to any Third Party other than an Authorized User in accordance with the terms hereof, (v) for Application Service use for any purpose other than as expressly permitted under this Agreement.

(c) Except as specifically provided in this Agreement, Verisk assumes no responsibility for (i) providing any improvements to Verisk Applications, (ii) maintaining the Verisk Applications, or (iii) providing other services with respect to the Verisk Applications.

A.1.4 Ownership of Intellectual Property.

(a) Verisk owns and retains all right, title, and interest in and to, including without limitation all Intellectual Property rights, in all software programs (whether or not installed on a Client-owned system), methodology, techniques, the identity of edits and materials, enhancements, derivatives, and modifications to all Verisk owned intellectual property, including without limitation all source code, object code, and documentation associated therewith, and all documentation, report formats, methodologies, algorithms, templates, logic flow, formulae, inventions, methods, systems, processes, works of authorship, and materials which have been or are in the future created, conceived, developed or acquired by Verisk and which are included in or used in providing the Services, including without limitation the Licensed Products and Services and all modifications, improvements, derivative works and compilations thereof and thereto (all the foregoing, collectively, Verisk IP or Verisk Intellectual Property). Client agrees that all Verisk IP constitutes the Confidential Information of Verisk, and Client shall not use or disclose such Confidential Information except as permitted under Paragraph 3 of the Master Agreement.

(b) Client agrees that it will not use or disclose such Verisk IP except solely as necessary to receive the Services described in this Agreement. Without limiting the foregoing, Client shall not, and shall cause its employees or authorized users to not: 1) reverse engineer, decompile, reverse compile, or disassemble the Verisk IP; 2) create a derivative work or compilation of the Verisk IP, including without limitation any product or service derived or compiled from or based on, in whole or in part, any Verisk services or products. Client may not copy, distribute, market, sell, lease, sublicense or otherwise transfer the Licensed Programs or Services to third parties.

(c) Notwithstanding the above, in no way shall Client be prevented from implementing changes to its systems, processes, or contracts that are done in the ordinary course of business or were otherwise arrived at independent of and without reliance on or benefit of the results of the Licensed Programs or Services provided herein.

(d) As between the Parties, Verisk and its licensors are the owners of all right, title and interest, including all intellectual property rights, in and to Verisk Applications, Comparative Data and Ancillary Verisk Services. Except as expressly provided herein, Verisk and its licensors reserve all rights with respect to Verisk Applications and Client will not have or exercise any such rights not expressly granted.

(e) As between the Parties, unless otherwise specified in a Statement of Work, Verisk will be the owner of all right, title and interest, including all intellectual property rights, in and to any code required to provide Deliverables, and Client will be the owner of all right, title and interest, including all intellectual property rights, in and to Application Data and printed or displayed output from Deliverables that includes Application Data.

(f) Third Party Intellectual Property in the Application Services. To provide the Application Services, Verisk is required to acknowledge the following licenses of third-party data.

(i) *AMA Sublicense.* CPT (current procedural terminology) Codes, CPT descriptions, and CPT material only are copyright American Medical Association ("AMA"). All Rights Reserved. No fee schedules, basic units, relative values or related listings are included in CPT. AMA does not directly or indirectly practice medicine or dispense medical services. AMA assumes no liability for data contained or not contained in the Application Services provided. CPT is a trademark of the American Medical Association. Future updates to CPT are contingent upon Verisk continuing its contractual relationship with the AMA.

(ii) *U.S. Government Rights.* The Application Services include CPT which is commercial technical data and/or computer data bases and/or commercial computer software and/or commercial computer software documentation, as applicable, which were developed exclusively at private expense by the American Medical Association, 515 North State Street, Chicago, Illinois, 60610. U.S. Government rights to use, modify, reproduce, release, perform, display, or disclose their technical data or and/or computer data bases and/or computer software and/or computer software documentation are subject to the limited rights restrictions of DFARS 252.227-7015(b)(2) (June 1995) and/or subject to the restriction of DFARS 227.7202-1(a) (June 1995) and DFARS 227.7202-3(a) (June 1995), as applicable for the U.S. Department of Defense procurements and the limited rights provisions of FAR 52.227-14 (June 1987) and FAR 52.227-19 (June 1987), as applicable, and any applicable agency FAR Supplements, for non Department of Defense Federal procurements.

A.1.6 Additional Verisk Indemnity. In addition to the provisions of Section 7 ("Indemnity") of the Master Agreement:

(a) Verisk will protect, indemnify, hold harmless and defend Client with counsel reasonably acceptable to each Party, at Verisk's expense, against so much of any claim, action or suit brought against Client by a Third Party as may allege or claim that an Application Service or any portion thereof (other than those portions which are Third Party software), or the use or possession thereof infringes or violates any existing United States patent (except for claims under patents of which Verisk is unaware as of the Effective Date), United States copyright or trade secret of a Third Party. Verisk will pay, indemnify and hold harmless Client from and against any and all final judgments or settlements agreed to by Verisk which are attributable to such claims, including costs and reasonable attorneys' fees as finally awarded or agreed to in such settlements; provided, however, Client notifies Verisk promptly in writing of such claim and grants Verisk sole control of the defense and of all negotiations for settlement or compromise thereof.

(b) In the event an injunction is obtained against Client's use of an Application Service or any portion thereof, or in the opinion of Verisk it appears likely that such an injunction will be obtained, Verisk will at its option, (i) secure Client's right to continue using such Application Service or portion thereof, (ii) replace or modify such Application Service or portion thereof to make it non-infringing, or if (i) and (ii) are unreasonable in Verisk's opinion, then (iii) terminate or cancel Client's licenses and rights with respect thereto, and refund Client an amount representing the value of the unused portion of any prepaid Application Service fees.

(c) The foregoing defense, indemnification and other obligations of Verisk, pursuant to this Section will not apply to the extent that (i) without the written consent of Verisk, Client modifies an Application Service or any portion thereof, (ii) Client or any of its subsidiaries uses an Application Service or any portion thereof, in a manner not permitted or contemplated hereunder or in violation of this Agreement, including without limitation any method of framing any Application Service screen or subset of a screen, (iii) the infringement claim is based on a patent or copyright owned or controlled by Client or that could reasonably have been licensed by Client, or (iv) infringement results from the combination of an Application Service or any portion thereof with any hardware, data or other applications or services not provided or specified by Verisk.

(d) The foregoing will be Client's sole and exclusive remedy with respect to Intellectual Property infringement as it relates to Application Services.

A.1.7 Client's Authorized User Warranty. Client represents and warrants to Verisk that it will have obtained, prior to the commencement of the use of an Application Service, appropriate agreements with its Authorized Users who may access and use the Application Service sufficient to enable Client and its Authorized Users to comply with the terms of the Applications Agreement. The requirements of the previous sentence will be considered fulfilled if an Authorized User acknowledges acceptance of the terms of an End User License Agreement (EULA) describing such compliance, which such EULA has been made available for Authorized User viewing and acceptance upon the Authorized User's first attempt to gain access to the Application Service. In the event Client learns or has determined that an Authorized User is in breach of such EULA, Client will notify Verisk within five (5) days of such breach. In that event, or if Verisk otherwise learns or has determined that an Authorized User is in breach of such EULA, Verisk will have the right to terminate such Authorized User's access to any Application Service forthwith. Furthermore, Client hereby expressly guarantees the performance of Authorized User obligations under any EULA.

A.1.8 Additional Exclusion from Liability. Verisk will not be liable for any damages, expenses or loss due to impairments to a Deliverable caused by acts of Client or its Authorized Users.

A.1.9 Additional Rights and Obligations upon Termination. Upon any termination of this Applications Agreement, Client will cease all use of any Application Services. Verisk will not be obligated to return to Client or Client Customers any De-identified Data.

A.1.10 Additional Confidentiality. The identities of and other information about Client Customers is included as Confidential Information protected under the terms of the section on Confidential Information in the Master Agreement.

A.1.11 No Rights by Implication. Except as expressly set forth in this Applications Agreement, no direct or indirect ownership interest or license rights are granted or created by implication in this Applications Agreement. Any other grant of an ownership interest or license rights must be negotiated in a Statement of Work or separate agreement.

A.1.12 Trademarks. Neither Party has a right to and hereby agrees not to use in any manner the name, trade name or any trademark of the other Party except as allowed in Section 9.1 of the Master Agreement.

A.1.13 Similar Work for Other Customers. Verisk may perform the same or similar services for others.

APPENDIX A-2D—STATEMENT OF WORK FOR PERFORMANCE MEASUREMENT (APPLICATION SERVICE PROVIDER)

A2D.1. General

- (a) *Reference to Applications Agreement.* The Parties agree that this Appendix A.2D is a Statement of Work subject to Appendix A – Verisk Application Services, and as such is governed by the Applications Agreement terms defined therein. Unless explicitly amended by a term in this Appendix, the terms and conditions of the Applications Agreement remain in force. If there is any discrepancy or ambiguity in interpretation such that a term of this Appendix potentially conflicts with a term of the Applications Agreement, the Parties agree that the term of this Appendix takes precedence.
- (b) *Effect of Termination of the Terms of this Appendix.* If this Appendix A.2D represents the only Statement of Work in effect between Verisk and Client, termination under the terms of this Appendix A.2D will be treated as a termination of the Master Agreement as described in the Term and Termination Section. In all other cases, termination under the terms of this Appendix will be a termination of the obligations of the Parties as described in this Statement of Work only.
- (c) *Additional Definitions*
- (i) “Upgrade” means an updated version or new instance of a module, report or form added to the base Application Service described herein and offered by Verisk to its clients at no additional charge beyond the applicable base Application Service fees.
- (ii) “Payor” is strictly limited to the following types of organizations: Health Plan, Pharmacy Benefits Manager (PBM), and Third Party Administrator (TPA) unless otherwise agreed to in writing by the Parties.
- (iii) “Clean and Complete” means data from a Client Payor which includes required data elements and control totals delivered to Verisk in a consistent format. More specifically, “complete” refers to receiving files required for processing and “clean” refers to the data elements being correctly populated in those files.
- (iv) “Data,” unless otherwise explicitly indicated, is strictly limited to medical claims data, or pharmacy claims data, or eligibility data. Eligibility data is sourced from the Payor data files. For clarification, this definition is not meant to exclude supporting data such as data dictionaries, crosswalk tables or data maps.

A2D.2. Application Service Description

(a) *Base Application Service Description*

Performance Measurement is a suite of software modules, which provide for the calculation and analysis of Healthcare Effectiveness Data and Information Set (HEDIS[®]) measures. HEDIS is developed and maintained by the National Committee for Quality Assurance (NCQA), a not-for-profit organization committed to assessing, reporting on and improving the quality of care provided by organized delivery systems.

Performance Measurement consists of: (i) Quality Engine (“Quality Engine”), which calculates HEDIS administrative rates and is 100% certified by the NCQA HEDIS Software CertificationSM program, a systematic sampling module that is also 100% certified under the NCQA Software Certification program, a medical record chase module, which identifies health care providers which are likely to possess the medical records needed for the HEDIS hybrid methodology chart review process, a patient level detail (PLD) file generator used for submission of Medicare data to NCQA, and other utilities for extraction of demonstration data, NCQA IDSS submission file creation, and administrative updates to sample data; (ii) Quality Reporter Viewer (“Quality Reporter Viewer”), which provides HEDIS reports, detailed data drills for analysis, audit, comparative studies, intervention support, and other data analysis features.

HEDIS[®] is a registered trademark and HEDIS Software CertificationSM is a service mark of the National Committee for Quality Assurance (NCQA).

All Performance Measurement Application Services including HEDIS databases, will be installed and hosted on Verisk servers. The Quality Engine component of the Licensed Program is not available for access by Client. Client will have access to Quality Reporter via a secure remote desktop connection.

A2D.3. Deliverables

The following Deliverables Schedule details the support included in the statement of work. The deliverable schedule assumes the enrolled members are less than 150,000. The number of enrolled members is defined by the number of members loaded into the software.

| Item | <i>Deliverable description</i> | Assigned to | Completion Date |
|------|--|-------------|---|
| 1 | Kickoff meeting, Web Portal Set up, Software access | Vendor | SOW execution plus 14 days |
| 2 | Client Questionnaire completed | Client | SOW execution plus 7 days |
| 3 | Input File Walkthrough | Vendor | SOW execution plus 14 days |
| 4 | Define Custom Input (if applicable) | NA | NA – if client will use standard format |
| 5 | Test Admin Data prepared | Client | SOW execution plus 21 days |
| 6 | Translate Custom Input (if applicable) | NA | NA – if client will use standard format |
| 7 | Install and Train Quality Engine in Person | NA | NA for ASP model |
| 8 | Install and Train Measures Developer in Person (if applicable) | NA | NA |
| 9 | Train Quality Reporter via webinar - Viewing | Vendor | SOW execution plus 14 days |
| 10 | Test Run completed | Vendor | The later of 21 days from the receipt of usable input files or 42 days after SOW execution |
| 11 | Data Analysis - Test | Client | Test Run plus 14 days |
| 12 | Retest (if necessary) | Client | tbd |
| 13 | Location/Provider cleanup performed | Client | Test Run plus 14 days |
| 14 | Sample Configuration Completed | Client | |
| 15 | Chase Configuration Completed | Client | |
| 16 | CAHPS - Files made available | Client | |
| 17 | CAHPS Extract Completed | Vendor | 7 days from the receipt of usable input files. Input files should be standard or in the same format as test input |
| 18 | Production Software Validation | Client | |
| 19 | Production Input Files Prepared | Client | |
| 20 | Production Datamart with Sample Pull Available | Vendor | 7 days from the receipt of usable input files. Input files should be standard or in the |

| Item | <i>Deliverable description</i> | Assigned to | Completion Date |
|------|---------------------------------------|-------------------|--|
| | | | same format as test input |
| 21 | Data Analysis - Production | Client | Delivery of Production Data plus 14 days |
| 22 | Train Quality Reporter | Vendor | Viewing features and managing chart review – In Person (July-Nov) Performing Chart Review – In Person (Dec-March) |
| 23 | Administrative Refresh Input Prepared | Client | |
| 24 | Final Datamart Created | Vendor | 7 days from the receipt of usable input files. Input files should be standard or in the same format as test input |
| 25 | Chart Review | Client | |
| 26 | IDSS Plan Lock | Client | |
| 27 | IDSS Mark Final | Client | |
| 28 | PLD Submission | Client | |
| 29 | Feedback Meeting | Client and Vendor | |
| 30 | Proactive Run | Vendor | |

- (a) *Initial Implementation.* Implementation is considered completed (“Initial Implementation”) upon the successful provision of the scheduled Deliverables one (1) through ten (10) described in Section A2D.3 above. Such success is to be reasonably determined by Verisk and Client jointly as reflecting the accurate representation of Client’s data in the Application Services provided. By means of explanation and not exclusion, success will be considered realized if Verisk has provided the appropriate Application Services, even if such Application Services include flawed data that has been provided by Client or Third Parties acting on behalf of Client. Although Verisk will use its best effort to cleanse and quality control all data submissions, there can be no assurance that the Application Services will not include flawed data from parties other than Verisk.
- (b) *Remote Access.* Verisk will provide remote access to the Application Services to five (5) named users. User connections allocated to Permitted Contractors will be deducted from the total number of connections allotted to Client.
- (c) *Measurement Production Services.* Verisk will: audit and load Client data; execute measure logic; perform sampling extractions and chase logic; execute two (2) production HEDIS runs, one test run, CAHPs extracts, and one proactive (Summer) run. Additional HEDIS runs are available at the rate specified in A2D.5(a).
- (d) Verisk represents and warrants that it has and will maintain NCQA certification.

A2D.4. Client Responsibilities

- (a) Client will provide computers and operating systems (Microsoft Windows) for remote access to Verisk servers.
- (b) Client will provide input data formatted according to the Verisk data input specifications
- (c) **Input Data**

(i) *Input Data Format.* The Verisk data input specifications (“Input Specifications”) are published on Verisk’s Web Portal.

(ii) *Correction of Client Input Data.* In the event that Client is unable or unwilling to create input data to utilize Quality Engine to process data and produce correct results, Client will send its then-current input data (“Client-Formatted Input Data”) to Verisk for analysis and processing. Once analyzed, Verisk will do one of the following:

(1) If the Client-Formatted Input Data is determined to be incorrectly formatted for input to the Quality Engine, Verisk will create a client translation process (“Client Data Translation”) and translate Client-Formatted Input Data in order for Client-Formatted Input Data to correctly be presented as input to the Quality Engine at Verisk’s standard hourly support rate noted in A2D.5(a) (\$200 an hour). If data that is required for Quality Engine was omitted from Client-Formatted Input Data, Client agrees to modify Client-Formatted Input Data as requested by Verisk, and send such data to Verisk as needed. Once the Client Data Translation is developed, Verisk will provide a “plug-in” to its Quality Engine, which will incorporate the Client Data Translation into the Quality Engine for Client to use for future HEDIS runs. Client agrees to utilize the Client-Formatted Input Data format for future runs of the Quality Engine.

(2) If the Client-Formatted Input Data is determined to be correctly formatted, Vendor will correct the problem at no charge.

(d) **Failure to Provide Data.** In no event, excepting cases of true impossibility, shall Client’s failure to provide data to Verisk constitute a “frustration of the venture” or otherwise discharge Client’s obligation to pay the annual fee.

(e) Project Management

Each party shall designate in writing one person (“Project Manager”) who will be the contact person for all implementation issues associated with the performance of this Statement of Work. Each party may substitute or replace its Project Manager at any time upon providing written notice to the other party. Each party shall make its Project Manager available for planning sessions, status meetings, telephone consultation, and otherwise as reasonably required to facilitate the implementation of this Statement of Work.

A status meeting will be conducted regularly. Normally every 2 weeks to track deliverables, answer questions, and discuss any open items.

Verisk’s Web Portal will be used for meeting minutes, open issue tracking, communication, software downloads and training materials.

(f) **Change Management.** Deliverable completion dates cannot be changed except via this change control process. If a deliverable date is to change, a change control request (Appendix C) shall be submitted to Client’s Project Manager for review and consideration. The request should indicate why the change is necessary and what it will cost, as well as the impact on the planned activity dates. Should the Client Project Manager believe the change should be approved, it must be reviewed and approved by an officer authorized to bind the Client. Once approved, the Project Manager must submit the change via appropriate standard Client request documentation to the Client approval process for additional funding; if additional funding is approved, the project plan will be changed and the purchase order altered to reflect the increased cost.

A2D.5. Application Service Pricing

(a) Application pricing for Performance Measurement Application Services is calculated as follows:

| Annual Fees: | Price and Description | |
|----------------------------|-----------------------|--|
| Annual Service License Fee | \$100,000 | Includes five (5) named user licenses ; pricing valid for up to 150,000 members loaded into software. |
| One-Time Fees | | |
| Implementation Fee | \$5,000 | Implementation |

| | | |
|--|--------------------------------|--|
| Data Translation | \$200/hour | For data translation from IKA Systems claims file. Estimate of thirty eight (38) hours of translation work to be validated upon receipt of IKA data layouts. |
| Claims data file delivery | Included | Accept IKA Systems data file – IKA will post data file to Verisk secure FTP site. |
| On-Site Training | Included | Two days on-site training included. All reasonable travel costs and expenses are the responsibility of the client. |
| Rates for As-Requested Services | | |
| Additional On-Site Training | \$3000 per day | Plus reasonable travel and expenses |
| Additional User Licenses | \$1,000 | Per Year Per Named User |
| Additional Support | \$200/hour | Rate for Additional Support and Client Data Translation after the first 40 hours of Data Translation. |
| Additional HEDIS Process Runs | \$5,000 | Per run as requested by Client. |
| Additional DataMarts | \$15,000 annually per Datamart | Additional datamarts (e.g. quarterly, 2 years prior, etc.) are available upon request. 15 business days notice is required for request fulfillment. |

(i) *Annual Service License Fees.*

(1) The Annual Service License Fee for year one shall be invoiced on the Agreement Effective Date. The Annual Service License Fee in each subsequent year shall be invoiced on the anniversary date of the contract.

(ii) *Implementation Fee.* \$5,000

(iii) *Discount:* A \$10,000 per year discount (\$30,000 total over three years), will be applied only if a fully executed agreement is received by Verisk on or before June 29, 2012.

(iv) *Additional Support.* \$200 per hour.

(v) Five (5) users will be licensed to access the Performance Measurement Application Services. Additional users may be added at the rate of \$1,000 per user per year.

(vi) *Annual Application Service Price Escalation.* The annual license fee will increase by 5% for each year following year one of the contract.

(vii) Providing access to the current year DataMart and a single DataMart from the prior year is included in license fee. This will be provided up to June 30. Dedicating one or more of the user connections towards these DataMarts is free.

A2D.6. Support & Training

(a) **Support.** Provide Standard Support - Provide support for work specified in the statement of work up to 15 hours per month. Support in excess of 15 hours per month or for items not specified in the statement of work will be charged at the rate of \$200 hour.

Vendor's Standard support hours are 8:00am – 5:00pm Central Time, Monday through Friday, except for holidays. For support outside the standard support hours, specific arrangements for after-hours support must be made by Client with Vendor a minimum of forty-eight (48) hours in advance of the support being conducted.

Services are accessible via: Email: hedis-support@veriskhealth.com; Phone: 952.368.9970 during standard support hours

(b) **Training.** Two days on-site training included. All reasonable travel costs and expenses are the responsibility of the Client. Verisk offers scheduled webinars free of charge – normally scheduled each month from December – May. Additional onsite training will be billed to the client at a cost of \$3000 per day plus travel and expenses.

(c) **Application Consulting Services.** Verisk may, upon written and properly authorized request, provide consultative assistance in the use and value extraction from an Application Service described herein. For the sole purpose of such assistance, the following rates apply:

| Role title | Expertise/Role | Hourly rate |
|--------------------------------|---|--------------------|
| Sr. Scientist/Principle | Physician or principle officer of Verisk Health with substantial healthcare experience | \$350 |
| Clinical Consulting | RN or Engineer with specific healthcare and clinical skills | \$200 |
| Bioinformatics Analyst | Bioinformatics Analyst with 5+ years experience in computer science and healthcare analytics experience | \$200 |
| Programmer/Processor | Verisk Health data processor or programmer | \$200 |

Both parties agree to the above Statement of Work by their respective signatures below.

Client

Verisk Health, Inc.

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPENDIX A-2E—STATEMENT OF WORK FOR PERFORMANCE MEASUREMENT MEDICAL RECORD RETRIEVAL

A2E.1 General

- (a) *Reference to Applications Agreement.* The Parties agree that this Appendix A.2E is a Statement of Work subject to Appendix A – Verisk Application Services, and as such is governed by the Applications Agreement terms defined therein. Unless explicitly amended by a term in this Appendix, the terms and conditions of the Applications Agreement remain in force. If there is any discrepancy or ambiguity in interpretation such that a term of this Appendix potentially conflicts with a term of the Applications Agreement, the Parties agree that the term of this Appendix takes precedence.
- (b) *Reference to Appendix A-2D—Statement of Work for Performance Measurement Application Services.* This Statement of Work is entered into in conjunction with Appendix A-2D. Because Performance Measure Application Service is necessary to utilization of the Medical Record Retrieval functionality within that Application Service this Statement of Work is governed by Appendix A-2D as well, and shall remain in effect only for so long as that Appendix is in effect.
- (c) *Term of This Statement of Work.* This Statement of Work shall commence as of the last dated signature below, and shall remain in effect, unless terminated in accordance with Master Agreement, for a period of three years.

A2E.2 Project Background

- (a) The purpose of this Statement of Work is to define the medical record review capabilities Verisk will be providing to Client to support HEDIS reporting and management using the Verisk Performance Measurement Application Service.
- (b) This Statement of Work outlines the functions and deliverables Verisk will provide to Client to support the medical record review process used to potentially improve HEDIS scores.

A2E.3 Project Objectives

- (a) Verisk will put in place to complete medical record review and then provide the results of that review within the Performance Measurement Application Service.

A2E.4 Approach and Deliverables

- (a) Verisk will put in place a robust end to end solution to complete medical record review. This includes the creation of a chase report list, contacting the providers to obtain the medical records, completion of the medical record review, and provision of the results of the review within the Performance Measurement Application Service.
- (b) **Specifics of the project**
 - (i) Verisk will create an extract from Sightlines Performance Measurement that reflects the list of Providers and Member medical records that require medical review.
 - (ii) Representatives will then contact the offices and obtain the medical records from the physician offices for the members identified for medical record review.
 - (iii) The review of the medical record will be completed by a certified clinical coder. Each clinical coder is certified by either AAPC or AHIMA (the two national certifying agencies in the US). In addition to Verisk’s extensive training programs, each coder also attends annual trainings and examinations to keep their certifications current.

- (iv) Verisk has eight (8) HEDIS experienced professional coders who also are clinicians that provide medical record review. They will be assigned to this Project.
- (v) The results of the completed medical record review will be available to Client staff within the Performance Measurement Application Service. Client will be able to view reporting in the application.
- (vi) Medical Record Review data entry will be performed on the ASP instance of Client's Performance Measurement Application Service. Data updates will be visible immediately within the Client's Application Service and available for review by Client staff at any time.
- (vii) Verisk will provide reporting on the chart extraction/chase process.
- (viii) A copy of the medical record will also be available within the Performance Measurement Application Service for audit validation.

A2E.5 The Key Deliverable is:

- (a) Publish the results of the medical record review within Performance Measurement Application Service for Client staff to access.

A2E.6 Project Timeframe

- (a) Verisk will perform medical record review for Client in the 2013, 2014, and 2015 HEDIS seasons.

A2E.7 Professional Fees

- (a) Each medical record review will be at a cost of \$25.00 (Twenty five dollars) per review. There is a minimum commitment of 3,500 charts with an expected volume of between 4,000 to 5,000 charts reviewed per HEDIS season. Client will be billed monthly.
- (b) Client will be invoiced and responsible for all provider chart retrieval fees charged to Verisk.

APPENDIX A.3—SERVICE LEVEL SUPPORT FOR VERISK APPLICATION SERVICES

The following schedule and technical support will be available to Client throughout the term of this Agreement.

A.3.1 Application Service Performance Levels.

(a) Definitions.

(i) "Host Server" means the server(s) on which Verisk has installed an Application Service for Client's Application Service Use.

(ii) "Downtime" means time when an Application Service is not accessible or does not correctly respond to user input because of Application Service failure or error, failure of hardware within the control of Verisk or its hosting subcontractor, electrical failure at the hosting facility, or a failure of the local area network to which the Host Server is connected.

(iii) "Availability" means the percentage of time, between the hours of 8:00 am and 5:00 pm, Eastern time, from Monday through Friday excepting holidays, during which an Application Service is not experiencing Downtime. Availability will exceed ninety-seven percent (97%) per month ("Availability Target").

(b) **Response times.** During any period for which Client has paid the applicable monthly Application Service fees, Verisk agrees that it will use its best efforts to respond to Client's requests for services and resolve the problems indicated within the time frames set forth in this Section.

(i) Severity Level 1 problems render an Application Service totally inoperable. No workaround exists. Response time: 1 business day. Verisk action: Immediately and continuously work toward resolution or acceptable workaround. Escalate if not resolved within 2 business days.

(ii) Severity Level 2 problems severely restrict operation or result in lack of key Application Service functionality. Response time: 2 business days. Verisk action: Immediately and continuously work toward resolution or acceptable workaround. Escalate if not resolved within 3 business days.

(iii) Severity Level 3 problems have a minor impact on operation, but some functionality is not available. Response time: 5 business days. Verisk action: Workaround provided within 2 weeks, with fix provided in the next release of the Application Service.

(iv) Severity Level 4 problems are usage questions. Response time: These are normally quick answers that can be provided within 2 business days. We can commit to addressing all within 5 business days. Verisk action: Question answered.

(c) **Escalation Procedure.** If a Severity Level 1 or Severity Level 2 problem, as described above, is not resolved in the response time indicated in section A.3.1.b, the problem will be escalated to a senior Verisk support manager who will update Client's senior IS personnel twice a day until the problem is resolved.

APPENDIX B—BUSINESS ASSOCIATE AGREEMENT

This Agreement is entered into on this _____ day of _____ 20____, by and between the Verisk Health, Inc., on behalf of itself and its subsidiaries (each a “Business Associate”), and «Covered_Entity name», a «Type_and_Jurisdiction» (“Covered Entity”).

***WHEREAS,** Covered Entity will make available and/or transfer to Business Associate certain information, in conjunction with services that are being provided by Business Associate to Covered Entity, that is confidential and must be afforded special treatment and protection; and*

***WHEREAS,** Business Associate will have access to and/or receive from Covered Entity certain information that can be used or disclosed only in accordance with this Agreement; and*

***WHEREAS,** Business Associate and Covered Entity desire to comply with the applicable business associate provisions of the privacy regulations (45 C.F.R. Parts 160-164), the provisions of the security regulations (45 C.F.R. Part 164), the provisions of the standards for electronic transactions regulations (45 C.F.R. Parts 160 and 162), and the securities regulations (45 C.F.R. Part 142) of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”).*

NOW, THEREFORE, Covered Entity and Business Associate agree as follows:

1. Definitions. Capitalized Terms used but not otherwise defined in this Agreement shall have the same meaning as those terms in the Privacy Rule and the Security Rule.

1.1 "Individual" shall have the same meaning as the term "individual" in 45 CFR §164.501 and shall include a person who qualifies as a personal representative in accordance with 45 CFR §164.502(g).

1.2 "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

1.3 "Protected Health Information" shall have the same meaning as the term "protected health information" in 45 CFR §164.501, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

1.4 "Related Agreement" shall mean that certain «Related_Agreement_Name, and effective date».

1.5 "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR §164.501.

1.6 "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.

1.7 “Security Rule” shall mean the Standards for the Security of Electronic Protected Health Information at 45 CFR Part 164, Subpart C.

2. Obligations and Activities of Business Associate

2.1 Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by this Agreement or the Related Agreement or as Required by Law.

2.2 Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than in accordance with the terms of this Agreement.

2.3 Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware.

2.4 Business Associate agrees to require that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.

2.5 Business Associate agrees to provide access, at the request of Covered Entity, and in such time and manner as the parties may mutually agree, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR §164.524.

2.6 Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR §164.526 at the request of Covered Entity or an Individual, in such time and manner as the parties may mutually agree.

2.7 Business Associate agrees to make its internal practices, books, and records, including policies and procedures, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to Covered Entity or the Secretary, in such time and manner as the parties may mutually agree or as may be designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule and Security Rule.

2.8 Business Associate agrees to use commercially reasonable efforts to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR §164.528.

2.9 Business Associate agrees to provide to Covered Entity or an Individual, in such time and manner as the parties may mutually agree, information collected in accordance with Section 2.8 of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR §164.528.

2.10 Business Associate agrees to (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of the covered entity as required by the Security Rule §164.314; (ii) ensure that any agent, including a subcontractor, to whom it provides such information agrees to implement reasonable and appropriate safeguards to protect it; and (iii) report to the covered entity any security incident of which it becomes aware;

3. Permitted Uses and Disclosures by Business Associate

3.1 Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Related Agreement, provided that such use or disclosure would not violate the Privacy Rule or Security Rule if done by Covered Entity.

3.2 Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

3.3 Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as Required By Law or for the purpose for which it was disclosed to the person, and the person notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

3.4 Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide data aggregation services to Covered Entity as permitted by 42 CFR §164.504(e)(2)(i)(B).

3.5 Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with §164.502(j)(1).

4. Obligations of Covered Entity

4.1 Covered Entity shall promptly notify Business Associate of any limitation(s) in the notice of privacy practices of Covered Entity in accordance with 45 CFR §164.520, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information.

4.2 Covered Entity shall promptly notify Business Associate of any changes in, or revocation of, permission by any Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information.

4.3 Covered Entity shall promptly notify Business Associate of any restriction in the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR §164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.

5. Permissible Requests by Covered Entity. Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule or Security Rule if done by Covered Entity.

6. Term and Termination

6.1 Term. The Term of this Agreement shall be effective as of the date first written above, and shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information,

protections are extended to such information, in accordance with the termination provisions in this Section.

6.2 Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:

- (a) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within thirty (30) days after the date on which Covered Entity first notifies Business Associate in writing of such breach or violation;
- (b) Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
- (c) To the extent required by law, Covered Entity may report the violation to the Secretary.

6.3 Effect of Termination.

- (a) Except as provided in paragraph (b) of this section, upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall also apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon the parties' mutual agreement that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

7. Limitation on Liability. To the maximum extent permitted by law, the parties agree that any claims for liability that Covered Entity may have against Business Associate relating to this Agreement, including any cause of action arising in contract, tort, or strict liability, shall be subject to the limitations on liability described in the Related Agreement, it being the parties' express intention that in no event shall Business Associate's liabilities arising under this Agreement and the Related Agreement collectively exceed such limitation. Should the Related Agreement not provided for a limitation on Business Associate's liability, then, to the maximum extent permitted by law, the cumulative liability of Business Associate to Covered Entity for all claims relating to this Agreement, including any cause of action arising in contract, tort, or strict liability, shall not exceed the total amount of all fees paid to Business Associate under the Related Agreement. In no event shall Business Associate be liable for any loss of profits; any incidental, special, exemplary, or consequential damages; or any claims or demands brought against a party, even if the other party has been advised of the possibility of such claims or demands.

8. Insurance. Contractor shall maintain insurance coverage sufficient to cover liability incurred for non-compliance with this agreement or HIPAA.

9. Miscellaneous

9.1 Effect. The terms and provisions of this Agreement shall supercede any other conflicting or inconsistent terms and provisions in any other agreement between the parties. This Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and their respective permitted successors and assigns, but neither party may assign this Agreement without the prior written consent of the other, which consent shall not be unreasonably withheld or delayed; provided, however, that Business Associate may assign its rights hereunder without such consent to any parent, subsidiary or affiliate or to any successor to all or substantially all of its business.

9.2 Regulatory References. A reference in this Agreement to a section in the Privacy Rule or Security Rule means the section as in effect or as amended.

9.3 Amendment. Business Associate and the Covered Entity agree to amend this Agreement to the extent necessary to allow either party to comply with the requirements of the Privacy Rule, the Security Rule, the Standards for Electronic Transactions (45 C.F.R. Parts 160 and 162) and the Security Standards (45 C.F.R. Part 142) promulgated or to be promulgated by the Secretary or other regulations or statutes, and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191. This Agreement may be amended only by a written agreement executed by both parties

9.4 Survival. The respective rights and obligations of Business Associate under Section 6.3 of this Agreement shall survive the termination of this Agreement.

9.5 Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule and the Security Rule. The article headings used are for reference and convenience only, and shall not enter into the interpretation of this Agreement.

9.6 Counterparts. This Agreement may be executed in separate counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

9.7 Choice of Law. This Agreement is entered into and shall be construed under the laws of the New York.

9.8 Notices. Except as otherwise set forth herein, all notices shall be in writing and deemed given (a) upon delivery, if delivered in person or by prepaid telegraph, (b) five (5) business days after mailing if sent registered mail, return receipt requested, or (c) the next business day after sending, if sent by commercial overnight courier (unless returned undelivered or the courier reports a later delivery). Notices shall be addressed to each party at the address listed beneath such party's signature below, or such other address as the recipient may have specified by earlier notice to the sender.

10.9 Force Majeure. Business Associate shall be excused from performance under this Agreement for any period Business Associate is prevented from performing any services pursuant hereto, in whole or in part, as a result of an act of god, war, civil disturbance, court order, labor dispute or other cause beyond its reasonable control, and such nonperformance shall not be grounds for termination.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and delivered as in instrument under seal by their duly authorized representatives, as of the date set forth above.

Verisk Health, Inc.

«Covered_Entity»

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

Address:

Address:

Street

«City», «State» «Zip»

Attn: «Attn_To»

APPENDIX C. SERVICE CHANGE REQUEST

Client has submitted the attached change request to Verisk dated _____ to modify the scope of services defined in the Agreement. In response to such request, Verisk submitted the attached proposal to Customer dated _____ outlining the costs for implementing the change.

Both parties shall indicate their agreement to the terms and conditions of Verisk’s proposal, which shall become a part of this Attachment, by executing below.

CLIENT

VERISK

Corporate Officer’s Signature

Corporate Officer’s Signature

Name (type or print)

Name (type or print)

Title

Title

Date

Date