

STATE OF NORTH CAROLINA

COUNTY OF WAKE

AMENDMENT NUMBER Ten
TO THE
ADMINISTRATIVE SERVICES AGREEMENT

THIS AMENDMENT ("Amendment") is made effective the 1st day of July, 2010, to the Administrative Services Agreement, dated the 28th day of February 2006, ("Agreement") by and between the North Carolina State Health Plan for Teachers and State Employees ("Plan") and Blue Cross and Blue Shield of North Carolina ("BCBSNC") (each, a "Party" and collectively, the "Parties").

WITNESSETH

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

WHEREAS, the Parties wish to modify the provisions for a Cost Plus cap, as originally contemplated in Section 3.2 of Exhibit A of the Agreement.

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

1. **Definitions.** The following sections are hereby added as Section 1.10 and Section 1.11 under Section 1 of Exhibit A of the Agreement:

1.10 "Cost Plus Cap" means the maximum amount BCBSNC may charge on PMPM basis for a State Fiscal Year for the services performed under the Agreement. Excluded from this definition of Cost Plus Cap are any costs related to BCBSNC's compliance, or preparation to comply, with federal law or regulation (such as moving to ICD-10), state law or regulation, federal or state government regulators' mandates or directives. Costs associated with the termination of the Agreement are excluded from the definition of Cost Plus Cap. Additional services requested by the Plan or on behalf of the Plan shall also be excluded from this definition of Cost Plus Cap. Further, special projects as contemplated under Section 18.1(f) of the Agreement shall also be excluded from the definition of Cost Plus Cap. The costs specifically excluded from the calculation of Cost Plus in Amendment 9 of the Agreement are also excluded from this definition of Cost Plus Cap.

- 1.11 “State Fiscal Year”** means a year beginning July 1st and ending June 30th of the following year.
2. **Calculation of the Cost Plus Cap.** Section 3.2 of Exhibit A of the Agreement is hereby deleted in its entirety and replaced with the following:
- 3.2 Cost Plus Cap.** Starting with services provided for the 2010-2011 State Fiscal Year, the annual Cost Plus Cap shall equal one hundred and five percentage points (105%) of the average of the actual Cost Plus reimbursement on a PMPM basis, as adjusted by the Annual Cost Plus Cap Reconciliation specified in Section 3 of this Amendment, for the previous two State Fiscal Years. The Parties shall agree, in writing, on the results of the calculation of the Cost Plus Cap for each new State Fiscal Year (starting with the 2010-2011 State Fiscal Year) by August 30th of that State Fiscal Year. The Parties shall, in good faith, make written adjustments to the annual Cost Plus Cap to take into consideration actual or anticipated cost trends, recent and upcoming amendments, and changes in administrative services from the previous State Fiscal Year.
3. **Annual Cost Plus Cap Reconciliation.** The following Section 3.3 shall be added to Exhibit A of the Agreement:
- 3.3 Annual Cost Plus Cap Reconciliation.** For each State Fiscal Year starting with the 2010-2011 State Fiscal Year, the Parties shall reconcile the actual Cost Plus reimbursement with the Cost Plus Cap agreed upon in accordance with Section 2 of this Amendment within 45 days following the end of that State Fiscal Year. If the actual Cost Plus reimbursement on PMPM basis for the State Fiscal Year exceeds the agreed upon Cost Plus Cap, BSBSNC shall pay the Plan the difference within 15 days of such determination.
4. **PMPM Estimate Timeframe.** Section 4.1 of Exhibit A of the Agreement is hereby deleted in its entirety and replaced with the following:
- 4.1** The Parties shall agree in writing to the PMPM Estimate for each new State Fiscal Year (starting with the 2010-2011 State Fiscal Year) by July 30th of that State Fiscal Year.
5. **Special Projects.** Special projects, as contemplated under Section 18.1(f), include projects initiated by BCBSNC that are unrelated to BCBSNC’s compliance, or preparation to comply, with federal law or regulation (such as moving to ICD-10), state law or regulation, federal or state government regulators’ mandates or directives. Special projects also include services not identified by the Agreement, but requested by the Plan. Special project scope

and costs are to be negotiated by both Parties in good faith and agreed upon in the form of written amendments or addenda.

6. **Cost Plus Calculation Unchanged.** Except for Section 5 of this Amendment, nothing in this Amendment shall affect the Calculation of Cost Plus as defined under Section 3.1 of Exhibit A of the Agreement and Amendment 9 of the Agreement.
7. **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.
8. **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 State Health Plan for Teachers and State Employees

By: Jack W. Walker
Jack W. Walker, Ph.D.

Title: Executive Administrator

Date: June 30, 2010

Witness: Gregory P. Brewer

Date: June 30, 2010

Blue Cross and Blue Shield of North Carolina

By: J. Bradley Wilson
J. Bradley Wilson

Title: President and Chief Executive Officer

Date: June 29, 2010

Witness: Debbie Wallace

Date: June 29, 2010