

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
301 Centennial Mall South, 1st Floor
Lincoln, Nebraska 68508
OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-2401
Fax: (402) 471-2089

CONTRACT NUMBER
35078 04

PAGE 1 of 3	ORDER DATE 11/04/11
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	
VENDOR ADDRESS: BLUE CROSS BLUE SHIELD OF NE PO BOX 3248 OMAHA NEBRASKA 68180-0001	

THE CONTRACT PERIOD IS:

JANUARY 01, 2011 THROUGH JUNE 30, 2012

THIS SERVICE CONTRACT HAS BEEN AMENDED PER THE FOLLOWING INFORMATION:

THIS CONTRACT IS NOT AN EXCLUSIVE CONTACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM THE OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original Contract/Bid Document 2395 Z1

Contract to provide administrative and support services for the State of Nebraska Employee Health Care Benefit Plans for the period effective January 1, 2011 through June 30, 2012 with the option to extend for up to a six (6) month period as mutually agreed upon by all parties.

The State may request that payment be made electronically instead of by state warrant. ACH/EFT Enrollment Form can be found at: <http://www.das.state.ne.us/accounting/forms/achenrol.pdf>

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system mean the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

The contractor certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract. If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at: www.das.state.ne.us.
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation require to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

The contract shall incorporate the following previously submitted documents:

1. Contract Award;


BUYER

MATERIEL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
301 Centennial Mall South, 1st Floor
Lincoln, Nebraska 68508

OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-2401
Fax: (402) 471-2089

CONTRACT NUMBER
35078 O4

PAGE 2 of 3	ORDER DATE 11/04/11
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	

2. Any Contract Amendments, in order of significance;
3. Any Request for Proposal Addenda and/or Amendments to include Questions and Answers;
4. The original RFP document;
5. The signed Request for Proposal form; and
6. The Contractor's Proposal.

CONTACT: Cortney Ray, Senior Account Executive
ADDRESS: Blue Cross and Blue Shield of Nebraska, 1233 Lincoln Mall, Suite 100, Lincoln, NE 68508
PHONE: 402-458-4823
FAX: 402-477-2952
EMAIL: courtney.ray@bcbsne.com

CONTACT: Jerome Rewolinski, Director of Account Management
ADDRESS: Blue Cross and Blue Shield of Nebraska, 7261 Mercy Road, Omaha, NE 68124
PHONE: 402-548-4783
FAX: 402-392-4155
EMAIL: jerome.rewolinski@bcbsne.com

THIS IS THE FIRST RENEWAL OF THE CONTRACT AND INCLUDES AMENDMENT ONE (1) - Items 9-16 added to reflect the State's change from calendar year to fiscal year.

AMENDMENT TWO: Attached is BCBSNE's "Administrative Services Agreement" for the period July 1, 2010 through June 30, 2011 along with updated contact information. (101911 sz)

AMENDMENT THREE: Attached is BCBSNE's "Administrative Services Agreement" for the period July 1, 2011 through June 30, 2012. (110411sz)

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	Admin Fees 2009 and 2010 BlueChoice 01/01/09 - 06/30/09	4,600,000.0000	\$	1.0000	4,600,000.00
2	Admin Fees BLUESELECT Period 01/01/09 - 06/30/09	1,650,000.0000	\$	1.0000	1,650,000.00
3	ADMIN FEES BCBS PPO Period 01/01/09 - 06/30/09	650,000.0000	\$	1.0000	650,000.00
4	ADMIN FEES BCBS PPOHI Period 01/01/09 - 06/30/09	200,000.0000	\$	1.0000	200,000.00
5	Admin Fees BLUECHOICE Period 07/01/09 - 06/30/10	4,100,000.0000	\$	1.0000	4,100,000.00
6	Admin Fees WELLNESS PPO Period 07/01/09 - 06/30/10	1,500,000.0000	\$	1.0000	1,500,000.00
7	ADMIN FEES BCBS PPO	520,000.0000	\$	1.0000	520,000.00

RG
BUYER INITIALS

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
 301 Centennial Mall South, 1st Floor
 Lincoln, Nebraska 68508
 OR
 P.O. Box 94847
 Lincoln, Nebraska 68509-4847
 Telephone: (402) 471-2401
 Fax: (402) 471-2089

CONTRACT NUMBER
35078 O4

PAGE 3 of 3	ORDER DATE 11/04/11
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	Period 07/01/09 - 06/30/10				
8	ADMIN FEES BCBS PPOHI Period 07/01/09 - 06/30/10	130,000.0000	\$	1.0000	130,000.00
9	ADMIN FEES BLUECHOICE PERIOD 07/01/10 - 06/30/11	3,750,000.0000	\$	1.0000	3,750,000.00
10	ADMIN FEES WELLNESS PPO PERIOD 07/01/10 - 06/30/11	1,700,000.0000	\$	1.0000	1,700,000.00
11	ADMIN FEES BCBS PPO PERIOD 07/01/10 - 06/30/11	856,170.0000	\$	1.0000	856,170.00
12	ADMIN FEES BCBS PPOHI PERIOD 07/01/10 - 06/30/11	179,526.0000	\$	1.0000	179,526.00
13	ADMIN FEES BLUECHOICE PERIOD 07/01/11 - 06-30-12	3,182,763.3600	\$	1.0000	3,182,763.36
14	ADMIN FEES WELLNESS PPO PERIOD 07/01/11 - 06-30-12	1,331,275.3200	\$	1.0000	1,331,275.32
15	ADMIN FEES BCBS PPO PERIOD 07/01/11 - 06-30-12	885,089.7600	\$	1.0000	885,089.76
16	ADMIN FEES BCBS PPOHI PERIOD 07/01/11 - 06-30-12	188,101.8000	\$	1.0000	188,101.80
	Total Order				25,422,926.24

R6
 BUYER INITIALS

ADMINISTRATIVE SERVICES AGREEMENT

Plan Sponsor: State of Nebraska ("THE GROUP")

Effective date: July 1, 2011 through June 30, 2012

Group No.: 04576 (Nebraska BlueChoice), 04711 (BluePreferred PPO), 04712 (BluePreferred HDHP),
04945 (Wellness PPO)

This is an Administrative Services Agreement between State of Nebraska ("THE GROUP" or "THE PLAN") and Blue Cross and Blue Shield of Nebraska (BCBSNE).

RECITALS

- A. BCBSNE is a mutual insurance company, licensed to sell insurance in the State of Nebraska. BCBSNE is also engaged in the business of providing administrative services to entities which have self-insured, or partially self-insured, health benefit plans for eligible employees.
- B. The Benefit Plan Document includes this document and Attachments, the Master Group Contract and Endorsements, Group Application and Addenda, all of which are incorporated herein by this reference. THE GROUP is funded by either Plan Assets or General Assets for THE GROUP's employees, their dependents and other eligible persons.¹ All coverage and benefit determinations are controlled by the Plan Document as defined in this Recital. The language of this Administrative Services Agreement shall supersede and take precedence over the language of the Master Group Contract. **The Master Group Contract number and Plan or General Assets funding are indicated on Attachment 1.**
- C. BCBSNE is able and willing to provide claims administrative services for THE GROUP's health benefit plan, herein called the "Plan," for eligible employees, and THE GROUP desires to employ BCBSNE to provide such administrative services.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE, IT IS AGREED AS FOLLOWS:

I.

APPOINTMENT

BCBSNE is hereby retained and appointed to provide administrative services as herein described for THE GROUP's benefit plan for Covered Persons, under BCBSNE's regular claim payment procedures and methods; provided, however, that BCBSNE shall not be, nor be considered as, the "Plan Administrator," but shall be considered a "named fiduciary" with respect to claims administration only, within the meaning of any applicable federal laws and regulations pertaining to employee benefit plans.

The Plan Sponsor shall remain solely responsible for establishing and maintaining the Plan. These responsibilities include ensuring that the Plan Document and Summary Plan Description are prepared and distributed to Participants of the Plan; preparing and filing necessary reports required under ERISA (The Employee Retirement Income Security Act of 1974), and any other requirements set forth in ERISA.

Self-funded political subdivisions are subject to Neb. Rev. Stat. 13:1601 et seq., governing provisions of the Public Health Service Act, and as otherwise determined by the governmental group. Such plans are not subject to Title 1 of ERISA.

¹ Plan Assets are amounts a participant pays to or has withheld by an employer for contribution to a Plan. Such assets become Plan Assets as of the earliest date they can reasonably be segregated from the employer's general assets, but in no event later than 90 days from receipt by the employer. Plan Assets are subject to ERISA requirements.

II.

BCBSNE'S SERVICES

In carrying out the terms of this Agreement, BCBSNE agrees to:

- A. Prepare the Benefit Plan Document for its approval by THE GROUP.
- B. Prepare enrollment forms, Identification Cards and Schedules of Benefits for distribution to employees who are enrolled in this Plan.
- C. Make payments on behalf of THE GROUP for Covered Services provided to Covered Persons pursuant to the Benefit Plan Document.
- D. Follow BCBSNE's regular claim processing procedures, including the determining of appropriate benefit amounts, with respect to the processing of claims pursuant to the Benefit Plan Document.
- E. Provide facilities, personnel, procedures, forms and instructions for the administration of claims under the Benefit Plan Document.
- F. Accept full and exclusive discretion to determine for all parties all matters of fact or interpretation relating to any claim under the Benefit Plan Document, including questions of eligibility and interpretation of plan provisions to the extent that BCBSNE is a fiduciary for claims processing purposes. The decisions of BCBSNE regarding such claims shall be final and binding subject to appeal to BCBSNE under its review process. Benefits will be paid or denied consistent with the Benefit Plan Document based upon BCBSNE's determination.
- G. Report to THE GROUP matters of general interest with respect to the Benefit Plan Document, including, but not limited to, problems of a recurring nature and suspected misuse of benefits.
- H. Submit to THE GROUP, with each monthly billing, a monthly Claims Analysis Report which sets forth the applicable identification number, patient's name, relationship to employee, age, admission or performance date, discharge date, dollar charge, type of coverage, any refunds or other adjustments, and Net Paid Claims. (See Net Paid Claims in Part VI., A.)

*BCBSNE will not seek refunds from providers, related to the retroactive termination of memberships of employees and/or their dependents beyond one year from the paid date. (See Part III., A., 4.)
- I. Maintain membership and claims records for a period of eight years. THE GROUP shall have access to such records during normal business hours for the purpose of determining compliance with this Agreement. Any audit initiated pursuant to this Part and authorized by THE GROUP shall be undertaken at THE GROUP's expense. THE GROUP specifically agrees to reimburse BCBSNE for any reasonable expense incurred by BCBSNE in accordance with such audit, including but not limited to reimbursement for BCBSNE personnel providing support to such audit in excess of a total of ten hours and any copying expenses.

THE GROUP also specifically agrees that BCBSNE has the authority to disapprove of the vendor providing such audit, which authority shall not be unreasonably exercised, and to refuse access to membership and claims records by such vendor. THE GROUP, recognizing that patient specific information is confidential, agrees that it will take reasonable steps to restrict access to this information to those persons who need to know this information for determining compliance with this Agreement and for performing any necessary audit.
- J. Provide the following services in the development and design of any amendment, revision or modification of the Plan: Underwriting and actuarial advice, cost estimates and projections, and proposed language changes, subject to Part III., D.

- K. Use its discretion to seek recovery, based on subrogation or other theories, from third parties (or their carriers) who have caused Injury or Illness to a Covered Person or damages to the Plan. BCBSNE may engage a contractor to perform specialized services for recovery of funds or discovery of overpayment or fraud. Such contractors may be reimbursed based on a percent of recovery or other reasonable basis, with the net amount to be returned to THE GROUP. BCBSNE may settle or release claim to such recoveries and use its discretion to determine amounts recovered on behalf of THE GROUP.

This includes participation in consolidated or class action lawsuits alleging such injuries. Any recovery from consolidated or class action suits will be apportioned among all insured and self-insured plans or pools. The proration may be based on number of covered persons, number of injured persons, claims volume, or any other basis determined by BCBSNE.

Recoveries made in any plan year will be applied first to the appropriate Stop Loss Amount and, subsequently, to THE GROUP's claim liability. THE GROUP agrees to cooperate with all such recovery efforts.

- L. Provide its standard Utilization Management Program for Covered Services provided to Covered Persons and to perform Utilization Review in accordance with the Plan.
- M. Furnish THE GROUP copies of available records of BCBSNE which may be required to satisfy the requirements of ERISA.
- N. Indemnify THE GROUP and hold it harmless against any and all loss, damage, and expense with respect to the administration of the Plan resulting from, or arising out of, any act or omission which constitutes bad faith, fraudulent or criminal acts of employees of BCBSNE acting alone or in collusion with others.
- O. BCBSNE does not underwrite or insure the liability of THE GROUP under this Agreement, except as specifically provided in any Stop Loss Provision incorporated herein. BCBSNE provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims except as set forth in this Agreement.
- P. Comply with New York State Health Care Reform Act, if applicable. If THE GROUP elects, BCBSNE shall make a filing with the New York State Department of Health ("DOH") on behalf of THE GROUP to elect for the Plan to make direct payments to the DOH of the Plan's obligations under sections 2807-j and 2807-s of the New York Public Health Law. For each month in which the Plan's direct payment election is in effect with the DOH, BCBSNE shall notify THE GROUP of the amount of the required surcharge and covered lives assessment for such month and shall file appropriate reports with the DOH and make the required payments to the DOH in accordance with the procedure under this Agreement. For purposes of this Agreement, such surcharges and covered lives assessments shall be considered authorized expenses of the Plan and shall be billed to THE GROUP. BCBSNE shall not be liable for any surcharge or covered lives assessment payable by the Plan under section 2807-j or 2807-s of the New York Public Health Law and shall not be liable for any interest or penalties assessed against the Plan or THE GROUP as a result of late or insufficient payment of such surcharges and assessments, unless the interest or penalty is a result of BCBSNE'S negligence or mistake. THE GROUP must notify BCBSNE in advance if they choose to pay the surcharge itself.
- Q. Comply with Maine Dirigo Health Act, if applicable. BCBSNE, on behalf of THE GROUP, shall make a filing with the Treasurer of the State of Maine under the Dirigo Health Savings Offset Payment to be in compliance with the Maine Dirigo Health Act. BCBSNE shall not be liable for any savings offset payment due under the Maine Dirigo Health Act. Such payments shall be considered authorized expenses under the Plan and shall be billed to THE GROUP. BCBSNE shall not be liable for any interest charge for failing to make a savings offset payment in a timely manner, unless the interest payment is a result of BCBSNE's negligence or mistake.
- R. Submit payment to the Vermont Health Care Information Technology Fund in accordance with Sec. 7.005 8 V.S.A. § 4089k. Payment is required by all health insurers, which includes third-party

administrators and pharmacy benefit managers who provide administrative services only. The fee is equal to 0.199 percent of all health care claims paid by the health insurer for Vermont members. The payment of such fee shall be considered authorized expenses under the Plan and shall be billed to THE GROUP. BCBSNE shall not be liable for failure to pay the fee, unless the failure to make payment is a result of BCBSNE's negligence or mistake.

- S. Submit the required assessment to the Idaho Immunization Board in compliance with Idaho Code § 41-6005, if applicable. An assessment is required to be paid by all carriers for any child under the age of 19 residing in the State of Idaho. The payment of the assessment shall be considered authorized expenses under the Plan and shall be billed to THE GROUP. BCBSNE shall not be liable for failure to pay the fee, unless the failure to make payment is a result of BCBSNE's negligence or mistake.

III.

THE GROUP's SERVICES

In carrying out the terms of this Agreement, THE GROUP agrees to:

- A. Provide BCBSNE with the following:
1. Completed enrollment forms for each new eligible employee or online enrollment information, as applicable.
 2. Completed enrollment forms or online notification for each eligible employee changing status of membership.
 3. Completed timely notice of termination of eligibility for membership.
 4. A monthly submission of a computerized listing or other mutually acceptable media showing all active eligible employees. (Also see Part II., H*.)
- B. Cooperate with BCBSNE in an audit of Covered Persons upon request, but not more frequently than annually. The cost of such audit shall be borne by BCBSNE and shall include, but not be limited to, reimbursing THE GROUP's personnel providing support to such audit in excess of ten hours and copying expenses.
- C. Notify BCBSNE immediately of any work-related accident suffered by a Covered Person for which recovery may be available under any Workers' Compensation Law or similar law. THE GROUP agrees to forward a copy of the First Injury Report to BCBSNE as soon as possible. Work-related injuries or illnesses are not Covered Services, therefore provider discounts which are available to THE GROUP under the health coverage, are not available for these services. THE GROUP also agrees to advise BCBSNE of any potential subrogation rights or other contractual rights of recovery known to THE GROUP.
- D. Review the Benefit Plan Document and any changes or modifications thereto, and notify BCBSNE of any necessary changes. Such notification must be made within 30 days of receipt of the Benefit Plan Document. Any changes or modifications to the Benefit Plan Document which are made by THE GROUP after 90 days of the effective date will be subject to an increased charge and any additional administrative expense involved in its implementation. This charge will be determined by BCBSNE. Benefits cannot be decreased retroactively at any time. Any change to the Benefit Plan Document must be approved by BCBSNE before it is effective. Such approval will not be unreasonably withheld.
- E. Grant to BCBSNE discretionary authority to determine for all parties, all matters of fact or interpretation relating to any claim under the Benefit Plan, including questions of eligibility and interpretation of Plan provisions, to the extent that BCBSNE is a fiduciary for claims processing purposes. These decisions will be final and binding subject to appeal to BCBSNE under its review process.

- F. Indemnify BCBSNE and hold it harmless against any and all claim loss, damage, and expense with respect to the administration of the Plan, except that resulting from, or arising out of, any act or omission which constitutes bad faith, negligence, fraudulent or criminal acts of employees of BCBSNE, acting alone or in collusion with others, or expenses incurred by BCBSNE in the regular administration of the Plan.

THE GROUP agrees that should it fail to make payment due to insolvency or for any other reason, the provider shall have authority to collect directly for Covered Services from its Covered Persons.

- G. Indemnify BCBSNE and hold it harmless, as set forth herein, for any claim, loss, damage and expense arising from the release of claims specific information to THE GROUP, as required by Part II., H. and Part II., I., or otherwise required by THE GROUP.
- H. THE GROUP on behalf of itself and its participants, hereby expressly acknowledges its understanding that this Agreement constitutes a contract solely between THE GROUP and BCBSNE, that BCBSNE is an independent corporation operating under a license with the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "Association") permitting BCBSNE to use the BCBS Service Marks in Nebraska, and that BCBSNE is not contracting as the agent of the Association. THE GROUP further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than BCBSNE, and that no person, entity or organization other than BCBSNE shall be held accountable or liable to THE GROUP for any of BCBSNE's obligations to THE GROUP created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of BCBSNE other than those obligations created under other provisions of this Agreement.
- I. Execute and be responsible for all HIPAA related compliance, including, but not limited to, executing any necessary agreements or notifications.
- J. Keep all information received from BCBSNE confidential. THE GROUP will not use or disclose such information except as necessary for administration of claims pursuant to the Benefit Plan Document. In the event THE GROUP discloses any such information to a contractor assisting in the administration of the Benefit Plan Document, it shall first obtain written agreement from the contractor restricting further disclosure or use for any purpose other than providing such assistance.

IV.

CONTINUATION OF COVERAGE

The applicable Continuation of Coverage provisions are in Part III. of the Master Group Contract.

The amount of recommended monthly charges to be collected and retained by THE GROUP shall not be less than the amounts indicated on Attachment 4.

V.

FINANCING ARRANGEMENTS

The financing arrangements applicable under this Agreement are those set forth on Attachment 2.

VI.

COMPENSATION

A. **Commencing with the effective date of this Agreement, and in consideration of the services and obligations herein required of BCBSNE, THE GROUP shall pay BCBSNE, monthly, the following amounts:**

1. **Administrative Service Fee:** The fee for BCBSNE's services as stated in this Agreement which includes fees for all persons who have elected to continue membership in THE GROUP pursuant to COBRA continuation coverage.

The Administrative Service Fee is indicated on Attachment 1., A.

2. Reimbursement for the total "**Net Paid Claims**" for the preceding month, unless reimbursement is otherwise provided in Part V., above. Claims data which is, for any reason, omitted from a particular month's billing, shall be added to the billing for a subsequent month, and the Administrative Fee for the subsequent month shall reflect any appropriate adjustment.

Net Paid Claims: This is the amount determined after subtraction of any discount and other adjustments made to the allowable charge for Covered Services, pursuant to the contractual provisions between BCBSNE and the Contracting providers, or in accordance with other Contract provisions. These payments are made by BCBSNE or a Blue Cross and/or a Blue Shield plan in another state. THE GROUP's payment is made on a Net Paid Claims basis.

Payment for Covered Services by a Contracting facility is based on the Contracted Amount less the Covered Person's deductible and coinsurance. Payment for Covered Services received from a Contracting professional or noninstitutional provider is based on the lesser of the Contracted Amount or the billed charge less the Covered Person's deductible, coinsurance and copayment. The coinsurance is based on the lesser of the allowable charge or the billed charge for Covered Services.

3. **The following fees are related to the BlueCard Program. Additional information about the BlueCard Program is found in Paragraph B. of this Part.**

- a. **Access Fee:** If savings are available, Blue Cross and Blue Shield of Nebraska may be charged a fee to access the other Plan's Contracting provider network. This access fee for services incurred by a Covered Person will be passed along to THE GROUP as a claims expense, unless otherwise indicated in Attachment 1. The access fee is a percentage of the discount the out-of-area Plan has obtained from its providers, but not to exceed \$2,000 for any claim. This amount may vary for national account groups, as negotiated between the Plans. If an access fee credit is received, this amount will be credited to THE GROUP. The provider has agreed not to bill Covered Persons for amounts in excess of the negotiated amount, but may bill them for Deductibles, Coinsurance and amounts for Noncovered Services.

The amount of this fee or any credits will be used in the computation of "Net Paid Claims" charged to THE GROUP. Instances may occur when none of a claim or only a small amount of the claim is paid, because of the application of the Covered Person's deductible or coinsurance. If the other Plan's arrangement with the provider allows the contracted amount to apply when the amount is fully or mostly a Covered Person's obligation, the access fee will be paid and passed to THE GROUP as a claims expense even though THE GROUP paid little or none of the claim. This process allows the benefit of the discounted amount to be passed through to the Covered person.

The Access Fee is indicated on Attachment 1., B. 1.

- b. Administrative Expense Allowance (AEA): An Administrative Expense Allowance (AEA) for each original claim processed through the BlueCard Program by other Blue Cross and/or Blue Shield plans, will be charged back to THE GROUP as an administrative expense, unless otherwise indicated in Attachment 1.

An AEA Fee Report will be provided monthly with the Claims Analysis Report.

The AEA Fees are indicated on Attachment 1., B. 2.

4. Premium for an Individual Stop Loss.

Premium for an Aggregate Stop Loss.

The Stop Loss premium, however stated, includes fees for all persons who have elected to continue memberships in THE GROUP pursuant to COBRA.

If applicable, the Stop Loss premiums are indicated on Attachment 3

5. **Commissions:** If a commission to an agent of record specified by THE GROUP is payable by BCBSNE, the actual amount paid will be charged to THE GROUP each month during the Term of this Agreement.

The monthly commission is indicated on Attachment 1., C.

B. The following language is mandated by the Blue Cross and Blue Shield Association in order to explain the methods that are used to calculate claim liability in the various independent Blue Cross and Blue Shield Plans. The BlueCard fees and compensation costs are outlined on Attachment 1., B.

BlueCard Program: Like all Blue Cross and Blue Shield Licensees, BCBSNE participates in a program called "BlueCard." Whenever subscribers access health care services outside the geographic area BCBSNE serves, the claim for those services may be processed through BlueCard and presented to BCBSNE for payment in conformity with network access rules of the BlueCard Policies then in effect ("Policies"). Under BlueCard, when subscribers receive covered health care services within the geographic area served by an on-site Blue Cross and/or Blue Shield Licensee ("Host Blue"), BCBSNE will remain responsible to THE GROUP for fulfilling BCBSNE's contract obligations. However, the Host Blue will only be responsible, in accordance with applicable BlueCard Policies, if any, for providing such services as contracting with its providers and handling all interactions with those Contracting Providers. The financial terms of BlueCard are described generally below.

1. **Liability Calculation Method Per Claim:** The calculation of subscriber liability on claims for covered health care services incurred outside the geographic area BCBSNE serves and processed through BlueCard will be based on the lower of the provider's billed charges or the Contracted Amount BCBSNE pays the Host Blue.

The calculation of THE GROUP's liability on claims for covered health care services incurred outside the geographic area BCBSNE serves and processed through BlueCard will be based on the Contracted Amount BCBSNE pays the Host Blue.

The methods employed by a Host Blue to determine a Contracted Amount will vary among Host Blues based on the terms of each Host Blue's provider contracts. The Contracted Amount paid to a Host Blue by BCBSNE on a claim for health care services processed through BlueCard may represent:

- a. The actual price paid on the claim by the Host Blue to the health care provider ("Actual Price"),
or

- b. An estimated price, determined by the Host Blue in accordance with BlueCard Policies, based on the Actual Price increased or reduced to reflect aggregate payments expected to result from settlements, withholds, any other contingent payment arrangements and nonclaims transactions with all of the Host Blue's health care providers or one or more particular provider ("Estimated Price"), or
- c. An average price, determined by the Host Blue in accordance with BlueCard Policies, based on a billed charges discount representing the Host Blue's average savings expected after settlements, withholds, any other contingent payment arrangements and nonclaims transactions for all of its providers or for a specified group of Providers ("Average Price"). An Average Price may result in greater variation to the subscriber and THE GROUP from the Actual Price than would an Estimated Price.

Host Blues using either the Estimated Price or Average Price will, in accordance with BlueCard Policies, prospectively increase or reduce the Estimated Price or Average Price to correct for over- or underestimation of past prices. However, the amount paid by the subscriber and THE GROUP is a final price and will not be affected by such prospective adjustment. In addition, the use of a liability calculation method of Estimated Price or Average Price may result in some portion of the amount paid by THE GROUP being held in a variance account by the Host Blue, pending settlement with its Contracting Providers. Because all amounts paid are final, the funds held in a variance account, if any, do not belong to THE GROUP and are eventually exhausted by provider settlements and through prospective adjustment to the Contracted Amounts.

Statutes in a small number of states may require a Host Blue either (1) to use a basis for calculating subscriber liability for covered health care services that does not reflect the entire savings realized, or expected to be realized, on a certain claim or (2) to add a surcharge. Should any state statutes mandate liability calculation methods that differ from the Contracted Amount methodology or require a surcharge, the Host Blue would then calculate subscriber liability and THE GROUP's liability for any covered health care services consistent with the applicable state statute in effect at the time the subscriber received those services.

- 2. **Return of Overpayments:** Under BlueCard, recoveries from a Host Blue or from Contracting Providers of a Host Blue can arise in several ways, including but not limited to, anti-fraud and abuse audits, provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage third parties to assist in discovery or collection of recovery amounts. The fees of such a third party are netted against the recovery. Recovery amounts, net of fees, if any, will be applied in accordance with applicable BlueCard Policies which generally require correction on a claim-by-claim or prospective basis.
- 3. **BlueCard Fees and Compensation:** THE GROUP understands and agrees (1) to pay certain fees and compensation to BCBSNE which BCBSNE is obligated under BlueCard to pay to the Host Blue, to the Blue Cross Blue Shield Association, or to the BlueCard vendors, unless our contract obligations to THE GROUP require those fees and compensation to be paid only by BCBSNE and (2) that fees and compensation under BlueCard may be revised from time to time without THE GROUP's prior approval in accordance with the standard procedures for revising fees and compensation under BlueCard. Some of these fees and compensation are charged each time a claim is processed through BlueCard and include, but are not limited to, access fees, administrative expense allowance fees, Central Financial Agency Fees, and ITS Transaction Fees. Also, some of these claim-based fees, such as the access fee and the administrative expense allowance fee, may be passed on to THE GROUP as an additional claim liability. Other fees include, but are not limited to, an 800 number fee and a fee for providing PPO provider directories. If you do not have a complete listing, or want an updated listing of these types of fees or the amount of these fees paid directly by THE GROUP, you should contact BCBSNE.

- C. **Rx Nebraska Program Fees:** Prime Therapeutics, LLC, (Prime) is the Pharmacy Benefit Manager which processes pharmacy claims for the Rx Nebraska Program. Any fees Prime charges BCBSNE for managing the Rx Nebraska Program are included in the Administrative Service Fee. In some cases, Prime receives manufacturer administrative fees, which are retained by Prime. One hundred percent (100%) of Rx rebates received from manufacturers of drugs and supplies are passed through to THE GROUP.
- D. BCBSNE shall provide THE GROUP with a monthly billing reflecting the amount due BCBSNE from THE GROUP, less any credits. This billing will be provided on or before the 10th day of the following month and shall be payable within 15 days of its mailing by BCBSNE.

Interest will be charged for Net Paid Claims, Administrative Service fees, Stop Loss charges and amounts previously unreimbursed by THE GROUP, which are received more than 15 calendar days after the date notification is mailed.

Interest will be based on a rate of 12% per annum for the actual number of days which have elapsed beyond the 15-day grace period. The interest charge will be added to the next subsequent billing for claims reimbursement and will not be included in the Aggregate Stop Loss Limit. Interest charges will also be applicable on any past due interest charge.

- E. In connection with the administration of this Agreement, if at any time BCBSNE shall be or become subject to the imposition of, or any increase in, a premium tax or other tax whatsoever, the amount of compensation shall be increased by a like amount. (The present premium taxes on the Stop Loss premiums are included in the costs shown above, if applicable.) Assessments by a state arising from the operation of the Plan, including, but not limited to, a surcharge on claims and/or an assessment on residents of that state, shall be considered a tax for purpose of this paragraph.

If a change in a law or regulation occurs during the term of this Agreement which results in additional administrative costs such increases in cost will be communicated to and incurred by THE GROUP.

- F. BCBSNE may employ the services of an outside company to seek recovery of credit balances from providers and facilities. The outside company may: a) retain a percentage of the monies recovered as compensation for its services. The remaining balance will be refunded to THE GROUP; or b) charge BCBSNE a fee as compensation for its services. In that instance, the Claims Analysis Report will reflect the full amount of the recovery as a credit. Any fee associated with the collection of these recoveries will be reflected as a charge on the summary invoice provided to THE GROUP.
- G. This Agreement is effective only as to expenses incurred after the effective date of this Agreement, and prior to its termination, subject to Part IX.

VII.

LITIGATION

Should suit be filed against BCBSNE or THE GROUP, or both, for damages or equitable relief, arising out of a determination of benefits, the parties agree to cooperate fully and assist one another in the defense of such claims. Should BCBSNE be named as defendant in such a suit, BCBSNE and its liability carrier shall maintain primary control of such litigation, including the selection of counsel; however, notice will be provided to THE GROUP. Reimbursement will be made to BCBSNE by THE GROUP for the amount of any benefits determined to be payable pursuant to the Benefit Plan Document, by way of settlement or award pursuant to judgment, and THE GROUP shall be responsible for the fees of any separate counsel retained to represent its interests independently. If Plaintiff's attorney fees or taxable court costs are a part of the settlement or award, the parties agree they will split such fees and costs evenly.

VIII.

TERM

This Agreement shall be effective for a Contract Term which is indicated on Attachment 1. It may be extended by written consent of both parties, with such modifications as shall be agreed to by the parties.

This Agreement may be terminated by either party, without cause, but any such termination shall only be effective commencing with the first day of the month at least 60 days following written notice to the other party.

This Agreement shall terminate immediately upon written notice by BCBSNE to THE GROUP, should THE GROUP fail, refuse or neglect to meet any of its financial obligations hereunder.

IX.

PROCESSING OF CLAIMS IN THE EVENT OF TERMINATION

In the event of termination of this Agreement, liability for unreported and pending claims as of the date of termination rests with THE GROUP, who shall choose one of the following alternatives:

A. THE GROUP will arrange with another claims administrator for processing, handling and payment of such claims as are incurred during the Term of this Agreement, but not submitted for payment until after the termination date. BCBSNE will have no responsibility for such claims except to notify the Employee/Provider of the termination date. Employee/Provider must resubmit the claims to either the new claims administrator or THE GROUP, as instructed by THE GROUP.

or

B. THE GROUP will arrange with BCBSNE for payment of such claims. Unless the parties agree otherwise, BCBSNE will continue to process claims for services provided during the Term of this Agreement for a period of 15 months after termination of this Agreement. The advance deposit will be returned as set forth on Attachment 2., A., 2.

THE GROUP agrees to compensate BCBSNE as provided herein. BCBSNE will send a monthly invoice reporting the amount of claims reimbursement and Administrative Expense for Net Paid Claims during the preceding month. The Administrative Expense applicable to the processing of such claims shall be determined by BCBSNE after notification of termination is received. BCBSNE will have no financial risk or obligation for claims incurred after the Term of the Agreement, i.e., there is no limit to the extent of THE GROUP's liability under this paragraph B. as benefits paid pursuant to this Part IX. shall not apply to any Stop Loss Provision (see Attachment 3). BCBSNE may request THE GROUP to provide a letter of credit guaranteeing payment up to an amount determined by BCBSNE to be the estimated liability for these payments.

The alternative selected is indicated on Attachment 1., D.

The Reserve for Unreported and Pending Claims at the end of the Term of this Agreement is indicated on Attachment 5.

X.

NONASSIGNMENT

BCBSNE may not assign its rights or obligations under this Agreement without the written consent of THE GROUP, provided, however, that any reinsurance obtained by BCBSNE shall not constitute an assignment hereunder.

XI.

STOP LOSS PROVISION

If Stop Loss coverage is selected, the applicable Stop Loss contract or provision will be included as Attachment 3.

XII.

MODIFICATION

This Agreement contains the entire agreement of the parties. No representations were made or relied upon by either party other than those that are expressly set forth herein. No change in this Agreement shall be valid until approved in writing by an officer of each of the parties. Any such change, however, shall be effective at the time, and with respect to the eligible employees, therein provided.

**STATE OF NEBRASKA
(PLAN SPONSOR / THE GROUP)**

**BLUE CROSS AND BLUE SHIELD OF
NEBRASKA (BCBSNE)**

By Steve Sulek / by
Signature

By Daniel W. Alm
Signature

Administrator, AS Materiel
Title

VP UNDERWRITING
Title

301 Centennial Mall So., Mall Level
Address

Mailing Address: P.O. Box 3248
Omaha, NE 68180-0001

Lincoln NE 68508
City State Zip Code

Date: 11-04-11

Date: 10-13-11

**ADMINISTRATIVE SERVICES AGREEMENT
SUMMARY**

Group: State of Nebraska

Contract Term: July 1, 2011 through June 30, 2012

Group Nos.: 04576 (BlueChoice); 04711 (BluePreferred PPO);
04712 (BluePreferred HDHP); 04945 (Wellness PPO)

Master Group Contract Number and revision date: Health: 96-055 (01/05); 96-056 (01/05); 9836-S (01/04)

Plan Assets General Assets.

A. Administrative Service Fee:

1. N/A% of Net Paid Claims for health coverage.
2. N/A% of Net Paid Claims for dental coverage.
3. \$** per enrolled employee (to include COBRA subscribers and retirees) under health coverage.
**See Attachments 8, 9, 10, 11, 12, 13, 14, and 15.
4. \$N/A per enrolled employee (to include COBRA subscribers and retirees) under dental coverage.
5. \$N/A per enrolled employee (to include COBRA subscribers and retirees) under health coverage for utilization management.

B. BlueCard Fees: Included in the Administrative Fees

C. Commissions:

1. No commission is payable to an agent of record.
2. N/A The commission payable to the agent of record is \$N/A each month.
 - a. N/A This amount is not included in the Administrative Service Fee in A. above and will be billed additionally.
 - b. N/A This amount is included in the Administrative Service Fee in A. above.
3. N/A The commission payable to the agent of record is N/A % of the total applicable Specific and Aggregate Stop Loss monthly premiums charged to THE GROUP as indicated in Attachment 3, Part III. The commission amount is included in the Stop Loss premium and will not be billed separately to THE GROUP.

D. Termination Provisions: In event of termination of this Agreement, the alternative selected by THE GROUP is (see Part IX):

1. N/A THE GROUP will arrange with another claims administrator for processing, handling and payment of such claims as are incurred during the Term of this Agreement, but not submitted for payment until after the termination date.
2. THE GROUP will arrange with BCBSNE for payment of such claims.

E. **Stop Loss Guarantees:** Stop Loss premiums for the Contract Period, if applicable, are addressed in Attachment 3 of this Agreement. Stop Loss premium guarantees for future contract year(s) have been offered and accepted by THE GROUP, subject to size variance limitations, benefit changes and/or contract changes made by THE GROUP.

1. N/A The Specific Stop Loss premium for the period _____ through _____ is guaranteed not to increase more than _____% for the contract year _____ through _____.
2. N/A The Aggregate Stop Loss premium for the period _____ through _____ is guaranteed not to increase more than _____% for the contract year _____ through _____.

State of Nebraska
"THE GROUP"

July 1, 2011
Effective Date

SPECIAL FINANCING ARRANGEMENTS

A. N/A No Special Financing Arrangement: There are no special financing arrangements under this Agreement. BCBSNE shall make payments for claims out of its own funds, subject to reimbursement from THE GROUP.

1. N/A THE GROUP shall remit to BCBSNE an advance deposit of \$.
2. N/A THE GROUP shall remit to BCBSNE an additional advance deposit of \$. The current advance deposit held by BCBSNE is \$ and the total amount upon receipt of the amount specified above will be \$.

BCBSNE will credit such advance deposit in the name of THE GROUP. Six months following termination of this Agreement, BCBSNE shall return 50% of THE GROUP's advance deposit. As stated at Part IX., BCBSNE will continue to pay claims for a period of 15 months (or a previously agreed-upon runout period). Within 30 days following this period, BCBSNE shall refund the balance of the advance deposit less any deficits from previous billings.

3. X BCBSNE has agreed to waive the advance deposit, if daily or weekly wire transfer is made.

B. X Special Financial Arrangements: Pursuant to the following, BCBSNE has agreed to waive the advance deposit:

1. BCBSNE shall make payments for claims out of its own funds, subject to reimbursement from THE GROUP. BCBSNE shall (X daily, N/A weekly, etc.) notify THE GROUP of the amount of payments which have cleared BCBSNE's account since the last previous notification. THE GROUP shall reimburse BCBSNE within 3 business days of each notification.

At the end of each month, a summary report will be provided to THE GROUP, showing individual Net Paid Claims, refunds or other adjustments, correction entries, Stop Loss adjustments, the Administrative Service Fee, AEA Fee, Stop Loss premiums and Total Net Paid Claims. Any additional amount due will be payable within 45 days of the receipt of the summary invoice by THE GROUP in accordance with the State of Nebraska Prompt Pay Act, Neb. Rev. Stat. §§ 81-2401 to 81-2408. Interest may be charged in accordance with said Act.

2. BCBSNE employees authorized to notify THE GROUP of the amounts required are:

Dave Sederburg	Christy Hinton
Mike Fye	Pat Puetz

3. THE GROUP's employees who are authorized to communicate with BCBSNE's authorized employees are:

Kris Bourke	Carlos Castillo	Wes Mohling
Janet Hansen	Susie Samuelson	Ann Martinez
Paula Fankhauser	Nyla Thomsen	Terri Wilson
Kim Lobato	Roger Wilson	
Shannon Anderson	Craig Currier	

Upon written request, either party may add or delete names of the employees who are authorized to communicate with the other party.

State of Nebraska
"THE GROUP"

July 1, 2011
Effective Date



**BlueCross BlueShield
of Nebraska**

An Independent Licensee of the Blue Cross and Blue Shield Association

**STOP LOSS PROVISIONS
FOR HEALTH COVERAGE**

This Stop Loss Contract (Contract) is offered by Blue Cross and Blue Shield of Nebraska (BCBSNE), a mutual insurance company, licensed by the State of Nebraska.

Blue Cross and Blue Shield of Nebraska and the Group agree to the terms as described herein during the Contract Term. This Contract is effective beginning 12:01 a.m. on the effective date stated in the Administrative Services Agreement, in consideration of the payment of premiums, charges or as otherwise provided.

Only Blue Cross and Blue Shield of Nebraska can approve a change to this Contract and that change must be in writing. No agent may change the Contract in any way.

This Contract is made in and governed by the laws of the State of Nebraska. Defined terms are capitalized in this Contract.

BLUE CROSS AND BLUE SHIELD OF NEBRASKA

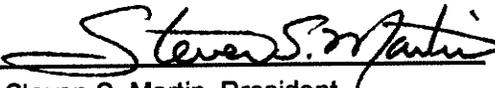
By: 
Steven S. Martin, President
and Chief Executive Officer

TABLE OF CONTENTS

	PAGE
PART I. RECITALS.....	[17]
PART II. STOP LOSS COVERAGE.....	[17]
PART III. COMPENSATION.....	[19]
PART IV. GENERAL PROVISIONS.....	[19]
PART V. DEFINITIONS.....	[21]

PART I. RECITALS

- A. The Group has established and maintains a self-funded employee welfare benefit plan, which provides, among other things, various benefits to Covered Persons in the Plan.
- B. BCBSNE provides certain services to the Plan pursuant to the Administrative Services Agreement.
- C. Claims are administered according to the Preferred Provider Organization Master Group Contract, Form 9836-S 1/01/2004, as amended.
- D. BCBSNE has agreed to provide Stop Loss coverage to the Group as indicated in Part II. below.
- E. The Group and BCBSNE intend this Contract to be between and for the benefit of each other.

PART II. STOP LOSS COVERAGE

(Check the applicable provisions for A. and B.)

A. X **Individual Stop Loss:** BCBSNE will reimburse the Group for 100% of any excess over the Individual Stop Loss Amount, if, during the Contract Term, the total amount of eligible Net Paid Claims for any Covered Person exceeds the Individual Stop Loss Amount of \$500,000. This reimbursement will be made the month after such Individual Stop Loss Amount is exceeded. In addition, any final adjustment will be included following the end of the Term, subject to the applicable stop loss reimbursement terms. The Individual Stop Loss Amount is subject to the Total Benefits maximum as indicated in the Master Group Contract and any attached endorsements.

The Individual Stop Loss does not apply to claims incurred under dental coverage or coverage secondary or supplemental to Medicare, to expenses incurred for Covered Services over the Individual's total benefits payable, or to ineligible claims.

1. Claims eligible for reimbursement under Individual Stop Loss must be incurred on or after January 1, 2007 and before June 30, 2012. In addition, eligible claims must be paid on or after July 1, 2011 and before June 30, 2012.
2. Coverages eligible for Individual Stop Loss coverage include:
 - X Medical claims
 - X Prescription drug claims
3. In order to receive reimbursement for claims eligible for reimbursement incurred prior to the effective date of this Contract, it is the Group's responsibility to supply BCBSNE data, including proof of claim and payment, from the prior administrator for the entire claims period, if BCBSNE was not the prior administrator. Such claims will not be considered toward the Individual Stop Loss Amount unless such data is provided. Claims from the prior administrator in excess of \$150,000 per individual will not be considered toward the Individual Stop Loss Amount or Aggregate Stop Loss, if applicable. Any claims eligible for reimbursement and paid by the prior administrator will be paid by BCBSNE within 30 days of receipt of such data, but no sooner than 31 days following the end of the Contract Term covered by this Contract. The amount of reimbursement will be reduced by any claim refunds or claim recoveries achieved by the prior administrator or their subcontractors.

B. N/A **Aggregate Stop Loss:** BCBSNE will reimburse the Group for 100% of any excess over the Aggregate Stop Loss Amount, if the total amount of Net Paid Claims exceeds such Aggregate Stop Loss Amount unless otherwise indicated below. Claims reimbursed in A. above or used to satisfy an aggregating specific and/or Lasered deductible(s), will be deducted from the Net Paid Claims when determining this liability. This reimbursement will be subject to the Aggregate Stop Loss reimbursement terms noted in 5. below. The Aggregate Stop Loss does not apply to claims incurred under dental, prescription drug or coverage secondary or supplemental to Medicare, or to expenses incurred for Covered Services over the Covered Person's total benefits payable.

1. Claims eligible for reimbursement under Aggregate Stop Loss must be incurred on or after N/A and before N/A. In addition, eligible claims must be paid on or after N/A and before N/A.

2. The **Initial** Aggregate Composite Factor and the **Minimum** Aggregate Claim Liability of the Group shall be based on the factors, at the beginning of the Contract Term, as follows:

- a. Stop Loss corridor: N/A %
- b. Expected average enrollment during each month of the Contract Term N/A
- c. Initial Monthly Aggregate Composite Factor to be used per employee (to include COBRA subscribers and retirees) for determination of liability under this Aggregate Stop Loss: \$ N/A
- d. Minimum Aggregate Claim Liability during each month of the Contract Term: (2.b. x 2.c. x 90%) N/A

3. The Minimum Aggregate Stop Loss Amount is the minimum amount of aggregate claim liability and will never be less than the monthly amount calculated in B.2.d. above.

4. The **Final** Aggregate Stop Loss Liability of the Group shall be calculated as follows, at the end of the Contract Term, not to be less than the cumulative Minimum Aggregate Claim Liability of the Group as set forth in section B.2. above.

- a. Cumulative number of enrolled employees (to include COBRA subscribers and retirees) during each month of the Contract Term: To be determined
- b. Total factor to be used per employee (to include COBRA subscribers and retirees) for determination of liability under the Aggregate Stop Loss, as indicated in 2.c. above: N/A
- c. Final Aggregate Stop Loss Liability (4.a. x 4.b.): N/A

C. The Group has elected to exclude the following classes or departments from Stop Loss coverage: N/A.

D. Payments made for disputed claims which are paid at the specific direction of the Group, under the Administrative Services Agreement, despite BCBSNE's determination that such payment is inconsistent with the Plan, are not chargeable payments within the terms of this Contract.

PART III. COMPENSATION

A. Individual Stop Loss premium: \$13.85 per employee (to include COBRA subscribers and retirees) per month

B. Aggregate Stop Loss premium: \$N/A per employee (to include COBRA subscribers and retirees) per month

PART IV. GENERAL PROVISIONS

A. **CANCELLATION OF CONTRACT:** This Contract may be cancelled by either party, without cause, but any such cancellation shall only be effective commencing with the first day of the month at least 60 days following written notice to the other party. This Contract shall be cancelled immediately upon written notice by BCBSNE to the Group, should the Group fail, refuse or neglect to meet any of its financial obligations hereunder. Termination shall not affect any claim for Covered Services provided before the effective date of termination.

Cancellation or termination of the Administrative Services Agreement, whether during the Contract Term or at its conclusion, shall also terminate this Contract. There is no limit to the extent of the Group's liability for claims processed by BCBSNE after the date of said termination.

B. **CERTAIN DEFENSES:** All statements, in the absence of fraud, made by the Group will be deemed representations and not warranties. Neither the acceptance of premium nor the payment of claims shall constitute a waiver of available defenses.

C. **CONFIDENTIALITY:** The Group is responsible for keeping confidential records. These records are to be kept in a way that will assure the privacy of the Covered Persons' medical and other personal information.

The Group agrees that any information that the Group has or reviews will be used only for the purpose of administering this Contract. In the event that the Group discloses any such information to a third party assisting in the administration of this Contract, the Group is responsible for obtaining a written agreement from the third party restricting further disclosure or use for any purpose other than providing such service.

D. **CONFORMITY WITH STATUTES:** Any Contract provision which does not conform with the laws of Nebraska or the United States is hereby amended to conform to their minimum requirements.

E. **FRAUD OR MISREPRESENTATION:** Coverage hereunder may be canceled for fraud or misrepresentation about a claim or eligibility for this coverage. Written notice will be sent by certified mail to the Covered Person at his or her last-known address as shown by the membership records and shall be effective the date notice is mailed.

Additionally, if a misrepresentation is made in connection with enrollment and that fact is discovered within two years of the enrollment, coverage may be rescinded and the Covered Person would not be eligible for benefits. The amount of premiums paid for coverage will be reduced by any benefits that were paid and will be refunded to you. If benefits paid exceed premiums received, BCBSNE may recover the difference.

F. **GRACE PERIOD, CANCELLATION:** A 31-day grace period is allowed after the due date for payment each month. The Contract remains in force if the payment is received during that 31-day grace period. If payment is not received during the 31-day grace period, the Contract is canceled as of midnight of the last day for which premiums have been paid. No payment shall be made for

Covered Services provided after the effective date of cancellation of this Contract and refunds of claims paid will be required for the period of time that no premiums were paid to BCBSNE.

G. INDEPENDENT CORPORATION: The Group, on behalf of itself and its participants, hereby expressly acknowledges its understanding that this Contract constitutes a contract solely between the Group and BCBSNE, which is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "Association") permitting BCBSNE to use the Blue Cross and/or Blue Shield Service Marks and that BCBSNE is not contracting as the agent of the Association. The Group, on behalf of itself and its participants, further acknowledges and agrees that it has not entered into this Contract based upon representations by any person other than BCBSNE and that no person, entity, or organization other than BCBSNE shall be held accountable or liable to the Group for any of BCBSNE's obligations created under this Contract. This paragraph shall not create any additional obligations whatsoever on the part of BCBSNE other than those obligations created under other provisions of this Contract.

H. LEGAL ACTIONS: Legal action to recover under the Contract cannot be brought for at least 60 days after written proof of loss is given to BCBSNE. Nor can a legal action begin after three years from the date written proof of loss is required.

I. LIMITATIONS OF DAMAGES: The entire liability of BCBSNE shall not exceed the amount of benefits provided by this Contract, regardless of the form of the action. In no event shall Blue Cross and Blue Shield of Nebraska be liable for consequential, incidental, special or indirect damages regardless of whether it has been advised of the possibility of such damages.

J. MODIFICATIONS: This Contract may be modified:

1. by mutual agreement between the Group and BCBSNE;
2. at renewal at BCBSNE's discretion; or
3. anytime at BCBSNE's discretion if the same modification is made for all employer groups with the same contract form and plan design.

Any modification must be in writing and signed by an officer of Us.

K. NOTICE OF CLAIM: A proof of loss must be filed with BCBSNE within 90 days after the claim was incurred, or as soon thereafter as reasonably possible. The Group shall submit, on a timely basis, all proofs, reports or any other supporting documentation requested by BCBSNE.

L. SUBROGATION: The Group agrees to repay BCBSNE for amount recovered through subrogation or workers' compensation, even if the recovery is received after the Contract Term. Subrogation recoveries, as described in the Administrative Services Agreement, will be applied first to the appropriate Stop Loss Amount and, subsequently, to the Group's claim liability.

PART V. DEFINITIONS

Administrative Services Agreement: The agreement entered into between the Group and BCBSNE for administration of the Group's self-insured, or partially self-insured, health care programs for eligible employees.

Administrative Service Fee: The fee for BCBSNE's services as stated in the Administrative Services Agreement which includes fees for all persons who have elected to continue membership in the Group pursuant to COBRA continuation coverage.

Contract Term: The time period in which this Contract is in effect as indicated in the Administrative Services Agreement.

Covered Person: Any person entitled to benefits for Covered Services pursuant to the Master Group Contract administered by BCBSNE.

Covered Services: Hospital, medical or surgical procedures, treatments, drugs, supplies, or other health or dental care, including any single service or combination of services, for which benefits are payable while the Administrative Services Agreement and Master Group Contract are in effect.

Group: The employer or association which establishes and maintains a health care program for its employees or members.

Incur(red): The date on which Covered Services were provided to a Covered Person pursuant to the Master Group Contract.

Laser(ed): Providing higher or no limit stop loss coverage for certain individuals in order to maintain a lower Individual Stop Loss level or premium for the Group. If applicable, the Lasered individuals are listed in Part II.A. above.

Master Group Contract: The document which describes the benefits payable for Covered Services to a Covered Person.

Net Paid Claims: The amount determined after subtraction of any discount and other adjustments made to the allowable charge for Covered Services; pursuant to the contractual provision between BCBSNE and the contracting providers, or in accordance with other Master Group Contract provisions.

Plan: A self-funded plan of benefits which a plan sponsor provides for eligible employees and their dependents.

Total Benefits: The total amounts payable under the Master Group Contract for expenses incurred for Covered Services provided while the Master Group Contract is in effect.

ATTACHMENT 4

State of Nebraska
"THE GROUP"

July 1, 2011
Effective Date

FUNDING RATES

The amount of recommended monthly charges to be collected and retained by THE GROUP shall be determined by THE GROUP.

Note: BCBSNE shall not be responsible for insufficient Funding Rates.

ATTACHMENT 5

State of Nebraska
"THE GROUP"

July 1, 2011
Effective Date

**RESERVE FOR UNREPORTED AND PENDING CLAIMS
AT THE END OF THE TERM OF THIS AGREEMENT**

The current estimate by BCBSNE of the potential liability, excluding Administrative Expense, of THE GROUP in the event of termination of this Agreement during, or at the end of the Term of this Agreement is:

Health Coverage: \$12,094,672

State of Nebraska
"THE GROUP"

July 1, 2011
Effective Date

PERFORMANCE GUARANTEES

Eligibility/Claim Administration

Measure Category	Measurement Criteria	Penalty in Percent of Administration Component or ASO fees
Claim Processing Accuracy – Number of claims processed with 100 percent accuracy divided by total number of claims paid.	100% - 97.5% 97.4% or less	0% 2%
Financial Accuracy - This standard will be based on a calculation of total claim dollars paid correctly divided by total claim dollars paid.	100% - 98.5% 98.4% or less	0% 3%
Claim Turnaround Time – Percent of all claims to be paid, pending or denied within 15 business days.	100% - 90.0% 89.9% or less	0% 3%

Customer Service

Measure Category	Measurement Criteria	Penalty in Percent of Administration Component or ASO fees
Telephone Call Response Time – Percent of all calls answered within 30 seconds	100% - 85% 84.9% or less	0% 1%
Telephone Call Abandonment Rate - No more than a 5 percent abandonment rate.	Less than 5% 5.1% or greater	0% 1%
Call Blockage Rate – All trunks busy 5 percent or less of the time during normal business hours.	5% or Less 5.1% or greater	0% 1%

PERFORMANCE GUARANTEES (CONTINUED)

Provider Networks

Provider Discount Savings – To be calculated using Total Provider Savings off the BCBSNE Cost Savings Report. For the purposes of this guarantee, each category is calculated separately and distinctly.	Average Provider Savings for the Omaha/Lincoln Area (Zip Codes 680, 681 and 685 only): 34% or greater	0%
	33.9% or less	1%
	Average Provider Savings for the Non-Omaha/Lincoln Area (Zip codes other than 680, 681 and 685): 24% or greater	0%
	23.9% or less	1%
	Average Provider Savings Overall (All zip codes combined): 28% or greater	0%
	27.9% or less	1%

PERFORMANCE GUARANTEE CRITERIA:

- a) Percent of Administration Fee at risk is based on the Administration Fee paid for the period and will be calculated within 60 days of the end of the contract.
- b) Turnaround time is measured from the date a claim is received by BCBSNE to the date it is processed (paid, denied, or pended for additional information).
- c) Performance Guarantees by BCBSNE are contingent on a minimum pass through rate of 60%. If this pass through rate is not met, BCBSNE will not be subject to these Performance Guarantees.
- d) All Customer Service measurements are based on the entire block of business and are not client specific.
- e) Provider savings will be calculated from In-Network medical claims incurred within the contract year. Savings calculations will be finalized approximately 120 days following the end of the contract year.
- f) Results will not be measured more than calendar year quarterly.
- g) The Provider Savings Guarantee will be calculated using "Total" Provider Savings. This includes Maximum Benefit Allowance discounts, discounts / outpatient hospital arrangements, DRGs, Non-Par Subscriber Liability, PPO Par savings, Non-PPO Par savings, Drugcard Savings and BlueCard Savings. These amounts will be taken off the standard BCBSNE cost savings report.

Annual member satisfaction surveys will be distributed to randomly selected members. Such surveys shall be pre-approved by THE GROUP. Results will be measured and reported to THE GROUP. Any BCBSNE use of data gathered by satisfaction surveys other than fulfillment of this performance guarantee must be approved in writing by THE GROUP.

ATTACHMENT 7

State of Nebraska
"THE GROUP"

July 1, 2011
Effective Date

PROVIDER SAVINGS GUARANTEE

BCBSNE is the leader in health care financing in the State of Nebraska. In conjunction with Blue plans across the country, we are also able to provide our member groups access to provider discounts no matter what state they live in through our BlueCard program. Our commitment and success in our negotiated provider savings is outlined below:

This Provider Savings Guarantee puts [See Attachment 6]% of our medical administrative fee at risk.

If the actual provider savings are less than [See Attachment 6]%, BCBSNE will pay a Penalty to THE GROUP in the amount of [See Attachment 6]% of the Total Administrative Fee Received during the first contract year.

The Provider Savings Guarantee will be calculated using "Total" Provider Savings specific to THE GROUP. This includes Maximum Benefit Allowance discounts, discounts / outpatient hospital arrangements, DRGs, Non-Par Subscriber Liability, PPO Par savings, Non-PPO Par savings, Drugcard Savings and BlueCard Savings. These amounts will be taken off the standard BCBSNE cost savings report.

Any Penalty due will be determined based on a plan year reconciliation. If a Penalty is payable, the applicable amount will be sent back to the group. The percent of Administration Fee at risk is based on the Administration Fee paid for the period and will be calculated within 60 days of the end of the contract.

ATTACHMENT 8

ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE - BLUECHOICE

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2011 thru 6/30/2012
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$33.71
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$33.71

BlueCard Fees, including Access charges, AEA fees, and any other fees, notwithstanding Section VI. B., are included within the Administrative Service Fee and will not be billed to the group.

ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – BLUEPREFERRED PPO

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2011 thru 6/30/2012
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$33.71
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$33.71

BlueCard Fees, including Access charges, AEA fees, and any other fees, notwithstanding Section VI. B., are included within the Administrative Service Fee and will not be billed to the group.

ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – WELLNESS PPO

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2011 thru 6/30/2012
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$33.71
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$33.71

BlueCard Fees, including Access charges, AEA fees, and any other fees, notwithstanding Section VI. B., are included within the Administrative Service Fee and will not be billed to the group.

**ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE - BLUECHOICE
Run-Out Claims**

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2011 thru 6/30/2012
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$33.71
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$33.71

Notes:

The claims run-out liability for THE GROUP will be calculated by multiplying the monthly average enrollment over the most current contract period by the applicable PEPM ASO Fee multiplied by four.

BlueCard Fees, including both Access and AEA Fees, are included within the above Administrative Service Fees and will not be billed to THE GROUP.

ATTACHMENT 13

**ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – BLUEPREFERRED PPO
Run-Out Claims**

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2011 thru 6/30/2012
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$33.71
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$33.71

Notes:

The claims run-out liability for THE GROUP will be calculated by multiplying the monthly average enrollment over the most current contract period by the applicable PEPM ASO Fee multiplied by four.

BlueCard Fees, including both Access and AEA Fees, are included within the above Administrative Service Fees and will not be billed to THE GROUP.

**ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – BLUEPREFERRED HDHP
Run-Out Claims**

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2011 thru 6/30/2012
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$33.71
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$33.71

Notes:

The claims run-out liability for THE GROUP will be calculated by multiplying the monthly average enrollment over the most current contract period by the applicable PEPM ASO Fee multiplied by four.

BlueCard Fees, including both Access and AEA Fees, are included within the above Administrative Service Fees and will not be billed to THE GROUP.

**ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – WELLNESS PPO
Run-Out Claims**

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2011 thru 6/30/2012
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$33.71
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance	Included
Recovery	
TOTAL	\$33.71

Notes:

The claims run-out liability for THE GROUP will be calculated by multiplying the monthly average enrollment over the most current contract period by the applicable PEPM ASO Fee multiplied by four.

BlueCard Fees, including both Access and AEA Fees, are included within the above Administrative Service Fees and will not be billed to THE GROUP.

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
301 Centennial Mall South, 1st Floor
Lincoln, Nebraska 68508
OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-2401
Fax: (402) 471-2089

CONTRACT NUMBER
35078 04

PAGE 1 of 3	ORDER DATE 10/19/11
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	
VENDOR ADDRESS: BLUE CROSS BLUE SHIELD OF NE PO BOX 3248 OMAHA NEBRASKA 68180-0001	

THE CONTRACT PERIOD IS:

JANUARY 01, 2011 THROUGH JUNE 30, 2012

THIS SERVICE CONTRACT HAS BEEN AMENDED PER THE FOLLOWING INFORMATION:

THIS CONTRACT IS NOT AN EXCLUSIVE CONTACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM THE OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original Contract/Bid Document 2395 Z1

Contract to provide administrative and support services for the State of Nebraska Employee Health Care Benefit Plans for the period effective January 1, 2011 through June 30, 2012 with the option to extend for up to a six (6) month period as mutually agreed upon by all parties.

The State may request that payment be made electronically instead of by state warrant. ACH/EFT Enrollment Form can be found at: <http://www.das.state.ne.us/accounting/forms/achenrol.pdf>

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system mean the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

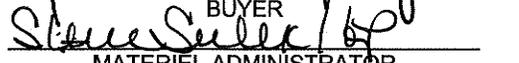
The contractor certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract.

If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at: www.das.state.ne.us.
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation require to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

The contract shall incorporate the following previously submitted documents:

1. Contract Award;


BUYER

MATERIEL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

State Purchasing Bureau
 301 Centennial Mall South, 1st Floor
 Lincoln, Nebraska 68508
 OR
 P.O. Box 94847
 Lincoln, Nebraska 68509-4847
 Telephone: (402) 471-2401
 Fax: (402) 471-2089

CONTRACT NUMBER
35078 04

PAGE 2 of 3	ORDER DATE 10/19/11
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	

2. Any Contract Amendments, in order of significance;
3. Any Request for Proposal Addenda and/or Amendments to include Questions and Answers;
4. The original RFP document;
5. The signed Request for Proposal form; and
6. The Contractor's Proposal.

CONTACT: Cortney Ray, Senior Account Executive
 ADDRESS: Blue Cross and Blue Shield of Nebraska, 1233 Lincoln Mall, Suite 100, Lincoln, NE 68508
 PHONE: 402-458-4823
 FAX: 402-477-2952
 EMAIL: courtney.ray@bcbsne.com

CONTACT: Jerome Rewolinski, Director of Account Management
 ADDRESS: Blue Cross and Blue Shield of Nebraska, 7261 Mercy Road, Omaha, NE 68124
 PHONE: 402-548-4783
 FAX: 402-392-4155
 EMAIL: jerome.rewolinski@bcbsne.com

THIS IS THE FIRST RENEWAL OF THE CONTRACT AND INCLUDES AMENDMENT ONE (1) - Items 9-16 added to reflect the State's change from calendar year to fiscal year.

AMENDMENT TWO: Attached is BCBSNE's "Administrative Services Agreement" for the period July 1, 2010 through June 30, 2011 along with updated contact information. (101911 sz)



Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
1	Admin Fees 2009 and 2010 BlueChoice 01/01/09 - 06/30/09	4,600,000.0000	\$	1.0000	4,600,000.00
2	Admin Fees BLUESELECT Period 01/01/09 - 06/30/09	1,650,000.0000	\$	1.0000	1,650,000.00
3	ADMIN FEES BCBS PPO Period 01/01/09 - 06/30/09	650,000.0000	\$	1.0000	650,000.00
4	ADMIN FEES BCBS PPOHI Period 01/01/09 - 06/30/09	200,000.0000	\$	1.0000	200,000.00
5	Admin Fees BLUECHOICE Period 07/01/09 - 06/30/10	4,100,000.0000	\$	1.0000	4,100,000.00
6	Admin Fees WELLNESS PPO Period 07/01/09 - 06/30/10	1,500,000.0000	\$	1.0000	1,500,000.00
7	ADMIN FEES BCBS PPO Period 07/01/09 - 06/30/10	520,000.0000	\$	1.0000	520,000.00
8	ADMIN FEES BCBS PPOHI	130,000.0000	\$	1.0000	130,000.00

RLG
 BUYER INITIALS

STATE OF NEBRASKA SERVICE CONTRACT AMENDMENT

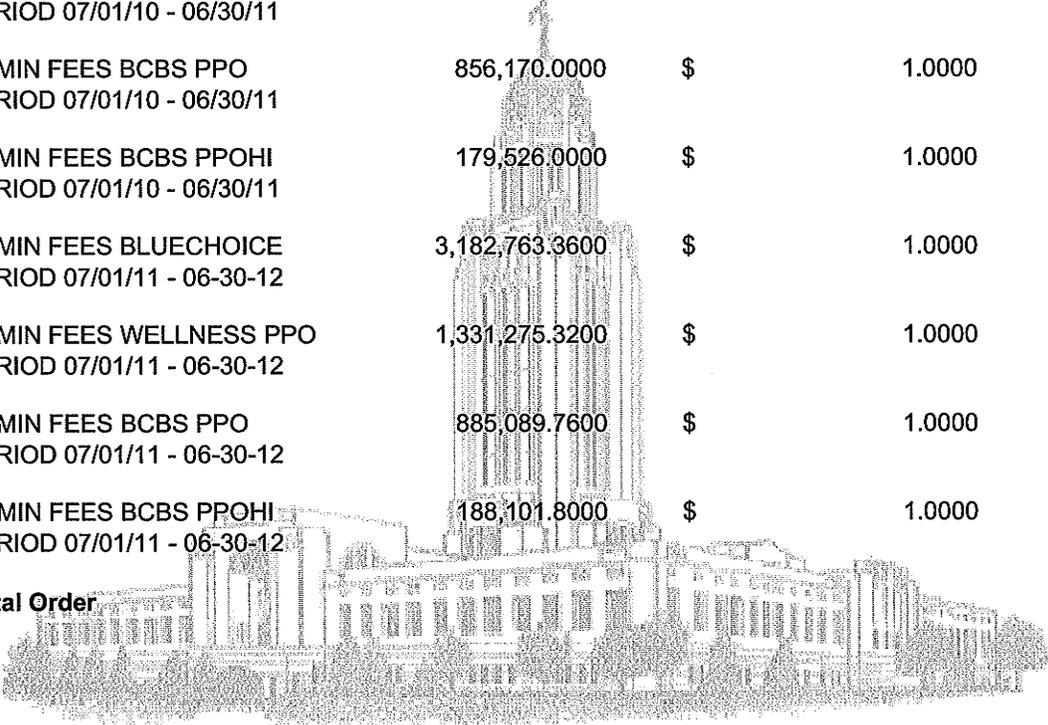
State Purchasing Bureau
 301 Centennial Mall South, 1st Floor
 Lincoln, Nebraska 68508

OR
 P.O. Box 94847
 Lincoln, Nebraska 68509-4847
 Telephone: (402) 471-2401
 Fax: (402) 471-2089

CONTRACT NUMBER
35078 04

PAGE 3 of 3	ORDER DATE 10/19/11
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	

Line	Description	Quantity	Unit of Measure	Unit Price	Extended Price
	Period 07/01/09 - 06/30/10				
9	ADMIN FEES BLUECHOICE PERIOD 07/01/10 - 06/30/11	3,750,000.0000	\$	1.0000	3,750,000.00
10	ADMIN FEES WELLNESS PPO PERIOD 07/01/10 - 06/30/11	1,700,000.0000	\$	1.0000	1,700,000.00
11	ADMIN FEES BCBS PPO PERIOD 07/01/10 - 06/30/11	856,170.0000	\$	1.0000	856,170.00
12	ADMIN FEES BCBS PPOHI PERIOD 07/01/10 - 06/30/11	179,526.0000	\$	1.0000	179,526.00
13	ADMIN FEES BLUECHOICE PERIOD 07/01/11 - 06-30-12	3,182,763.3600	\$	1.0000	3,182,763.36
14	ADMIN FEES WELLNESS PPO PERIOD 07/01/11 - 06-30-12	1,331,275.3200	\$	1.0000	1,331,275.32
15	ADMIN FEES BCBS PPO PERIOD 07/01/11 - 06-30-12	885,089.7600	\$	1.0000	885,089.76
16	ADMIN FEES BCBS PPOHI PERIOD 07/01/11 - 06-30-12	188,101.8000	\$	1.0000	188,101.80
	Total Order				25,422,926.24



RG
 BUYER INITIALS

ADMINISTRATIVE SERVICES AGREEMENT

Plan Sponsor: State of Nebraska

Effective date: July 1, 2010 through June 30, 2011

Group Nos.: 04576 (Nebraska BlueChoice), 04711 (BluePreferred PPO), 04712 (BluePreferred HDHP), 04945 (Wellness PPO)

This is an Administrative Services Agreement between State of Nebraska ("THE GROUP") and Blue Cross and Blue Shield of Nebraska (BCBSNE).

RECITALS

- A. BCBSNE is a mutual insurance company, licensed to sell insurance in the State of Nebraska. BCBSNE is also engaged in the business of providing administrative services to entities which have self-insured, or partially self-insured, health benefit plans for eligible employees.
- B. The Benefit Plan Document includes this document and Attachments, the Master Group Contract and Endorsements, Group Application and Addenda, all of which are incorporated herein by this reference. THE GROUP is funded by either Plan Assets or General Assets for THE GROUP's employees, their dependents and other eligible persons.¹ All coverage and benefit determinations are controlled by the Plan Document as defined in this Recital. The language of this Administrative Services Agreement shall supersede and take precedence over the language of the Master Group Contract. **The Master Group Contract number and Plan or General Assets funding are indicated on Attachment 1.**
- C. BCBSNE is able and willing to provide claims administrative services for THE GROUP's health benefit plan, herein called the "Plan," for eligible employees, and THE GROUP desires to employ BCBSNE to provide such administrative services.

NOW, THEREFORE, IN CONSIDERATION OF THE ABOVE, IT IS AGREED AS FOLLOWS:

I.

APPOINTMENT

BCBSNE is hereby retained and appointed to provide administrative services as herein described for THE GROUP's benefit plan for Covered Persons, under BCBSNE's regular claim payment procedures and methods; provided, however, that BCBSNE shall not be, nor be considered as, the "Plan Administrator," but shall be considered a "named fiduciary" with respect to claims administration only, within the meaning of any applicable federal laws and regulations pertaining to employee benefit plans.

The Plan Sponsor shall remain solely responsible for establishing and maintaining the Plan. These responsibilities include ensuring that the Plan Document and Summary Plan Description are prepared and distributed to Participants of the Plan; preparing and filing necessary reports required under ERISA (The Employee Retirement Income Security Act of 1974), and any other requirements set forth in ERISA.

Self-funded political subdivisions are subject to Neb. Rev. Stat. 13:1601 et seq., governing provisions of the Public Health Service Act, and as otherwise determined by the governmental group. Such plans are not subject to Title 1 of ERISA.

¹ Plan Assets are amounts a participant pays to or has withheld by an employer for contribution to a Plan. Such assets become Plan Assets as of the earliest date they can reasonably be segregated from the employer's general assets, but in no event later than 90 days from receipt by the employer. Plan Assets are subject to ERISA requirements.

II.

BCBSNE'S SERVICES

In carrying out the terms of this Agreement, BCBSNE agrees to:

- A. Prepare the Benefit Plan Document for its approval by THE GROUP.
- B. Prepare enrollment forms, Identification Cards and Schedules of Benefits for distribution to employees who are enrolled in this Plan.
- C. Make payments on behalf of THE GROUP for Covered Services provided to Covered Persons pursuant to the Benefit Plan Document.
- D. Follow BCBSNE's regular claim processing procedures, including the determining of appropriate benefit amounts, with respect to the processing of claims pursuant to the Benefit Plan Document.
- E. Provide facilities, personnel, procedures, forms and instructions for the administration of claims under the Benefit Plan Document.
- F. Accept full and exclusive discretion to determine for all parties all matters of fact or interpretation relating to any claim under the Benefit Plan Document, including questions of eligibility and interpretation of plan provisions to the extent that BCBSNE is a fiduciary for claims processing purposes. The decisions of BCBSNE regarding such claims shall be final and binding subject to appeal to BCBSNE under its review process. Benefits will be paid or denied consistent with the Benefit Plan Document based upon BCBSNE's determination.
- G. Report to THE GROUP matters of general interest with respect to the Benefit Plan Document, including, but not limited to, problems of a recurring nature and suspected misuse of benefits.
- H. Submit to THE GROUP, with each monthly billing, a monthly Claims Analysis Report which sets forth the applicable identification number, patient's name, relationship to employee, age, admission or performance date, discharge date, dollar charge, type of coverage, any refunds or other adjustments, and Net Paid Claims. (See Net Paid Claims in Part VI., B.)

*BCBSNE will not seek refunds from providers, related to the retroactive termination of memberships of employees and/or their dependents beyond one year from the paid date. (See Part III., A., 4.)

- I. Maintain membership and claims records for a period of eight years. THE GROUP shall have access to such records during normal business hours for the purpose of determining compliance with this Agreement. Any audit initiated pursuant to this Part and authorized by THE GROUP shall be undertaken at THE GROUP's expense. THE GROUP specifically agrees to reimburse BCBSNE for any reasonable expense incurred by BCBSNE in accordance with such audit, including but not limited to reimbursement for BCBSNE personnel providing support to such audit in excess of a total of ten hours and any copying expenses.

THE GROUP also specifically agrees that BCBSNE has the authority to disapprove of the vendor providing such audit, which authority shall not be unreasonably exercised, and to refuse access to membership and claims records by such vendor. THE GROUP, recognizing that patient specific information is confidential, agrees that it will take reasonable steps to restrict access to this information to those persons who need to know this information for determining compliance with this Agreement and for performing any necessary audit.

- J. Provide the following services in the development and design of any amendment, revision or modification of the Plan: Underwriting and actuarial advice, cost estimates and projections, and proposed language changes, subject to Part III., D.
- K. Use its discretion to seek recovery based on subrogation or other theories, from third parties (or their carriers) who have caused Injury or Illness to a Covered Person or damages to the Plan. BCBSNE may engage a contractor to perform specialized services for recovery of funds or discovery of overpayment or fraud. Such contractors may be reimbursed based on a percent of recovery or other reasonable basis, with the net amount to be returned to THE GROUP. BCBSNE may settle or release claim to such recoveries and use its discretion to determine amounts recovered, on behalf of THE GROUP.

This includes participation in consolidated or class action lawsuits alleging such injuries. Any recovery from consolidated or class action suits will be apportioned among all insured and self-insured plans or pools. The proration may be based on number of covered persons, number of injured persons, claims volume, or any other basis determined by BCBSNE.

Recoveries made in any plan year will be applied first to the appropriate Stop Loss Amount and, subsequently, to THE GROUP's claim liability. THE GROUP agrees to cooperate with all such recovery efforts.

- L. Provide its standard Utilization Management Program for Covered Services provided to Covered Persons and to perform Utilization Review in accordance with the Plan.
- M. Furnish THE GROUP copies of available records of BCBSNE which may be required to satisfy the requirements of ERISA.
- N. Indemnify THE GROUP and hold it harmless against any and all loss, damage, and expense with respect to the administration of the Plan resulting from, or arising out of, any act or omission which constitutes bad faith, fraudulent or criminal acts of employees of BCBSNE acting alone or in collusion with others.
- O. BCBSNE does not underwrite or insure the liability of THE GROUP under this Agreement, except as specifically provided in any Stop Loss Provision incorporated herein. BCBSNE provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims except as set forth in this Agreement.
- P. Comply with New York State Health Care Reform Act, if applicable. If THE GROUP elects, BCBSNE shall make a filing with the New York State Department of Health ("DOH") on behalf of THE GROUP to elect for the Plan to make direct payments to the DOH of the Plan's obligations under sections 2807-j and 2807-s of the New York Public Health Law. For each month in which the Plan's direct payment election is in effect with the DOH, BCBSNE shall notify THE GROUP of the amount of the required surcharge and covered lives assessment for such month and shall file appropriate reports with the DOH and make the required payments to the DOH in accordance with the procedure under this Agreement. For purposes of this Agreement, such surcharges and covered lives assessments shall be considered authorized expenses of the Plan and shall be billed to THE GROUP. BCBSNE shall not be liable for any surcharge or covered lives assessment payable by the Plan under section 2807-j or 2807-s of the New York Public Health Law and shall not be liable for any interest or penalties assessed against the Plan or THE GROUP as a result of late or insufficient payment of such surcharges and assessments, unless the interest or penalty is a result of BCBSNE'S negligence or mistake. THE GROUP must notify BCBSNE in advance if they choose to pay the surcharge itself.
- Q. Comply with Maine Dirigo Health Act, if applicable. BCBSNE, on behalf of THE GROUP, shall make a filing with the Treasurer of the State of Maine under the Dirigo Health Savings Offset Payment to be in compliance with the Maine Dirigo Health Act. BCBSNE shall not be liable for any savings offset payment due under the Maine Dirigo Health Act. Such payments shall be considered authorized expenses under the Plan and shall be billed to THE GROUP. BCBSNE shall not be liable for any

interest charge for failing to make a savings offset payment in a timely manner, unless the interest payment is a result of BCBSNE's negligence or mistake.

- R. Submit payment to the Vermont Health Care Information Technology Fund in accordance with Sec. 7.005 8 V.S.A. § 4089k. Payment is required by all health insurers, which includes third-party administrators and pharmacy benefit managers who provide administrative services only. The fee is equal to 0.199 percent of all health care claims paid by the health insurer for Vermont members. The payment of such fee shall be considered authorized expenses under the Plan and shall be billed to THE GROUP. BCBSNE shall not be liable for failure to pay the fee, unless the failure to make payment is a result of BCBSNE's negligence or mistake.

III.

THE GROUP's SERVICES

In carrying out the terms of this Agreement, THE GROUP agrees to:

- A. Provide BCBSNE with the following:
1. Completed enrollment forms for each new eligible employee or online enrollment information, as applicable.
 2. Completed enrollment forms or online notification for each eligible employee changing status of membership.
 3. Completed timely notice of termination of eligibility for membership.
 4. A monthly submission of a computerized listing or other mutually acceptable media showing all active eligible employees. (Also see Part II., H*.)
- B. Cooperate with BCBSNE in an audit of Covered Persons, upon request, but not more frequently than annually. The cost of such audit shall be borne by BCBSNE and shall include, but not be limited to, reimbursing THE GROUP's personnel providing support to such audit in excess of ten hours and copying expenses.
- C. Notify BCBSNE immediately of any work-related accident suffered by a Covered Person for which recovery may be available under any Workers' Compensation Law or similar law. THE GROUP agrees to forward a copy of the First Injury Report to BCBSNE as soon as possible. Work-related injuries or illnesses are not Covered Services, therefore provider discounts which are available to THE GROUP under the health coverage, are not available for these services. THE GROUP also agrees to advise BCBSNE of any potential subrogation rights or other contractual rights of recovery known to THE GROUP.
- D. Review the Benefit Plan Document and any changes or modifications thereto, and notify BCBSNE of any necessary changes. Such notification must be made within 30 days of receipt of the Benefit Plan Document. Any changes or modifications to the Benefit Plan Document which are made by THE GROUP after 90 days of the effective date, will be subject to an increased charge and any additional administrative expense involved in its implementation. This charge will be determined by BCBSNE. Benefits cannot be decreased retroactively at any time. Any change to the Benefit Plan Document must be approved by BCBSNE before it is effective. Such approval will not be unreasonably withheld.
- E. Grant to BCBSNE discretionary authority to determine for all parties, all matters of fact or interpretation relating to any claim under the Benefit Plan, including questions of eligibility and interpretation of Plan provisions, to the extent that BCBSNE is a fiduciary for claims processing purposes. These decisions will be final and binding subject to appeal to BCBSNE under its review process.

- F. Indemnify BCBSNE and hold it harmless against any and all claim loss, damage, and expense with respect to the administration of the Plan, except that resulting from, or arising out of, any act or omission which constitutes bad faith, negligence, fraudulent or criminal acts of employees of BCBSNE, acting alone or in collusion with others, or expenses incurred by BCBSNE in the regular administration of the Plan.

THE GROUP agrees that should it fail to make payment due to insolvency or for any other reason, the provider shall have authority to collect directly for Covered Services from its Covered Persons.

- G. Indemnify BCBSNE and hold it harmless, as set forth herein, for any claim, loss, damage and expense arising from the release of claims specific information to THE GROUP, as required by Part II., H. and Part II., I., or otherwise required by THE GROUP.
- H. THE GROUP on behalf of itself and its participants, hereby expressly acknowledges its understanding that this Agreement constitutes a contract solely between THE GROUP and BCBSNE, that BCBSNE is an independent corporation operating under a license with the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "Association") permitting BCBSNE to use the BCBS Service Marks in Nebraska, and that BCBSNE is not contracting as the agent of the Association. THE GROUP further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than BCBSNE, and that no person, entity or organization other than BCBSNE shall be held accountable or liable to THE GROUP for any of BCBSNE's obligations to THE GROUP created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of BCBSNE other than those obligations created under other provisions of this Agreement.
- I. Execute and be responsible for all HIPAA related compliance, including but not limited to executing any necessary agreements or notifications.
- J. Keep all information received from BCBSNE confidential. THE GROUP will not use or disclose such information except as necessary for administration of claims pursuant to the Benefit Plan Document. In the event THE GROUP discloses any such information to a contractor assisting in the administration of the Benefit Plan Document, it shall first obtain written agreement from the contractor restricting further disclosure or use for any purpose other than providing such assistance.

IV.

CONTINUATION OF COVERAGE

The applicable Continuation of Coverage provisions are in Part III. of the Master Group Contract.

The amount of recommended monthly charges to be collected and retained by THE GROUP shall not be less than the amounts indicated on Attachment 4.

V.

FINANCING ARRANGEMENTS

The financing arrangements applicable under this Agreement are those set forth on Attachment 2.

VI.

COMPENSATION

A. **Commencing with the effective date of this Agreement, and in consideration of the services and obligations herein required of BCBSNE, THE GROUP shall pay BCBSNE, monthly, the following amounts:**

1. **Administrative Service Fee:** The fee for BCBSNE's services as stated in this Agreement which includes fees for all persons who have elected to continue membership in THE GROUP pursuant to COBRA continuation coverage.

The Administrative Service Fee is indicated on Attachment 1., A.

2. Reimbursement for the total "**Net Paid Claims**" for the preceding month, unless reimbursement is otherwise provided in Part V., above. Claims data which is, for any reason, omitted from a particular month's billing, shall be added to the billing for a subsequent month, and the Administrative Fee for the subsequent month shall reflect any appropriate adjustment.

Net Paid Claims: This is the amount determined after subtraction of any discount and other adjustments made to the allowable charge for Covered Services, pursuant to the contractual provisions between BCBSNE and the Contracting providers, or in accordance with other Contract provisions. These payments are made by BCBSNE or a Blue Cross and/or a Blue Shield plan in another state. THE GROUP's payment is made on a Net Paid Claims basis.

Payment for Covered Services by a Contracting facility is based on the Contracted Amount less the Covered Person's deductible and coinsurance. Payment for Covered Services received from a Contracting professional or noninstitutional provider is based on the lesser of the Contracted Amount or the billed charge less the Covered Person's deductible, coinsurance and copayment. The coinsurance is based on the lesser of the allowable charge or the billed charge for Covered Services.

3. **The following fees are related to the BlueCard Program. Additional information about the BlueCard Program is found in Paragraph B. of this Part.**

- a. Access Fee: If savings are available, Blue Cross and Blue Shield of Nebraska may be charged a fee to access the other Plan's Contracting provider network. This access fee for services incurred by a Covered Person will be passed along to THE GROUP as a claims expense, unless otherwise indicated in Attachment 1. The access fee is a percentage of the discount the out-of-area Plan has obtained from its providers, but not to exceed \$2,000 for any claim. This amount may vary for national account groups, as negotiated between the Plans. If an access fee credit is received, this amount will be credited to THE GROUP. The provider has agreed not to bill Covered Persons for amounts in excess of the negotiated amount, but may bill them for Deductibles, Coinsurance and amounts for Noncovered Services.

The amount of this fee or any credits will be used in the computation of "Net Paid Claims" charged to THE GROUP. Instances may occur when none of a claim or only a small amount of the claim is paid, because of the application of the Covered Person's deductible or coinsurance. If the other Plan's arrangement with the provider allows the contracted amount to apply when the amount is fully or mostly a Covered Person's obligation, the access fee will be paid and passed to THE GROUP as a claims expense even though THE GROUP paid little or none of the claim. This process allows the benefit of the discounted amount to be passed through to the Covered person.

The Access Fee is indicated on Attachment 1., B. 1.

- b. Administrative Expense Allowance (AEA): An Administrative Expense Allowance (AEA) for each original claim processed through the BlueCard Program by other Blue Cross and/or Blue Shield plans, will be charged back to THE GROUP as an administrative expense, unless otherwise indicated in Attachment 1.

An AEA Fee Report will be provided monthly with the Claims Analysis Report.

The AEA Fees are indicated on Attachment 1., B. 2.

4. Premium for an Individual Stop Loss.

Premium for an Aggregate Stop Loss.

The Stop Loss premium, however stated, includes fees for all persons who have elected to continue memberships in THE GROUP pursuant to COBRA.

If applicable, the Stop Loss premiums are indicated on Attachment 3

5. **Commissions:** If a commission to an agent of record specified by THE GROUP is payable by BCBSNE, the actual amount paid will be charged to THE GROUP each month during the Term of this Agreement.

The monthly commission is indicated on Attachment 1., C.

- B. The following language is mandated by the Blue Cross and Blue Shield Association in order to explain the methods that are used to calculate claim liability in the various independent Blue Cross and Blue Shield Plans. The BlueCard fees and compensation costs are outlined on Attachment 1., B.**

BlueCard Program: Like all Blue Cross and Blue Shield Licensees, BCBSNE participates in a program called "BlueCard." Whenever subscribers access health care services outside the geographic area BCBSNE serves, the claim for those services may be processed through BlueCard and presented to BCBSNE for payment in conformity with network access rules of the BlueCard Policies then in effect ("Policies"). Under BlueCard, when subscribers receive covered health care services within the geographic area served by an on-site Blue Cross and/or Blue Shield Licensee ("Host Blue"), BCBSNE will remain responsible to THE GROUP for fulfilling BCBSNE's contract obligations. However, the Host Blue will only be responsible, in accordance with applicable BlueCard Policies, if any, for providing such services as contracting with its providers and handling all interactions with those Contracting Providers. The financial terms of BlueCard are described generally below.

1. **Liability Calculation Method Per Claim:** The calculation of subscriber liability on claims for covered health care services incurred outside the geographic area BCBSNE serves and processed through BlueCard will be based on the lower of the provider's billed charges or the Contracted Amount BCBSNE pays the Host Blue.

The calculation of THE GROUP's liability on claims for covered health care services incurred outside the geographic area BCBSNE serves and processed through BlueCard will be based on the Contracted Amount BCBSNE pays the Host Blue.

The methods employed by a Host Blue to determine a Contracted Amount will vary among Host Blues based on the terms of each Host Blue's provider contracts. The Contracted Amount paid to a Host Blue by BCBSNE on a claim for health care services processed through BlueCard may represent:

- a. The actual price paid on the claim by the Host Blue to the health care provider ("Actual Price"),
or

- b. An estimated price, determined by the Host Blue in accordance with BlueCard Policies, based on the Actual Price increased or reduced to reflect aggregate payments expected to result from settlements, withholds, any other contingent payment arrangements and nonclaims transactions with all of the Host Blue's health care providers or one or more particular provider ("Estimated Price"), or
- c. An average price, determined by the Host Blue in accordance with BlueCard Policies, based on a billed charges discount representing the Host Blue's average savings expected after settlements, withholds, any other contingent payment arrangements and nonclaims transactions for all of its providers or for a specified group of Providers ("Average Price"). An Average Price may result in greater variation to the subscriber and THE GROUP from the Actual Price than would an Estimated Price.

Host Blues using either the Estimated Price or Average Price will, in accordance with BlueCard Policies, prospectively increase or reduce the Estimated Price or Average Price to correct for over- or underestimation of past prices. However, the amount paid by the subscriber and THE GROUP is a final price and will not be affected by such prospective adjustment. In addition, the use of a liability calculation method of Estimated Price or Average Price may result in some portion of the amount paid by THE GROUP being held in a variance account by the Host Blue, pending settlement with its Contracting Providers. Because all amounts paid are final, the funds held in a variance account, if any, do not belong to THE GROUP and are eventually exhausted by provider settlements and through prospective adjustment to the Contracted Amounts.

Statutes in a small number of states may require a Host Blue either (1) to use a basis for calculating subscriber liability for covered health care services that does not reflect the entire savings realized, or expected to be realized, on a certain claim or (2) to add a surcharge. Should any state statutes mandate liability calculation methods that differ from the Contracted Amount methodology or require a surcharge, the Host Blue would then calculate subscriber liability and THE GROUP's liability for any covered health care services consistent with the applicable state statute in effect at the time the subscriber received those services.

- 2. **Return of Overpayments:** Under BlueCard, recoveries from a Host Blue or from Contracting Providers of a Host Blue can arise in several ways, including but not limited to, anti-fraud and abuse audits, provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage third parties to assist in discovery or collection of recovery amounts. The fees of such a third party are netted against the recovery. Recovery amounts, net of fees, if any, will be applied in accordance with applicable BlueCard Policies which generally require correction on a claim-by-claim or prospective basis.
- 3. **BlueCard Fees and Compensation:** THE GROUP understands and agrees (1) to pay certain fees and compensation to BCBSNE which BCBSNE is obligated under BlueCard to pay to the Host Blue, to the Blue Cross Blue Shield Association, or to the BlueCard vendors, unless our contract obligations to THE GROUP require those fees and compensation to be paid only by BCBSNE and (2) that fees and compensation under BlueCard may be revised from time to time without THE GROUP's prior approval in accordance with the standard procedures for revising fees and compensation under BlueCard. Some of these fees and compensation are charged each time a claim is processed through BlueCard and include, but are not limited to, access fees, administrative expense allowance fees, Central Financial Agency Fees, and ITS Transaction Fees. Also, some of these claim-based fees, such as the access fee and the administrative expense allowance fee, may be passed on to THE GROUP as an additional claim liability. Other fees include, but are not limited to, an 800 number fee and a fee for providing PPO provider directories. If you do not have a complete listing, or want an updated listing of these types of fees or the amount of these fees paid directly by THE GROUP, you should contact BCBSNE.

- C. **Rx Nebraska Program Fees:** Prime Therapeutics, LLC, (Prime) is the Pharmacy Benefit Manager which processes pharmacy claims for the Rx Nebraska Program. Any fees Prime charges BCBSNE for managing the Rx Nebraska Program are included in the Administrative Service Fee. In some cases, Prime receives manufacturer administrative fees, which are retained by Prime. One hundred percent (100%) of Rx rebates received from manufacturers of drugs and supplies are passed through to THE GROUP.
- D. BCBSNE shall provide THE GROUP with a monthly billing reflecting the amount due BCBSNE from THE GROUP, less any credits. This billing will be provided on or before the 10th day of the following month and shall be payable within 15 days of its mailing by BCBSNE.

Interest will be charged for Net Paid Claims, Administrative Service fees, Stop Loss charges and amounts previously unreimbursed by THE GROUP, which are received more than 15 calendar days after the date notification is mailed.

Interest will be based on a rate of 12% per annum for the actual number of days which have elapsed beyond the 15-day grace period. The interest charge will be added to the next subsequent billing for claims reimbursement and will not be included in the Aggregate Stop Loss Limit. Interest charges will also be applicable on any past due interest charge.

- E. In connection with the administration of this Agreement, if at any time BCBSNE shall be or become subject to the imposition of, or any increase in, a premium tax or other tax whatsoever, the amount of compensation shall be increased by a like amount. (The present premium taxes on the Stop Loss premiums are included in the costs shown above, if applicable.) Assessments by a state arising from the operation of the Plan, including but not limited to a surcharge on claims and/or an assessment on residents of that state, shall be considered a tax for purpose of this paragraph.
- F. BCBSNE may employ the services of an outside company to seek recovery of credit balances from providers and facilities. The outside company may: a) retain a percentage of the monies recovered as compensation for its services. The remaining balance will be refunded to THE GROUP; or b) charge BCBSNE a fee as compensation for its services. In that instance, the Claims Analysis Report will reflect the full amount of the recovery as a credit. Any fee associated with the collection of these recoveries will be reflected as a charge on the summary invoice provided to THE GROUP.
- G. This Agreement is effective only as to expenses incurred after the effective date of this Agreement, and prior to its termination, subject to Part IX.

VII.

LITIGATION

Should suit be filed against BCBSNE or THE GROUP, or both, for damages or equitable relief, arising out of a determination of benefits, the parties agree to cooperate fully and assist one another in the defense of such claims. Should BCBSNE be named as defendant in such a suit, BCBSNE and its liability carrier shall maintain primary control of such litigation, including the selection of counsel; however, notice will be provided to THE GROUP. Reimbursement will be made to BCBSNE by THE GROUP for the amount of any benefits determined to be payable pursuant to the Benefit Plan Document, by way of settlement or award pursuant to judgment, and THE GROUP shall be responsible for the fees of any separate counsel retained to represent its interests independently. If Plaintiff's attorney fees or taxable court costs are a part of the settlement or award, the parties agree they will split such fees and costs evenly.

VIII.

TERM

This Agreement shall be effective for a Contract Term which is indicated on Attachment 1. It may be extended by written consent of both parties, with such modifications as shall be agreed to by the parties.

This Agreement may be terminated by either party, without cause, but any such termination shall only be effective commencing with the first day of the month at least 60 days following written notice to the other party.

This Agreement shall terminate immediately upon written notice by BCBSNE to THE GROUP, should THE GROUP fail, refuse or neglect to meet any of its financial obligations hereunder.

IX.

PROCESSING OF CLAIMS IN THE EVENT OF TERMINATION

In the event of termination of this Agreement, liability for unreported and pending claims as of the date of termination rests with THE GROUP, who shall choose one of the following alternatives:

- A. THE GROUP will arrange with another claims administrator for processing, handling and payment of such claims as are incurred during the Term of this Agreement, but not submitted for payment until after the termination date. BCBSNE will have no responsibility for such claims except to notify the Employee/Provider of the termination date. Employee/Provider must resubmit the claims to either the new claims administrator or THE GROUP, as instructed by THE GROUP.

or

- B. THE GROUP will arrange with BCBSNE for payment of such claims. Unless the parties agree otherwise, BCBSNE will continue to process claims for services provided during the Term of this Agreement for a period of 15 months after termination of this Agreement. The advance deposit will be returned as set forth on Attachment 2., A., 2.

THE GROUP agrees to compensate BCBSNE as provided herein. BCBSNE will send a monthly invoice reporting the amount of claims reimbursement and Administrative Expense for Net Paid Claims during the preceding month. The Administrative Expense applicable to the processing of such claims shall be determined by BCBSNE after notification of termination is received. BCBSNE will have no financial risk or obligation for claims incurred after the Term of the Agreement, i.e., there is no limit to the extent of THE GROUP's liability under this paragraph B. as benefits paid pursuant to this Part IX. shall not apply to any Stop Loss Provision (see Attachment 3). BCBSNE may request THE GROUP to provide a letter of credit guaranteeing payment up to an amount determined by BCBSNE to be the estimated liability for these payments.

The alternative selected is indicated on Attachment 1., D.

The Reserve for Unreported and Pending Claims at the end of the Term of this Agreement is indicated on Attachment 5.

X.

NONASSIGNMENT

BCBSNE may not assign its rights or obligations under this Agreement without the written consent of THE GROUP, provided, however, that any reinsurance obtained by BCBSNE shall not constitute an assignment hereunder.

XI.

STOP LOSS PROVISION

If Stop Loss coverage is selected, the applicable Stop Loss contract or provision will be included as Attachment 3.

XII.

MODIFICATION

This Agreement contains the entire agreement of the parties. No representations were made or relied upon by either party other than those that are expressly set forth herein. No change in this Agreement shall be valid until approved in writing by an officer of each of the parties. Any such change, however, shall be effective at the time, and with respect to the eligible employees, therein provided.

**STATE OF NEBRASKA
(THE GROUP)**

By 
Signature

Administrator, AS Materiel
Title

301 Centennial Mall So, Mall level
Address

Lincoln NE 68508
City State Zip Code

Date: 3-11-11

**BLUE CROSS AND BLUE SHIELD OF
NEBRASKA (BCBSNE)**

By Daniel W. Alm
Signature

VP UNDERWRITING
Title

Mailing Address: P.O. Box 3248
Omaha, NE 68180-0001

Date: 3.14.2011

**ADMINISTRATIVE SERVICES AGREEMENT
SUMMARY**

Group: State of Nebraska

Contract Term: July 1, 2010 through June 30, 2011

Group Nos.: 04576 (BlueChoice); 04711 (BluePreferred PPO);
04712 (BluePreferred HDHP); 04945 (Wellness PPO)

Master Group Contract Number and revision date: Health: 96-055 (01/05); 96-056 (01/05); 9836-S (01/04)

Plan Assets. N/A General Assets.

A. Administrative Service Fee:

1. N/A % of Net Paid Claims for health coverage.
2. N/A % of Net Paid Claims for dental coverage.
3. \$** per enrolled employee (to include COBRA subscribers and retirees) under health coverage.
**See Attachments 8, 9, 10, 11, 12, 13, 14, and 15.
4. \$N/A per enrolled employee (to include COBRA subscribers and retirees) under dental coverage.
5. \$N/A per enrolled employee (to include COBRA subscribers and retirees) under health coverage for utilization management.

B. BlueCard Fees: Included in the Administrative Service Fees

C. Commissions:

1. No commission is payable to an agent of record.
2. N/A The commission payable to the agent of record is \$N/A each month.
 - a. This amount is not included in the Administrative Service Fee in A. above and will be billed additionally.
 - b. This amount is included in the Administrative Service Fee in A. above.
3. N/A The commission payable to the agent of record is N/A% of the total applicable Specific and Aggregate Stop Loss monthly premiums charged to THE GROUP as indicated in Attachment 3, Part III. The commission amount is included in the Stop Loss premium and will not be billed separately to THE GROUP.

D. Termination Provisions: In event of termination of this Agreement, the alternative selected by THE GROUP is:

1. N/A THE GROUP will arrange with another claims administrator for processing, handling and payment of such claims as are incurred during the Term of this Agreement, but not submitted for payment until after the termination date.
2. THE GROUP will arrange with BCBSNE for payment of such claims.

State of Nebraska
"THE GROUP"

July 1, 2010
Effective Date

SPECIAL FINANCING ARRANGEMENTS

A. N/A No Special Financing Arrangement: There are no special financing arrangements under this Agreement. BCBSNE shall make payments for claims out of its own funds, subject to reimbursement from THE GROUP.

1. THE GROUP shall remit to BCBSNE an advance deposit of \$N/A.
2. THE GROUP shall remit to BCBSNE an additional advance deposit of \$N/A. The current advance deposit held by BCBSNE is \$N/A and the total amount upon receipt of the amount specified above will be \$N/A.

BCBSNE will credit such advance deposit in the name of THE GROUP. Six months following termination of this Agreement, BCBSNE shall return 50% of THE GROUP's advance deposit. As stated at Part IX., BCBSNE will continue to pay claims for a period of 15 months (or a previously agreed-upon runout period). Within 30 days following this period, BCBSNE shall refund the balance of the advance deposit less any deficits from previous billings.

3. BCBSNE has agreed to waive the advance deposit, if daily or weekly wire transfer is made.

B. X Special Financial Arrangements: Pursuant to the following, BCBSNE has agreed to waive the advance deposit:

1. BCBSNE shall make payments for claims out of its own funds, subject to reimbursement from THE GROUP. BCBSNE shall (X daily, N/A weekly, etc.) notify THE GROUP of the amount of payments which have cleared BCBSNE's account since the last previous notification. THE GROUP shall reimburse BCBSNE within 3 business days of each notification.

At the end of each month, a summary report will be provided to THE GROUP, showing individual Net Paid Claims, refunds or other adjustments, correction entries, Stop Loss adjustments, the Administrative Service Fee, AEA Fee, Stop Loss premiums and Total Net Paid Claims. Any additional amount due will be payable within 45 days of the receipt of the summary invoice by THE GROUP in accordance with the State of Nebraska Prompt Pay Act, Neb. Rev. Stat. §§ 81-2401 to 81-2408. Interest may be charged in accordance with said Act.

2. BCBSNE employees authorized to notify THE GROUP of the amounts required are:

Tom Broderick	Christy Hinton
Mike Fye	Pat Puetz

3. THE GROUP's employees who are authorized to communicate with BCBSNE's authorized employees are:

Kris Bourke	Carlos Castillo	Wes Mohling
Janet Hansen	Susie Samuelson	Ann Martinez
Paula Fankhauser	Nyla Thomsen	Terri Wilson
Kim Lobato	Roger Wilson	
Shannon Anderson	Craig Currier	

Upon written request, either party may add or delete names of the employees who are authorized to communicate with the other party.

State of Nebraska
"THE GROUP"

July 1, 2010
Effective Date



**BlueCross BlueShield
of Nebraska**

An Independent Licensee of the Blue Cross and Blue Shield Association

**STOP LOSS PROVISIONS
FOR HEALTH COVERAGE**

This Stop Loss Contract (Contract) is offered by Blue Cross and Blue Shield of Nebraska (BCBSNE), a mutual insurance company, licensed by the State of Nebraska.

Blue Cross and Blue Shield of Nebraska and the Group agree to the terms as described herein during the Contract Term. This Contract is effective beginning 12:01 a.m. on the effective date stated in the Administrative Services Agreement, in consideration of the payment of premiums, charges or as otherwise provided.

Only Blue Cross and Blue Shield of Nebraska can approve a change to this Contract and that change must be in writing. No agent may change the Contract in any way.

This Contract is made in and governed by the laws of the State of Nebraska. Defined terms are capitalized in this Contract.

BLUE CROSS AND BLUE SHIELD OF NEBRASKA

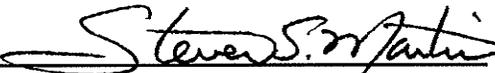
By: 
Steven S. Martin, President
and Chief Executive Officer

TABLE OF CONTENTS

	PAGE
PART I. RECITALS.....	16
PART II. STOP LOSS COVERAGE.....	16
PART III. COMPENSATION	18
PART IV. GENERAL PROVISIONS.....	18
PART V. DEFINITIONS	20

PART I. RECITALS

- A. The Group has established and maintains a self-funded employee welfare benefit plan, which provides, among other things, various benefits to Covered Persons in the Plan.
- B. BCBSNE provides certain services to the Plan pursuant to the Administrative Services Agreement.
- C. Claims are administered according to the Preferred Provider Organization Master Group Contract, Form 9836-S 1/01/2004, as amended.
- D. BCBSNE has agreed to provide Stop Loss coverage to the Group as indicated in Part II. below.
- E. The Group and BCBSNE intend this Contract to be between and for the benefit of each other.

PART II. STOP LOSS COVERAGE

(Check the applicable provisions for A. and B.)

A. X **Individual Stop Loss:** BCBSNE will reimburse the Group for 100% of any excess over the Individual Stop Loss Amount, if, during the Contract Term, the total amount of eligible Net Paid Claims for any Covered Person exceeds the Individual Stop Loss Amount of \$500,000. This reimbursement will be made the month after such Individual Stop Loss Amount is exceeded. In addition, any final adjustment will be included following the end of the Term, subject to the applicable stop loss reimbursement terms. The Individual Stop Loss Amount is subject to the Total Benefits maximum as indicated in the Master Group Contract and any attached endorsements.

The Individual Stop Loss does not apply to claims incurred under dental coverage or coverage secondary or supplemental to Medicare, to expenses incurred for Covered Services over the Individual's total benefits payable, or to ineligible claims.

1. Claims eligible for reimbursement under Individual Stop Loss must be incurred on or after January 1, 2007 and before June 30, 2011. In addition, eligible claims must be paid on or after July 1, 2010 and before June 30, 2011.
2. Coverages eligible for Individual Stop Loss coverage include:
X Medical claims
N/A Prescription drug claims
3. In order to receive reimbursement for claims eligible for reimbursement incurred prior to the effective date of this Contract, it is the Group's responsibility to supply BCBSNE data, including proof of claim and payment, from the prior administrator for the entire claims period, if BCBSNE was not the prior administrator. Such claims will not be considered toward the Individual Stop Loss Amount unless such data is provided. Claims from the prior administrator in excess of \$150,000 per individual will not be considered toward the Individual Stop Loss Amount or Aggregate Stop Loss, if applicable. Any claims eligible for reimbursement and paid by the prior administrator will be paid by BCBSNE within 30 days of receipt of such data, but no sooner than 31 days following the end of the Contract Term covered by this Contract. The amount of reimbursement will be reduced by any claim refunds or claim recoveries achieved by the prior administrator or their subcontractors.

B. N/A **Aggregate Stop Loss:** BCBSNE will reimburse the Group for 100% of any excess over the Aggregate Stop Loss Amount, if the total amount of Net Paid Claims exceeds such Aggregate Stop Loss Amount unless otherwise indicated below. Claims reimbursed in A. above or used to satisfy an aggregating specific and/or Lasered deductible(s), will be deducted from the Net Paid Claims when determining this liability. This reimbursement will be subject to the Aggregate Stop Loss reimbursement terms noted in 5. below. The Aggregate Stop Loss does not apply to claims incurred under dental or prescription drug or coverage secondary or supplemental to Medicare, or to expenses incurred for Covered Services over the Covered Person's total benefits payable.

1. Claims eligible for reimbursement under Aggregate Stop Loss must be incurred on or after N/A and before N/A. In addition, eligible claims must be paid on or after N/A and before N/A.

2. The **Initial** Aggregate Composite Factor and the **Minimum** Aggregate Claim Liability of the Group shall be based on the factors, at the beginning of the Contract Term, as follows:

- a. Stop Loss corridor: N/A %
- b. Expected average enrollment during each month of the Contract Term N/A
- c. Initial Monthly Aggregate Composite Factor to be used per employee (to include COBRA subscribers and retirees) for determination of liability under this Aggregate Stop Loss: \$ N/A
- d. Minimum Aggregate Claim Liability during each month of the Contract Term: (2.b. x 2.c. x 90%) N/A

3. The Minimum Aggregate Stop Loss Amount is the minimum amount of aggregate claim liability and will never be less than the monthly amount calculated in B.2.d. above.

4. The **Final** Aggregate Stop Loss Liability of the Group shall be calculated as follows, at the end of the Contract Term, not to be less than the cumulative Minimum Aggregate Claim Liability of the Group as set forth in section B.2. above.

- a. Cumulative number of enrolled employees (to include COBRA subscribers and retirees) during each month of the Contract Term: To be determined
- b. Total factor to be used per employee (to include COBRA subscribers and retirees) for determination of liability under the Aggregate Stop Loss, as indicated in 2.c. above: N/A
- c. Final Aggregate Stop Loss Liability (4.a. x 4.b.): N/A

C. The Group has elected to exclude the following classes or departments from Stop Loss coverage: N/A.

D. Payments made for disputed claims which are paid at the specific direction of the Group, under the Administrative Services Agreement, despite BCBSNE's determination that such payment is inconsistent with the Plan, are not chargeable payments within the terms of this Contract.

PART III. COMPENSATION

A. Individual Stop Loss premium: \$13.85 per employee (to include COBRA subscribers and retirees) per month

B. Aggregate Stop Loss premium: \$N/A per employee (to include COBRA subscribers and retirees) per month

PART IV. GENERAL PROVISIONS

A. CANCELLATION OF CONTRACT: This Contract may be cancelled by either party, without cause, but any such cancellation shall only be effective commencing with the first day of the month at least 60 days following written notice to the other party. This Contract shall be cancelled immediately upon written notice by BCBSNE to the Group, should the Group fail, refuse or neglect to meet any of its financial obligations hereunder. Termination shall not affect any claim for Covered Services provided before the effective date of termination.

Cancellation or termination of the Administrative Services Agreement, whether during the Contract Term or at its conclusion, shall also terminate this Contract. There is no limit to the extent of the Group's liability for claims processed by BCBSNE after the date of said termination.

B. CERTAIN DEFENSES: All statements, in the absence of fraud, made by the Group will be deemed representations and not warranties. Neither the acceptance of premium nor the payment of claims shall constitute a waiver of available defenses.

C. CONFIDENTIALITY: The Group is responsible for keeping confidential records. These records are to be kept in a way that will assure the privacy of the Covered Persons' medical and other personal information.

The Group agrees that any information that the Group has or reviews will be used only for the purpose of administering this Contract. In the event that the Group discloses any such information to a third party assisting in the administration of this Contract, the Group is responsible for obtaining a written agreement from the third party restricting further disclosure or use for any purpose other than providing such service.

D. CONFORMITY WITH STATUTES: Any Contract provision which does not conform with the laws of Nebraska or the United States is hereby amended to conform to their minimum requirements.

E. FRAUD OR MISREPRESENTATION: Coverage hereunder may be canceled for fraud or misrepresentation about a claim or eligibility for this coverage. Written notice will be sent by certified mail to the Covered Person at his or her last-known address as shown by the membership records and shall be effective the date notice is mailed.

Additionally, if a misrepresentation is made in connection with enrollment and that fact is discovered within two years of the enrollment, coverage may be rescinded and the Covered Person would not be eligible for benefits. The amount of premiums paid for coverage will be reduced by any benefits that were paid and will be refunded to you. If benefits paid exceed premiums received, BCBSNE may recover the difference.

F. GRACE PERIOD, CANCELLATION: A 31-day grace period is allowed after the due date for payment each month. The Contract remains in force if the payment is received during that 31-day grace period. If payment is not received during the 31-day grace period, the Contract is canceled as of midnight of the last day for which premiums have been paid. No payment shall be made for

Covered Services provided after the effective date of cancellation of this Contract and refunds of claims paid will be required for the period of time that no premiums were paid to BCBSNE.

G. INDEPENDENT CORPORATION: The Group, on behalf of itself and its participants, hereby expressly acknowledges its understanding that this Contract constitutes a contract solely between the Group and BCBSNE, which is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "Association") permitting BCBSNE to use the Blue Cross and/or Blue Shield Service Marks and that BCBSNE is not contracting as the agent of the Association. The Group, on behalf of itself and its participants, further acknowledges and agrees that it has not entered into this Contract based upon representations by any person other than BCBSNE and that no person, entity, or organization other than BCBSNE shall be held accountable or liable to the Group for any of BCBSNE's obligations created under this Contract. This paragraph shall not create any additional obligations whatsoever on the part of BCBSNE other than those obligations created under other provisions of this Contract.

H. LEGAL ACTIONS: Legal action to recover under the Contract cannot be brought for at least 60 days after written proof of loss is given to BCBSNE. Nor can a legal action begin after three years from the date written proof of loss is required.

I. LIMITATIONS OF DAMAGES: The entire liability of BCBSNE shall not exceed the amount of benefits provided by this Contract, regardless of the form of the action. In no event shall Blue Cross and Blue Shield of Nebraska be liable for consequential, incidental, special or indirect damages regardless of whether it has been advised of the possibility of such damages.

J. MODIFICATIONS: This Contract may be modified:

1. by mutual agreement between the Group and BCBSNE;
2. at renewal at BCBSNE's discretion; or
3. anytime at BCBSNE's discretion if the same modification is made for all employer groups with the same contract form and plan design.

Any modification must be in writing and signed by an officer of Us.

K. NOTICE OF CLAIM: A proof of loss must be filed with BCBSNE within 90 days after the claim was incurred, or as soon thereafter as reasonably possible. The Group shall submit, on a timely basis, all proofs, reports or any other supporting documentation requested by BCBSNE.

L. SUBROGATION: The Group agrees to repay BCBSNE for amount recovered through subrogation or workers' compensation, even if the recovery is received after the Contract Term. Subrogation recoveries, as described in the Administrative Services Agreement, will be applied first to the appropriate Stop Loss Amount and, subsequently, to the Group's claim liability.

PART V. DEFINITIONS

Administrative Services Agreement: The agreement entered into between the Group and BCBSNE for administration of the Group's self-insured, or partially self-insured, health care programs for eligible employees.

Administrative Service Fee: The fee for BCBSNE's services as stated in the Administrative Services Agreement which includes fees for all persons who have elected to continue membership in the Group pursuant to COBRA continuation coverage.

Contract Term: The time period in which this Contract is in effect as indicated in the Administrative Services Agreement.

Covered Person: Any person entitled to benefits for Covered Services pursuant to the Master Group Contract administered by BCBSNE.

Covered Services: Hospital, medical or surgical procedures, treatments, drugs, supplies, or other health or dental care, including any single service or combination of services, for which benefits are payable while the Administrative Services Agreement and Master Group Contract are in effect.

Group: The employer or association which establishes and maintains a health care program for its employees or members.

Incur(red): The date on which Covered Services were provided to a Covered Person pursuant to the Master Group Contract.

Laser(ed): Providing higher or no limit stop loss coverage for certain individuals in order to maintain a lower Individual Stop Loss level or premium for the Group. If applicable, the Lasered individuals are listed in Part II.A. above.

Master Group Contract: The document which describes the benefits payable for Covered Services to a Covered Person.

Net Paid Claims: The amount determined after subtraction of any discount and other adjustments made to the allowable charge for Covered Services; pursuant to the contractual provision between BCBSNE and the contracting providers, or in accordance with other Master Group Contract provisions.

Plan: A self-funded plan of benefits which a plan sponsor provides for eligible employees and their dependents.

Total Benefits: The total amounts payable under the Master Group Contract for expenses incurred for Covered Services provided while the Master Group Contract is in effect.

State of Nebraska
"THE GROUP"

July 1, 2010
Effective Date

FUNDING RATES

The amount of recommended monthly charges to be collected and retained by THE GROUP shall be determined by THE GROUP.

Note: BCBSNE shall not be responsible for insufficient Funding Rates.

ATTACHMENT 5

State of Nebraska
"THE GROUP"

July 1, 2010
Effective Date

**RESERVE FOR UNREPORTED AND PENDING CLAIMS
AT THE END OF THE TERM OF THIS AGREEMENT**

The current estimate by BCBSNE of the potential liability, excluding Administrative Expense, of THE GROUP in the event of termination of this Agreement during, or at the end of the Term of this Agreement is:

Health Coverage: \$12,413,885

State of Nebraska
"THE GROUP"

July 1, 2010
Effective Date

PERFORMANCE GUARANTEES

Eligibility/Claim Administration

Measure Category	Measurement Criteria	Penalty in Percent of Administration Component or ASO fees
Claim Processing Accuracy – Number of claims processed with 100 percent accuracy divided by total number of claims paid.	100% - 97.5% 97.4% or less	0% 2%
Financial Accuracy - This standard will be based on a calculation of total claim dollars paid correctly divided by total claim dollars paid.	100% - 98.5% 98.4% or less	0% 3%
Claim Turnaround Time – Percent of all claims to be paid, pending or denied within 15 business days.	100% - 90.0% 89.9% or less	0% 3%

Customer Service

Measure Category	Measurement Criteria	Penalty in Percent of Administration Component or ASO fees
Telephone Call Response Time – Percent of all calls answered within 30 seconds	100% - 85% 84.9% or less	0% 1%
Telephone Call Abandonment Rate - No more than a 5 percent abandonment rate.	Less than 5% 5.1% or greater	0% 1%
Call Blockage Rate – All trunks busy 5 percent or less of the time during normal business hours.	5% or Less 5.1% or greater	0% 1%

PERFORMANCE GUARANTEES (CONTINUED)

Provider Networks

<p>Provider Discount Savings – To be calculated using Total Provider Savings off the BCBSNE Cost Savings Report. For the purposes of this guarantee, each category is calculated separately and distinctly.</p>	<p>Average Provider Savings for the Omaha/Lincoln Area (Zip Codes 680, 681 and 685 only):</p>	
	<p>34% or greater</p>	0%
	<p>33.9% or less</p>	1%
	<p>Average Provider Savings for the Non-Omaha/Lincoln Area (Zip codes other than 680, 681 and 685):</p>	
	<p>24% or greater</p>	0%
	<p>23.9% or less</p>	1%
	<p>Average Provider Savings Overall (All zip codes combined):</p>	
	<p>28% or greater</p>	0%
	<p>27.9% or less</p>	1%

PERFORMANCE GUARANTEE CRITERIA:

- a) Percent of Administration Fee at risk is based on the Administration Fee paid for the period and will be calculated within 60 days of the end of the contract.
- b) Turnaround time is measured from the date a claim is received by BCBSNE to the date it is processed (paid, denied, or pending for additional information).
- c) Performance Guarantees by BCBSNE are contingent on a minimum pass through rate of 60%. If this pass through rate is not met, BCBSNE will not be subject to these Performance Guarantees.
- d) All Customer Service measurements are based on the entire block of business and are not client specific.
- e) Provider savings will be calculated from In-Network medical claims incurred within the contract year. Savings calculations will be finalized approximately 120 days following the end of the contract year.
- f) Results will not be measured more than calendar year quarterly.
- g) The Provider Savings Guarantee will be calculated using "Total" Provider Savings. This includes Maximum Benefit Allowance discounts, discounts / outpatient hospital arrangements, DRGs, Non-Par Subscriber Liability, PPO Par savings, Non-PPO Par savings, Drugcard Savings and BlueCard Savings. These amounts will be taken off the standard BCBSNE cost savings report.

Annual member satisfaction surveys will be distributed to randomly selected members. Such surveys shall be pre-approved by THE GROUP. Results will be measured and reported to THE GROUP. Any BCBSNE use of data gathered by satisfaction surveys other than fulfillment of this performance guarantee must be approved in writing by THE GROUP.

ATTACHMENT 7

State of Nebraska
"THE GROUP"

July 1, 2010
Effective Date

PROVIDER SAVINGS GUARANTEE

BCBSNE is the leader in health care financing in the State of Nebraska. In conjunction with Blue plans across the country, we are also able to provide our member groups access to provider discounts no matter what state they live in through our BlueCard program. Our commitment and success in our negotiated provider savings is outlined below:

This Provider Savings Guarantee puts [See Attachment 6]% of our medical administrative fee at risk.

If the actual provider savings are less than [See Attachment 6]%, BCBSNE will pay a Penalty to THE GROUP in the amount of [See Attachment 6]% of the Total Administrative Fee Received during the first contract year.

The Provider Savings Guarantee will be calculated using "Total" Provider Savings specific to THE GROUP. This includes Maximum Benefit Allowance discounts, discounts / outpatient hospital arrangements, DRGs, Non-Par Subscriber Liability, PPO Par savings, Non-PPO Par savings, Drugcard Savings and BlueCard Savings. These amounts will be taken off the standard BCBSNE cost savings report.

Any Penalty due will be determined based on a plan year reconciliation. If a Penalty is payable, the applicable amount will be sent back to the group. The percent of Administration Fee at risk is based on the Administration Fee paid for the period and will be calculated within 60 days of the end of the contract.

ATTACHMENT 8

ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE - BLUECHOICE

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2010 thru 6/30/2011
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$31.50
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$31.50

BlueCard Fees, including Access charges, AEA fees, and any other fees, notwithstanding Section VI. B., are included within the Administrative Service Fee and will not be billed to the group.

ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – BLUEPREFERRED PPO

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2010 thru 6/30/2011
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$31.50
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$31.50

BlueCard Fees, including Access charges, AEA fees, and any other fees, notwithstanding Section VI. B., are included within the Administrative Service Fee and will not be billed to the group.

ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – BLUEPREFERRED HDHP

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2010 thru 6/30/2011
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$31.50
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$31.50

BlueCard Fees, including Access charges, AEA fees, and any other fees, notwithstanding Section VI. B., are included within the Administrative Service Fee and will not be billed to the group.

ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – WELLNESS PPO

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2010 thru 6/30/2011
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$31.50
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance	Included
Recovery	
TOTAL	\$31.50

BlueCard Fees, including Access charges, AEA fees, and any other fees, notwithstanding Section VI. B., are included within the Administrative Service Fee and will not be billed to the group.

**ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE - BLUECHOICE
Run-Out Claims**

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2010 thru 6/30/2011
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$31.50
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$31.50

Notes:

The claims run-out liability for THE GROUP will be calculated by multiplying the monthly average enrollment over the most current contract period by the applicable PEPM ASO Fee multiplied by four.

BlueCard Fees, including both Access and AEA Fees, are included within the above Administrative Service Fees and will not be billed to THE GROUP.

ATTACHMENT 13

**ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – BLUEPREFERRED PPO
Run-Out Claims**

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2010 thru 6/30/2011
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$31.50
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance	Included
Recovery	Included
TOTAL	\$31.50

Notes:

The claims run-out liability for THE GROUP will be calculated by multiplying the monthly average enrollment over the most current contract period by the applicable PEPM ASO Fee multiplied by four.

BlueCard Fees, including both Access and AEA Fees, are included within the above Administrative Service Fees and will not be billed to THE GROUP.

**ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – BLUEPREFERRED HDHP
Run-Out Claims**

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2010 thru 6/30/2011
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$31.50
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance Recovery	Included
TOTAL	\$31.50

Notes:

The claims run-out liability for THE GROUP will be calculated by multiplying the monthly average enrollment over the most current contract period by the applicable PEPM ASO Fee multiplied by four.

BlueCard Fees, including both Access and AEA Fees, are included within the above Administrative Service Fees and will not be billed to THE GROUP.

**ADMINISTRATIVE SERVICES ONLY (ASO) FEE SCHEDULE – WELLNESS PPO
Run-Out Claims**

PER EMPLOYEE PER MONTH (PEPM) (Composite)	7/1/2010 thru 6/30/2011
Medical ASO Fees to include, but not limited to:	
Medical ASO	\$31.50
Provider Network Fees	Included
Out of Network Access Fees	Included
Subrogation	Included
Claims Processing	Included
Internal / External Audits	Included
Coordination of Benefits	Included
Customer Service	Included
Health Plan Booklets	Included
Provider Directories	Included
Identification Cards	Included
Postage / Envelopes	Included
Start-Up	Included
Annual Information Session	Included
Open Enrollment	Included
Behavioral Health	Included
Case Management	Included
Pre-Admission Certification	Included
Utilization Review	Included
Additional Items Added Below by BCBSNE:	Included
Standard and Ad Hoc Reporting	Included
Out-of-Network Bill Negotiation	Included
Hospital/Physician Credit Balance	Included
Recovery	
TOTAL	\$31.50

Notes:

The claims run-out liability for THE GROUP will be calculated by multiplying the monthly average enrollment over the most current contract period by the applicable PEPM ASO Fee multiplied by four.

BlueCard Fees, including both Access and AEA Fees, are included within the above Administrative Service Fees and will not be billed to THE GROUP.

STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
301 Centennial Mall South, 1st Floor
Lincoln, Nebraska 68508

OR
P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-2401
Fax: (402) 471-2089

CONTRACT NUMBER
35078 04

PAGE 1 of 3	ORDER DATE 12/15/10
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	
VENDOR ADDRESS: BLUE CROSS BLUE SHIELD OF NE PO BOX 3248 OMAHA NEBRASKA 68180-0001	

AN AWARD HAS BEEN MADE TO THE VENDOR/CONTRACTOR NAMED ABOVE FOR THE SERVICES AS LISTED BELOW FOR THE PERIOD:

JANUARY 01, 2011 THROUGH JUNE 30, 2012

THIS CONTRACT IS NOT AN EXCLUSIVE CONTRACT TO FURNISH THE SERVICES SHOWN BELOW, AND DOES NOT PRECLUDE THE PURCHASE OF SIMILAR SERVICES FROM OTHER SOURCES.

THE STATE RESERVES THE RIGHT TO EXTEND THE PERIOD OF THIS CONTRACT BEYOND THE TERMINATION DATE WHEN MUTUALLY AGREEABLE TO THE VENDOR/CONTRACTOR AND THE STATE OF NEBRASKA.

Original/Bid Document 2395 Z1

Contract to provide administrative and support services for the State of Nebraska Employee Health Care Benefit Plans for the period effective January 1, 2011 through June 30, 2012 with the option to extend for up to a six (6) month period as mutually agreed upon by all parties.

The State may request that payment be made electronically instead of by state warrant. ACH/EFT Enrollment Form can be found at: <http://www.das.state.ne.us/accounting/forms/achenrol.pdf>

The Contractor is required and hereby agrees to use a federal immigration verification system to determine the work eligibility status of new employees physically performing services within the State of Nebraska. A federal immigration verification system mean the electronic verification of the work authorization program authorized by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, 8 U.S.C. 1324a, known as the E-Verify Program, or an equivalent federal program designated by the United States Department of Homeland Security or other federal agency authorized to verify the work eligibility status of a newly hired employee.

The contractor certifies that the contractor is not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency from participating in transactions (debarred). The contractor also agrees to include the above requirements in any and all subcontracts into which it enters. The contractor shall immediately notify the Department if, during the term of this contract, contractor becomes debarred. The Department may immediately terminate this contract by providing contractor written notice if contractor becomes debarred during the term of this contract. If the Contractor is an individual or sole proprietorship, the following applies:

1. The Contractor must complete the United States Citizenship Attestation Form, available on the Department of Administrative Services website at: www.das.state.ne.us.
2. If the Contractor indicates on such attestation form that he or she is a qualified alien, the Contractor agrees to provide the US Citizenship and Immigration Services documentation require to verify the Contractor's lawful presence in the United States using the Systematic Alien Verification for Entitlements (SAVE) Program.
3. The Contractor understands and agrees that lawful presence in the United States is required and the Contractor may be disqualified or the contract terminated if such lawful presence cannot be verified as required by Neb. Rev. Stat. §4-108.

The contract shall incorporate the following previously submitted documents:

1. Contract Award;
2. Any Contract Amendments, in order of significance;
3. Any Request for Proposal Addenda and/or Amendments to include Questions and Answers;
4. The original RFP document;
5. The signed Request for Proposal form; and


BUYER
MATERIEL ADMINISTRATOR

STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
 301 Centennial Mall South, 1st Floor
 Lincoln, Nebraska 68508
 OR
 P.O. Box 94847
 Lincoln, Nebraska 68509-4847
 Telephone: (402) 471-2401
 Fax: (402) 471-2089

CONTRACT NUMBER
35078 04

PAGE 2 of 3	ORDER DATE 12/15/10
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	

6. The Contractor's Proposal.

CONTACT: Angela Hogan, Account Executive
 ADDRESS: Blue Cross and Blue Shield of Nebraska, 1233 Lincoln Mall, Suite 100, Lincoln, NE 68508
 PHONE: 402-458-4816
 FAX: 402-477-2952
 EMAIL: angela.hogan@bcbsne.com

CONTACT: Jerome Rewolinski, Director of Account Management
 ADDRESS: Blue Cross and Blue Shield of Nebraska, 7261 Mercy Road, Omaha, NE 68124
 PHONE: 402-548-4783
 FAX: 402-392-4155
 EMAIL: jerome.rewolinski@bcbsne.com

THIS IS THE FIRST RENEWAL OF THE CONTRACT AND INCLUDES AMENDMENT ONE (1) - Items 9-16 added to reflect the State's change from calendar year to fiscal year.



Line Description

- 1 Admin Fees 2009 and 2010
BlueChoice 01/01/09 - 06/30/09
- 2 Admin Fees BLUESELECT
Period 01/01/09 - 06/30/09
- 3 ADMIN FEES BCBS PPO
Period 01/01/09 - 06/30/09
- 4 ADMIN FEES BCBS PPOHI
Period 01/01/09 - 06/30/09
- 5 Admin Fees BLUECHOICE
Period 07/01/09 - 06/30/10
- 6 Admin Fees WELLNESS PPO
Period 07/01/09 - 06/30/10
- 7 ADMIN FEES BCBS PPO
Period 07/01/09 - 06/30/10
- 8 ADMIN FEES BCBS PPOHI
Period 07/01/09 - 06/30/10
- 9 ADMIN FEES BLUECHOICE
PERIOD 07/01/10 - 06/30/11
- 10 ADMIN FEES WELLNESS PPO
PERIOD 07/01/10 - 06/30/11

RRG
 BUYER INITIALS

STATE OF NEBRASKA SERVICE CONTRACT AWARD

State Purchasing Bureau
301 Centennial Mall South, 1st Floor
Lincoln, Nebraska 68508

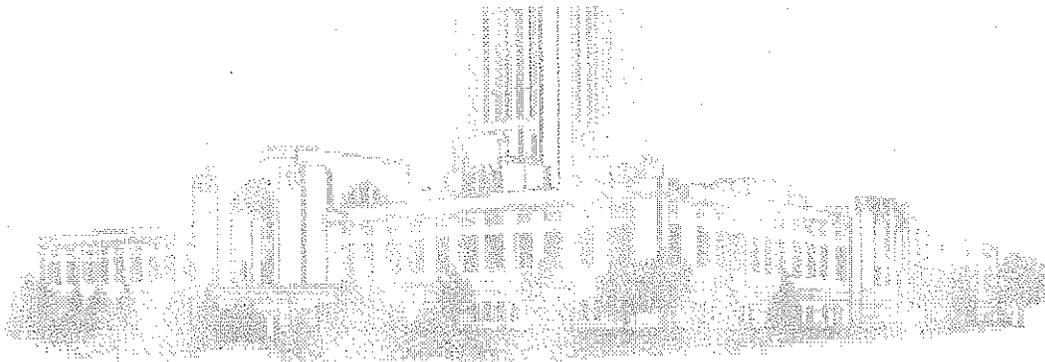
OR

P.O. Box 94847
Lincoln, Nebraska 68509-4847
Telephone: (402) 471-2401
Fax: (402) 471-2089

CONTRACT NUMBER
35078 04

PAGE 3 of 3	ORDER DATE 12/15/10
BUSINESS UNIT 65083708	BUYER RUTH GRAY (AS)
VENDOR NUMBER: 504672	

Line	Description
11	ADMIN FEES BCBS PPO PERIOD 07/01/10 - 06/30/11
12	ADMIN FEES BCBS PPOHI PERIOD 07/01/10 - 06/30/11
13	ADMIN FEES BLUECHOICE PERIOD 07/01/11 - 06-30-12
14	ADMIN FEES WELLNESS PPO PERIOD 07/01/11 - 06-30-12
15	ADMIN FEES BCBS PPO PERIOD 07/01/11 - 06-30-12
16	ADMIN FEES BCBS PPOHI PERIOD 07/01/11 - 06-30-12



RR6
BUYER INITIALS