

STATE OF NORTH CAROLINA

BCBSNC Contract No.

COUNTY OF WAKE

AMENDMENT NUMBER SIX
TO THE
ADMINISTRATIVE SERVICES AGREEMENT

THIS AMENDMENT ("Amendment"), is made and entered into as of the 19th day of June, 2009, by and between the North Carolina State Health Plan ("Plan") and Blue Cross and Blue Shield of North Carolina ("BCBSNC") (each, a Party and collectively, the Parties), and amends the Administrative Services Agreement, dated the 28th day of February 2006, ("Agreement"). The Effective Date of this Amendment shall be the 19th day of June, 2009.

(a) WITNESSETH

THAT WHEREAS, the Parties have entered into the Agreement to provide claims processing services; and

WHEREAS, the Parties may amend the Agreement, pursuant to Paragraph 18.1 of the Agreement; and

WHEREAS, the Parties wish to amend Section 15.5 of the Agreement and Sections 7.5.1 and 7.5.2 of Exhibit A. of the Agreement to modify and clarify the audit provisions in the Agreement.

NOW, THEREFORE, in consideration of the mutual agreement and conditions contained herein, the parties agree as follows:

1. Audit Provision. Section 15.5 of the Agreement is hereby deleted in its entirety and replaced with the following:

15.5 Audits. During the term of this Agreement, and at any time within one (1) year following its termination, the Plan may conduct an audit of the administrative costs and services provided to the Plan pursuant to the Agreement. When practicable, the Plan must advise BCBSNC at least sixty (60) days in advance of its intent to audit. All audits shall be limited to information relating to the preceding three (3) years, unless the Plan determines that it is required by law to waive this limitation in order for the Plan to fulfill its legal and/or fiduciary responsibilities. The place, time, type, duration, and frequency of all audits must be reasonable and agreed to by BCBSNC, such agreement not to be unreasonably

withheld. The Plan shall bear the cost of the audit. Upon BCBSNC's request, the State Health Plan also shall pay or cause to be paid any reasonable expenses incurred by BCBSNC; however, the Parties will mutually agree in advance to such fees and expenses. Such costs must be itemized and separately invoiced by BCBSNC. Audits will be subject to the following requirements:

- a. The Plan will utilize an independent Certified Public Accounting firm, unless otherwise agreed upon by both Parties, ("Firm") to conduct audits on its behalf who (i) will perform its review in accordance with published administrative safeguards or procedures against unauthorized use or disclosure (in the audit report or otherwise) of any individually identifiable information (including health care information) contained in the information to be audited; and (ii) will not make or retain any record of provider negotiated rates included in the audited transactions, or payment identifying information concerning treatment of drug or alcohol abuse, mental/nervous or HIV/AIDS or genetic markers, in connection with any audit. The Plan will use due diligence to investigate and determine that the Firm has no conflict of interest with respect to the Plan or BCBSNC. The Firm may not be compensated on the basis of a contingency fee or a percentage of overpayments identified or a percentage of proposed administrative cost reductions.
- b. Due to the Confidential Information that will be audited, the Firm shall agree to and execute a confidentiality agreement with BCBSNC. Audits of any costs or services are subject to any related proprietary and confidentiality requirements protecting the nature of the data. This includes, but is not limited any statutory requirements under NCGS §§ 66-152 et seq., 132-1.2, and 135-43(b). Only the Firm, employees of the Plan, and BCBSNC are permitted to participate in any audit relating to this Agreement, unless otherwise required by law. If an employee of the Plan conducts or participates in the audit, such employee shall not be permitted by either Party to remove any originals or copies of any documents or records that contain Confidential Information from the audit site. At the conclusion of any audit relating to this Agreement, any Confidential Information in the possession of the Plan or the Firm, whether obtained in breach of any contractual obligations or not, shall immediately be destroyed or returned to BCBSNC. The Plan or the Firm shall retain the discretion to destroy the Confidential Information if return of such information is impracticable.
- c. The BCBSNC representative referenced in Section 18.11 ("Notices") must be contacted to initiate an audit. The representative may identify an audit coordinator who will have day-to-day responsibility for coordinating and facilitating the audit.

- d. The State Health Plan will provide to BCBSNC, with as much notice and specificity as is practicable, a description of the scope of the audit to be conducted.
 - e. The Plan's Firm will provide its written draft audit findings simultaneously to the State Health Plan and BCBSNC. BCBSNC and the Firm shall meet or otherwise arrange to discuss the written draft audit findings and have the opportunity to resolve disagreements prior to the completion of the final Audit Report. At its discretion, the Plan may designate one or more of its employees to attend any such meetings, or otherwise participate in the any such discussion. BCBSNC shall have the right to include with the final Audit Report a supplementary statement that BCBSNC considers pertinent to the audit. Such supplementary statement shall be provided to the Firm within 15 calendar days of receipt of the draft audit report.
 - f. The Firm shall provide the final Audit Report simultaneously to the Plan and BCBSNC.
 - g. BCBSNC shall provide to the State Health Plan the most recent copy of the SAS 70 report and any subsequent SAS 70 reports, completed by an independent auditor, when such SAS 70 audit was conducted during the term of this Agreement.
 - h. Following the provision of the final Audit Report of an audit of the administrative costs under the Agreement, the Parties shall work together in good faith for 30 days to reach agreement regarding any financial disputes related to the audit findings. Such agreement may include, but is not limited to, additional adjustments to the PMPM Estimate or a separate one-time payment from or reimbursement to the Plan. If the Parties cannot reach agreement and either Party reasonably and in good faith believes that it will incur material financial disadvantage due to such disagreement, that Party may terminate the Agreement with no fewer than 180 days notice provided that the notice is given after the Parties are unable to reach such agreement.
2. **Deletion of Section 7.5.1 and 7.5.2 of Exhibit A.** Sections 7.5.1 and 7.5.2 of Exhibit A of the Agreement are hereby deleted in their entirety. All references in the Agreement to the audit provisions under Sections 7.5.1 or 7.5.2 of Exhibit A of the Agreement shall now be deemed to refer to Section 15.5 of the Agreement.
 3. **Unchanged Provisions.** The Parties acknowledge that the terms and conditions of this Amendment are incorporated by reference into the terms and conditions of the Agreement as though originally a part thereof, and to the extent that the terms and conditions of the Agreement are not negated or otherwise modified by this Amendment, such terms and conditions shall remain in full force and effect.

4. **Counterparts.** The Parties may execute this Amendment in counterparts, which shall, in the aggregate, when signed by both parties constitute one and the same instrument, and, thereafter, each counterpart shall be deemed an original instrument as against any Party who has signed it.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Amendment as of the date first above written.

The Plan and the Contractor have executed this Amendment in triplicate originals, one of which is retained by the Contractor and two by the Plan.

Signed For: North Carolina State Health Plan

By: Jack W. Walker Ex. Administrator
Print Name and Title of Authorized Official

Jack W. Walker
Signature of Authorized Official

Date: June 19, 2009

Signed For: Blue Cross and Blue Shield of North Carolina

By: Carol R. Sutton, Vice President of State Operations
Print Name and Title of Authorized Official

Carol R. Sutton
Signature of Authorized Official

Date: June 19, 2009