

THIRD MODIFICATION TO CAREFIRST HEALTH PLAN ADMINISTRATION AND SERVICES AGREEMENT (PPO)

THIS THIRD MODIFICATION AGREEMENT is made effective this 17th day of November, 2010 by and between CAREFIRST OF MARYLAND, INC. and THE STATE OF MARYLAND, acting through THE DEPARTMENT OF BUDGET AND MANAGEMENT.

WHEREAS, CareFirst of Maryland, Inc. ("Contractor") committed in its technical proposals in response to Request for Proposals for Health Plan Administration and Services (PPO, POS, HMO), RFP # F10B8200015, dated April 14, 2008, including all addendums and attachments issued by the Procurement Officer though June 18, 2008, to meet the 6% Minority Business Enterprise participation goal;

WHEREAS, that MBE commitment is a material term of the Contract;

WHEREAS, the Procurement Officer has determined that corrective action is necessary for the Contractor to meet its Contract MBE goal; and

WHEREAS, the Contractor has agreed to implement corrective action and has revised its plan to meet the MBE goal,

THEREFORE IN CONSIDERATION of the promises and the covenants herein contained, the adequacy of which is duly acknowledged by the parties, the parties agree to modify the Contract as follows:

1. Definitions.

1.1 Contract means the Contract dated the 18th of March, 2009, as amended by a First Modification dated July 1, 2009 and a Second Modification dated October 8, 2009, all by and between the Contractor and the State.

1.2 Modification means this third Modification unless the context dictates otherwise.

1.3 All other capitalized terms in this Modification have the definition provided in the Contract or the RFP.

2. Scope of Modification.

2.1 This Modification amends the Contract specifically as described herein. Except as specifically revised by the terms of this Modification, all of the terms of the Contract shall remain in full force and effect and shall apply to this Modification.

2.2 In the event of conflict, this Modification shall control over any attachment.

2.3 The recitals are acknowledged are incorporated as substantive terms of this Modification.

3. MBE Participation Plan.

3.1 In fulfilling its obligation to meet the MBE goal of 6% set in the RFP and incorporated into the Contract, the Contractor shall utilize the following minority business enterprises:

- (a) C.J. Maintenance, Inc.,
- (b) RGH Enterprises, Inc.,
- (c) Rudolph's Office & Computer Supply, Inc.,
- (d) Promotions Unlimited, Inc.,
- (e) Altek Information Technology, Inc.,
- (f) Software Consortium,
- (g) Mary Kraft and Associates, Inc.,
- (h) Setty and Associates, LTD,
- (i) McEnroe Voice and Data,
- (j) BCP Digital Printing, and
- (k) Attronica Computers.

3.2 The Contractor shall utilize these MBEs for the work and the contract administrative fee value identified in the Contractor's Revised Attachment D-2, dated October 7, 2010 and attached hereto and incorporated herein.

3.3 Notwithstanding the Contract, in calculating the amount of dollars paid to each MBE that are attributable to the MBE goal on the Contract, the following shall apply:

- (a) For work that is performed by the MBE solely and exclusively on this PPO Contract and is not performed in support of the Contractor's general book of business or administration, the Contractor shall be provided credit for 100% of each dollar so paid toward meeting the 6% MBE commitment. For work that is performed by the MBE solely and exclusively on the three Contracts between the Contractor and affiliates and the State (i.e. the PPO, POS and EPO Contracts) and is not performed in support of the Contractor's general book of business or administration, the Contractor shall be provided credit toward meeting the 6% MBE commitment on each contract as follows: 2/3 of the total MBE payment toward the PPO Contract, 1/6 of the total MBE payment toward the POS Contract and 1/6 of the total MBE payment toward the EPO Contract.
- (b) For work that is performance by the MBE in support of the Contractor's general book of business or administration, the Contractor shall be provided prorated credit for the total amount spent at the rate of 4% of the total amount paid to the MBE,

which percentage is roughly the percentage of the State's enrollment in the PPO book of business operated by the Contractor.

- 3.4 The Contractor represents and warrants that it will continue to meet its promised obligation to its current MBE subcontractors, identified above at 3.1(a) through (f), Implementation of the corrective action plan and the inclusion of additional MBEs in the MBE participation plan for the Contract shall not adversely affect the volume, amount, and value of the work provided to the MBEs identified in section 3.1(a) through (f). Contractor agrees that each such MBE will continue to be utilized to the maximum extent possible under the Contract.
- 3.5 The Contractor will provide, by or before December 31, 2010, an amended MBE plan to provide for the additional participation needed to meet the Contract goal. At no time shall the Contract MBE goal be less than 6%.

IN WITNESS THEREOF, the parties have executed this Third Modification as of the date hereinabove set forth.

CAREFIRST OF MARYLAND, INC.

STATE OF MARYLAND, DEPARTMENT OF
BUDGET
AND MANAGEMENT

By:

By:

T. Eloise Foster

Secretary

11/12/10
D

11/17/10
D

Witness

Witness

Approved for form and legal
sufficiency this 30th day December 2010.

Assistant Attorney General