

RESOLUTION NO. 2013- 27

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, APPROVING AMENDMENTS TO THE CURRENT ADMINISTRATIVE SERVICES AGREEMENT WITH BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. D/B/A FLORIDA BLUE

RECITALS:

WHEREAS, Blue Cross and Blue Shield of Florida, Inc. seeks amendment of the current Administrative Services Agreement to include the new trade name of Florida Blue, to modify certain disclosure language and to include provisions related to trade secrets, pharmacy claims and value based reimbursement claims processing; and

WHEREAS, the proposed changes will cause no change in fees to the County; and

WHEREAS, the St. Johns County Insurance Committee has determined the modifications are needed and therefore recommends approval of the proposed amendments.

NOW, THEREFORE, BE IT RESOLVED by the Board of County Commissioners of St. Johns County, Florida, that:

Section 1. The above recitals are incorporated into the body of this Resolution and such Recitals are adopted as findings of fact.

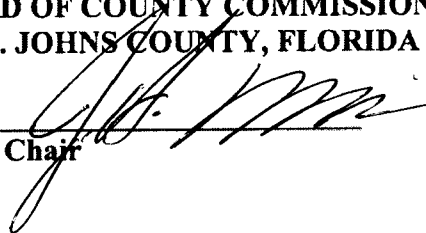
Section 2. The attached modifications reviewed and recommended for approval by the St. Johns County Insurance Committee are hereby approved and adopted by the Board of County Commissioners of St. Johns County Florida.

Section 3. The County Administrator or designee is hereby authorized to execute the amendment on behalf of the County, and said changes shall be adopted and effective as of January 1, 2013.

Section 4. To the extent that there are typographical and/or administrative errors that do not change the tone, tenor, or concept of this Resolution, then this Resolution may be revised without subsequent approval of the Board of County Commissioners.

PASSED AND ADOPTED by the Board of County Commissioners of St. Johns County,
State of Florida, this 5 day of February, 2013.

**BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA**

By: 
Chair

ATTEST: Cheryl Strickland, Clerk

By: 
Deputy Clerk



AMENDMENT TO ADMINISTRATIVE SERVICES AGREEMENT

THIS AMENDMENT, which is effective September 1, 2012, is by and between Blue Cross and Blue Shield of Florida, Inc. d/b/a Florida Blue, a Florida corporation having principal offices at 4800 Deerwood Campus Parkway, Jacksonville, Florida 32246 (hereinafter referred to as "BCBSF") and St. Johns County Board of County Commissioners (hereinafter referred to as "Employer"). In consideration of the mutual and reciprocal promises herein contained, the Administrative Services Agreement between BCBSF and Employer (hereinafter "Agreement") is amended as follows:

1. The subsection entitled "Providers Outside the State of Florida", under Section III, Duties and Responsibilities of BCBSF, is hereby deleted in its entirety and replaced with the following:

Providers Outside the State of Florida

A. Inter-Plan Programs

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

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

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

B. Liability Calculation Method Per Claim

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

The calculation of Employer liability on claims for covered healthcare services processed through the BlueCard Program will be based on the negotiated price made available to BCBSF by the Host Blue. Sometimes, this negotiated price may be greater than billed charges if the Host Blue has negotiated with its participating healthcare provider(s) an inclusive allowance (e.g., per case or per day amount) for specific healthcare services.

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

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

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

If a Host Blue uses either an estimated price or an average price on a claim, it may also hold some portion of the amount that Employer pays in a variance account, pending settlement with its participating healthcare providers.

Because all amounts paid are final, neither variance account funds held to be paid, nor the funds expected to be received, are due to or from Employer. Such payable or receivable would be eventually exhausted by healthcare provider settlements and/or through prospective adjustment to the negotiated prices. Some Host Blues may retain interest earned, if any, on funds held in variance accounts.

A small number of states require Host Blues either (i) to use a basis for determining member liability for covered healthcare services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or (ii) to add a surcharge.

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

C. Return of Recoveries

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

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

D. BlueCard Fees and Compensation

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

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

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

E. Non-Participating Providers

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

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

F. Inconsistencies

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

2. The first paragraph of the subsection entitled "Pharmacy Rebates" in Section III, Duties and Responsibilities of BCBSF (if applicable), is hereby deleted and replaced with the following new first paragraph:

Pharmacy Rebates

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

3. The following new subsection, "Confidential and Trade Secret Information", is hereby added to the Agreement under Section II, Duties and Responsibilities of the Employer:

Confidential and Trade Secret Information

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

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

Notwithstanding any other term, condition or provision in this Agreement, the access to, disclosure, non-disclosure, or exemption of records, data, documents, materials and/or information associated with this Agreement shall be subject to the applicable provisions of the Florida Public Records Law (Chapter 119, Florida Statutes), as well as all other applicable Local, State and Federal provisions governing the disclosure of such information. It is specifically understood that access to "*personally identifiable information*" as defined in the

Health Insurance Portability and Accountability Act of 1996 (HIPAA), is governed by, and subject to, the provisions of HIPAA.

- 4 The subsection entitled "Claims Processing" in Section III, Duties and Responsibilities of BCBSF, is hereby deleted in its entirety and replaced with the following:

Claims Processing

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

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

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

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

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

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

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

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

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

- 5. Except as otherwise specifically noted in this Amendment, all other terms and conditions of the Agreement shall remain unchanged and in full force and effect.

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

BLUE CROSS AND BLUE SHIELD
OF FLORIDA, INC.

ST. JOHNS COUNTY BOARD OF
COUNTY COMMISSIONERS

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

LEGALLY SUFFICIENT


Name _____
Date 2/14/12