

**EIGHTH MODIFICATION TO PHARMACY BENEFITS PURCHASING POOL
MANAGEMENT AND PHARMACY BENEFITS PLAN ADMINISTRATION SERVICES
CONTRACT**

THIS EIGHTH MODIFICATION AGREEMENT is made effective this 6th day of April, 2011 by and between Catalyst Rx, Inc. ("Contractor") and the State of Maryland, acting through the Department of Budget and Management.

IN CONSIDERATION of the promises and the covenants herein contained, the parties agree as follows:

1. Definitions.

- 1.1 "Contract" means the Contract for Pharmacy Benefits Purchasing Pool Management and Pharmacy Benefits Plan Administration Services dated April 4, 2007, as amended by a first modification dated July 1, 2008, a second modification dated July 1, 2008, a third modification dated July 18, 2008, a fourth modification dated November 25, 2008, a fifth modification dated August 27, 2009, a sixth modification dated September 28, 2009, and a seventh modification dated December 22, 2010, between the Contractor and the State of Maryland, acting through the Department of Budget and Management.
- 1.2 "Contractor" means Catalyst Rx, Inc., a Nevada corporation with a principal business address of 800 King Farm Boulevard, Rockville, MD 20850.
- 1.3 "Department" means the Maryland Department of Budget and Management.
- 1.4 "Financial Proposal" means the Contractor's second best and final offer Financial Proposal dated November 12, 2010 submitted in response to the RFP.
- 1.5 "Modification" means this Eighth Modification Agreement.
- 1.6 "Performance Guarantees" means those performance measurements and amounts set forth in RFP Attachment J-12: Performance Guarantees, and are in addition to any performance guarantees in the Contract (including but not limited to performance guarantees incorporated through prior Contract modifications), the RFP, and the Technical and Financial Proposals (collectively, the "Performance Guarantees").
- 1.7 "Procurement Officer" is the individual identified in Section 1.6 of the RFP or a successor designated by the Department.
- 1.8 "RFP" means the Request for Proposals for Pharmacy Benefits Plan Management Services and Pharmacy Purchasing Pool Management, Project No. F10B0400006, dated December 8, 2009, including all addendums and attachments issued by the Procurement Officer through August 16, 2010.
- 1.9 "State" means the State of Maryland.

1.10 "Technical Proposal" means the Contractor's Technical Proposal dated March 12, 2010 submitted in response to the RFP, including all attachments, addendums, clarifications, and subsequent correspondence submitted by the Contractor through November 12, 2010.

2. Scope of Work.

2.1 The Contractor shall provide administration services for the pharmacy benefits plan offered by the State and pharmacy benefits purchasing pool members, including claims processing, network administration, and other plan administration services, for State employees, State retirees, satellite account employees, and their respective dependents, and for the enrolled and eligible participants in the pharmacy benefits plans that are members of the purchasing pool, all as more fully described in the RFP. These services shall be provided in accordance with the terms and conditions contained in this Modification, the Contract, the RFP and the Technical and Financial Proposals, incorporated herein by reference.

2.2 If there is any conflict among this Modification, the Contract, the RFP, the Technical Proposal and the Financial Proposal, the terms of this Modification shall govern. If there is any conflict among the remaining documents, the following order of precedence shall determine the prevailing provision:

1. The Contract, excluding the description of the scope of work contained in Sections 2.1 and 2.2.
2. The RFP, including attachments and Excel worksheets.
3. The Technical Proposal.
4. The Financial Proposal.

3. Time for Performance.

3.1 Section 3 of the Contract shall be amended to provide that the Contractor shall provide services consistent with the Modification for an additional twelve (12) months, from July 1, 2011 through June 30, 2012.

3.2 The State shall have, notwithstanding the provisions of Section 16 of the Contract, the unilateral right to terminate the Contract during the additional 12-month period extension created by this modification, Section 3.1, upon the occurrence of any of the following:

- (a) A final decision by the Maryland State Board of Contract Appeals (MSBCA) in which all currently pending appeals of the Contractor are denied;
- (b) A decision by the Board of Public Works to award a contract in connection with the RFP to any party; or
- (c) Withdrawal by the Contractor of its protest of the Department's recommendation to award a contract in connection with the RFP to a party other than the Contractor.

3.3 The parties agree that if the MSBCA denies all currently pending appeals by the Contractor, the Contractor will not seek further review of the MSBCA decision, or contest or oppose formally or informally in any way the award of the Contract to a party other than the Contractor. The parties agree that if the MSBCA sustains any currently pending appeal by the Contractor, the Department will not seek to award the Contract to any other offeror under the current procurement.

- 3.4 The State's unilateral right to terminate the Contract pursuant to Section 3.2 of this Modification shall be exercised without liability to the Contractor for any costs associated with termination of the Contract. The State shall pay administrative fees due to the Contractor, as provided by the Financial Proposal, for services rendered up to and including the last date on which Contractor provides services, in accordance with the Notice of Termination.
- 3.5 The State shall exercise its unilateral right to terminate the Contract pursuant to Section 3.2 of this Modification by issuing a Notice of Termination to the Contractor, that:
- (a) provides the last date on which the Contractor shall provide administration services for the State's self-funded pharmacy benefits plan;
 - (b) instructs the Contractor to begin transition services in accordance with Section 8 of this Modification; and
 - (c) provides the schedule for transition and any additional instructions for purposes of transition and resolution of the Contract.
- 3.6 The State's unilateral right to terminate the Contract pursuant to Section 3.2 of this Modification is in addition to and not in lieu of the State's right to terminate for default or convenience under the Contract.

4. Performance Guarantees

- 4.1 The parties agree that it is critical to the success of the State's benefits plans that services be maintained in a timely manner and that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of certain delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to the State employees, retirees and dependents served by this Contract. The State and the Contractor, therefore, presume that in the event of certain such delays and failures, the amount of damage which will be sustained from a failure to perform to certain standards will be the amounts set forth in the Contractor's Technical Proposal response to RFP Attachment J-12: Performance Guarantees; and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.
- 4.2 The Contractor's performance, including but not limited to the Contractor's reporting of its performance pertaining to the Performance Guarantees, shall be subject to any audit performed by the State.
- 4.4 The Performance Guarantees shall be effective with the fiscal 2012 plan year.

5. Consideration and Payment.

- 5.1 In consideration for services provided beginning July 1, 2011, the Contractor shall be paid in accordance with the terms of the RFP and the Technical and Financial Proposals.

5.2 For claims incurred on and after July 1, 2011, the State shall receive the benefit and incur the obligations of the pricing terms and conditions contained in the RFP and the Technical and Financial Proposals, including but not limited to the Pricing Guarantees.

6. Copayments.

6.1 For retail claims the following co-payments shall be charged to participants in the State's self-funded prescription benefits plan:

(a) For each 45-day or less supply:

For Generic Drugs:	\$10 per fill/re-fill
For Preferred Brand Drugs:	\$25 per fill/re-fill
For Non-Preferred Brand Drugs:	\$40 per fill/re-fill

(b) For each 46 to 90-day supply, the following co-payments shall be charged:

For Generic Drugs:	\$20 per fill/re-fill
For Preferred Brand Drugs:	\$50 per fill/re-fill
For Non-Preferred Brand Drugs:	\$80 per fill/re-fill

6.2 For voluntary mail order claims, the following co-payment shall be charged:

(a) For each 45-day or less supply:

For Generic Drugs:	\$10 per fill/re-fill
For Preferred Brand Drugs:	\$25 per fill/re-fill
For Non-Preferred Brand Drugs:	\$40 per fill/re-fill

(b) For each 46 to 90-day supply, the following co-payments shall be charged:

For Generic Drugs:	\$20 per fill/re-fill
For Preferred Brand Drugs:	\$50 per fill/re-fill
For Non-Preferred Brand Drugs:	\$80 per fill/re-fill

6.3 After \$1,000 per Individual or \$1,500 per Family unit in co-payments has been paid during any one plan year for prescriptions filled for an employee or retiree and the dependents of that employee or retiree, subsequent prescriptions for such employee or retiree and their respective dependents shall be filled or refilled without the requirement of a co-payment for the remainder of the plan year.

7. Transition Services.

7.1 The Contractor shall cooperate in the orderly transition of plan administration services from it to a subsequent contractor upon receipt of a Notice of Termination from the State. Transition shall be provided in a prompt and timely manner, shall proceed in accordance with the schedule provided to the Contractor by the State in the Notice of Termination, and shall be for a period of at least 90 days. Additional instructions regarding transition services may be provided in the Notice of Termination issued by the State.

7.2 The Contractor shall provide its standard transition reporting package to the subsequent contractor in a format that is mutually agreeable to the Contractor and subsequent contractor. The Contractor's transition reports shall not include any drug ingredient or dispensing fee data but shall include at least the following information:

- (a) claims data for all enrollees in the State's plan for a period of twelve (12) months prior to the termination date;
- (b) a report detailing drug utilization review data for relevant enrollees in the State's plan for a period of twelve (12) months prior to the termination, including at least member name, member social security number, covered individual's name, covered individual's relationship to member, the drug name, the drug's national drug code, the dosage, claims data, records of approvals and denials, and appeals records, for the following programs:
 - i. prior authorization
 - ii. managed drug limitation and quantity limitation programs;
 - iii. step therapy; and
 - iv. managed access;
- (c) a report of those individuals for whom coverage was provided as a result of a determination by the Benefits Review Committee; and
- (d) a report of members who have reached the \$1,000/\$1,500 co-payment maximum described in Section 6.3 of this Modification.

7.3 The Contractor shall provide to the State an aggregate cost report, with supporting individual cost reports, illustrating claims history, cost threshold and cost limitation data for all Medicare Part D eligible retirees and dependents in the State's plan to support the State's application for the federal subsidy in connection with the plan year beginning July 1, 2011.

7.4 The Contractor shall provide run-out administration of all claims incurred on or before the termination date.

7.5 The Contractor shall provide support services in connection with the year-end reconciliation of the State's application to receive federal retiree drug subsidies after termination of this Modification. In consideration for such services, the State agrees to pay the Contractor the fee associated with its Part D related support services (Financial Proposal, Attachment K-4, line 2) for any month in which reconciliation support services are requested by the State and provided by the Contractor.

8. Future Changes.

The parties anticipate that there will be new legislation affecting retiree benefits following the close of the 2011 legislative session. The parties agree to incorporate any requirements resulting from such new legislation into a Contract modification, if necessary, so that the Contract requirements are consistent with Maryland law.


9. Scope of Modification.


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.

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

CONTRACTOR

STATE OF MARYLAND
DEPARTMENT OF BUDGET AND
MANAGEMENT


 4/5/11 (SEAL)
By: Richard A. Bates Date
President + COO

 4/6/11
By: T. Eloise Foster Date
Secretary

 4/5/11
Witness/Attest Date

 4/6/11
Witness Date

Approved for form and legal
sufficiency this 6th day of April, 2011.


Assistant Attorney General