AMENDMENT TO AGREEMENT

	Member County") and AdvancePCS Health, L.P. ("Ad	availcer CS [5]
	REC	CITALS
Α.	dated, under whice perform each and all of the terms, covenants and core	Pharmacy Benefit Services Agreement for Member Country agreed to be bound by, and to assume an additions set forth in the Managed Pharmacy Benefit Service gust 1, 2004 between National Association of Counties and
В.	The parties now desire to amend the Agreement, on the	e terms and conditions hereinafter set forth.
cons	NOW, THEREFORE, in consideration of the formsideration of the mutual covenants herein contained, the	oregoing Recitals, which are incorporated by reference, and e parties agree as follows:
		ended by extending the Initial Term of the Agreement for ons applicable to the Initial Term, as hereby amended, rema
whe cons exte here	rties with respect to the subject matter hereof and subtether oral or written. This Amendment may be exempted a single agreement between the parties. Except not inconsistent therewith, all terms and conditions reby ratified, affirmed and approved. Except as expendent shall have the meaning set forth in the Agreement.	or, constitutes the entire understanding and obligation of apersedes any prior agreement, writings, or understanding ecuted in several counterparts, all of which taken togethept as modified and amended by this Amendment and to of the Agreement shall remain in full force and effect and pressly provided herein, all capitalized terms used in the ement. The provided herein is a capitalized terms and in the ement.
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ADVANCEPCS HEALTH, L.P.

MANAGED PHARMACY BENEFIT SERVICES AGREEMENT

CONSUMER CARD PROGRAM

THIS AGREEMENT (the "Agreement") is made as of August 1, 2004 (the "Effective Date") among National Association of Counties ("Customer"), counties that are members of the National Association of Counties ("Member County") and AdvancePCS Health, L.P. ("AdvancePCS"), for the purpose of delineating the terms and conditions under which AdvancePCS will provide certain managed pharmacy benefit services to Member County and Customer.

Customer agrees that it will require each Member County to execute an individual agreement with AdvancePCS in the form attached hereto as Exhibit C (the "Member County Agreement") prior to AdvancePCS' providing Services to such Member County. AdvancePCS will not provide Services to Member County prior to the receipt of the Member County's execution of the Member County Agreement.

1. STATEMENT OF SERVICES / OBLIGATIONS.

- 1.1 Services. AdvancePCS will provide Member County the services as set forth in this Section 1, and the services described in any attachment, addendum or amendment hereto (collectively the "Services"). AdvancePCS may make changes to the Services from time to time so long as such changes do not materially alter any of the provisions of this Agreement.
- **1.2 Participating Pharmacies.** AdvancePCS has created a network of Participating Pharmacies, which will perform pharmacy services for Participants.
- 1.3 Pharmacy Help Desk and Voice Response Unit. Advance PCS will provide Participating Pharmacies with help desk assistance and access to Advance PCS' voice response unit during Advance PCS' hours of operation.

1.4 Claims Processing.

- **a. Submission of Claims.** AdvancePCS will adjudicate Claims submitted by Participating Pharmacies to AdvancePCS in accordance with the Participating Pharmacy's agreement with AdvancePCS and the Consumer Card Program.
- **b.** Collection at Point of Sale. Customer and Member County acknowledge that Participating Pharmacies will collect from the Participant one hundred percent (100%) of the applicable prescription price, discounted at the rates set forth on Exhibit B as applicable, plus a transaction fee from the Participant.
- 1.5 Customer Service. AdvancePCS will make available to Customer, Member County and Participants a toll free number during those hours of operation maintained by AdvancePCS. Staff will be available to answer questions on the Consumer Card Program and Consumer Card Program guidelines.
- 1.6 Identification Cards. AdvancePCS will, at its own cost, produce identification cards for Participants, which contain Member County's and Customer's logo(s). Identification cards will be available to any individual the Member County or Customer deem appropriate. AdvancePCS will work

with Member County on the distribution method for identification cards; provided, however if Member County requests that AdvancePCS mail the identification cards to Members, postage and handling charges will apply. The Participant shall be responsible for paying for any prescriptions obtained while using the identification card.

1.7 Clinical Services and Drug Utilization Review ("DUR").

- a. Clinical Services. AdvancePCS may provide to Member County its member compliance programs and other programs designed to ensure proper drug utilization and encourage the use of cost-effective medications. These programs may include mailings to Participants with active prescriptions for targeted drug products or drug classes or to let Participants know that they may qualify for participation in a clinical trial program. Such mailings may include Participant and drug specific information and/or general educational material. Participants, by notifying AdvancePCS, may opt-out of such programs.
- b. DUR Services. AdvancePCS will provide its automated concurrent DUR Services for Claims. The information generated in connection with DUR Services is intended as an economical supplement to, and not as a substitute for, the knowledge, expertise, skill, and judgment of physicians, pharmacists, or other health care providers in providing patient care. Providers are individually responsible for acting or not acting upon information generated and transmitted through the DUR Services, and for performing services in each jurisdiction consistent with the scope of their licenses. Notwithstanding anything set forth in this Agreement, AdvancePCS will have no obligation to acquire information concerning any Participant beyond the information that is included in AdvancePCS' eligibility records or the Claims submitted by Participating Pharmacies in connection with the Consumer Card Program.
- 1.8 Formulary Services. AdvancePCS will administer an open formulary for the Member County and will provider certain Services that are designed to provide useful clinical information to physicians (the "Formulary Services"). AdvancePCS may make changes to the Formulary Services described in this Agreement from time to time, and will notify Member County and Customer of any material changes to any formulary management programs. In all cases, the prescribing physician shall have final authority over the drug that is prescribed to the Participant.
 - a. Rebate Contracts. Advance PCS contracts with certain Manufacturers for Rebate programs.
 - b. Disclosure of Manufacturer Fees. AdvancePCS may receive fees or other compensation from Manufacturers, including, without limitation, administrative fees not exceeding three percent of the aggregate cost of the pharmaceutical products dispensed to Participants, and fees for property provided or services rendered to a Manufacturer (which may include providing physicians clinical messages consistent with the Performance Drug List, as defined below). AdvancePCS' specialty pharmacies may also receive fees from Manufacturers for products and services provided. In addition, AdvancePCS' mail order and specialty pharmacies may negotiate on their own behalf directly with Manufacturers for discounts, including rebated discounts based on market share or other factors. The term Rebates as used in the Agreement does not include these fees and discounts which belong exclusively to AdvancePCS or AdvancePCS' mail order or specialty pharmacies, respectively.
 - c. Participant Authorizations and Disclosures. Member County has obtained, or will obtain, all Participant authorizations required of it by Law for AdvancePCS to perform any Services provided for in this Agreement or in any addendum or amendment hereto. Member

County will disclose to Participants any and all matters relating to the program that are required by Law to be disclosed, including information relating to amounts that are payable by a Participant in connection with the program, other Member County or Customer compensation, and Rebates or other discounts on pharmaceutical products, irrespective of whether Member County or Customer retains or allows AdvancePCS or others to retain all or a portion of any Rebates or discounts.

- d. Additional Participant Discounts. AdvancePCS may provide a program that will provide Participants with additional manufacturer discounts on certain drugs at the point of sale. From time to time, AdvancePCS may revise the list of drugs that have additional participant discounts. The current list of drugs on which Participants may receive additional discounts is available upon request. AdvancePCS will timely notify Member County and Customer of any revisions to this list of drugs.
- 1.9 Management Reports. AdvancePCS will provide Member County and Customer with AdvancePCS' standard management reports in connection with the Services, which reports may change from time to time at AdvancePCS' discretion. Member County and Customer may elect to receive a reasonable number of the standard management reports made available by AdvancePCS.
- 1.10 Mail Service Program. AdvancePCS may provide to Member County mail order pharmacy services through its mail order pharmacy facilities. For the duration of this Agreement, Member County agrees that it will offer only AdvancePCS mail order pharmacy services for its Participants covered under this Agreement, as further described below.

AdvancePCS shall fill prescriptions for Participants and shall mail such drugs or medications to such Participants subject to the following terms and conditions:

- a. Distribution of Information. AdvancePCS shall provide Participants with its standard informational material explaining the mail service and the forms necessary for Participants to utilize mail service. Participants will have toll-free telephone access to a pharmacist and customer service representative. Access to a pharmacist will be available 24 hours per day, seven days per week.
- b. Delivery and Dispensing. AdvancePCS shall dispense through its mail service pharmacy new or refill prescription orders upon receipt from a Participant of (i) a valid prescription order or a completed refill order form and (ii) the applicable payment. AdvancePCS shall cause the filled prescriptions to be mailed to each Participant via common carrier at the address appearing on the face of the prescription so long as such addresses are in the United States. AdvancePCS shall not be liable to Member County, Customer or Participant for any delay in delivery resulting from circumstances beyond AdvancePCS' control as set forth in Section 6.2.

AdvancePCS' mail order pharmacies may dispense drugs even if the prescription is not accompanied by the correct amount however, Member County and Customer acknowledge and agree that AdvancePCS may refuse to fill any prescription that is either not accompanied by the correct amount and/or for any Participant who has an unpaid balance with AdvancePCS.

1.11 Preferred Drug Program. AdvancePCS and the retail Participating Pharmacies will work together to encourage the use of Preferred Drugs by (i) identifying appropriate opportunities for converting a prescription from a non-Preferred Drug to a Preferred Drug, and (ii) contacting the Participant and the prescriber to request that the prescription be changed to the Preferred Drug. A Preferred Drug is one on the Performance Drug List, which has been developed by AdvancePCS as a

clinically appropriate and economically advantageous subset of the AdvancePCS Formulary, as revised by AdvancePCS from time to time.

1.12 Specialty Pharmacy. AdvancePCS' specialty pharmacy service will be provided by an AdvancePCS specialty pharmacy entity or its affiliate ("AdvancePCS SpecialtyRx"), and offers a distribution channel for certain pharmaceutical products that are generally biotechnological in nature, are given by injection, or otherwise require special handling ("Specialty Medications").

AdvancePCS SpecialtyRx shall provide prescription fulfillment and distribution of Specialty Medications and supplies, pharmaceutical care management services, as well as the types of Service that Member County receives under the Agreement, including but not limited to customer services, utilization and clinical management, integrated reporting and Claims processing ("SpecialtyRx Services").

AdvancePCS SpecialtyRx may receive prescriptions from Participants through an affiliated AdvancePCS mail facility or directly via the U.S. Mail or commercial carrier at the address specified by AdvancePCS from time to time and may also receive prescriptions from physicians by fax or by U.S. Mail/commercial carrier. In accordance with the Consumer Card Program, AdvancePCS SpecialtyRx shall dispense Covered Items in accordance with those prescriptions and mail the Covered Items to Participants at the designated address, so long as such address is located within the United States. AdvancePCS SpecialtyRx may not dispense drugs to Participants who fail to submit the correct payment with their prescription.

AdvancePCS SpecialtyRx pharmaceutical care management services include but may not be limited to: (1) patient profiling focusing on the appropriateness of Specialty Medication therapy and care and the prevention of drug-drug interactions; (2) patient education materials; and (3) disease management and compliance programs with respect to Specialty Medications. As part of these services, Participants will be asked to participate in various surveys.

AdvancePCS will provide Member County and Customer with a list of the Specialty Medications and their corresponding rates (which may vary from Network Rates) upon request. Routine supplies (needles, syringes, alcohol swabs) in a sufficient quantity will be included at no additional expense.

2. FEES AND PAYMENT.

- **2.1 Fees.** The parties agree that, in lieu of billing Member County a "per Claim" fee for Services, AdvancePCS shall retain 100% of the Rebates as reasonable compensation for the Services. Customer and Member County understand and agree that neither they nor any Participant will share in the Rebate monies collected from Manufacturers by AdvancePCS.
- **2.2 Remedies.** In the event Member County or Customer incurs any fee, as identified in Exhibit B, it will pay AdvancePCS such fees as reasonable compensation. In the event any such fees apply and Member County or Customer fails to pay AdvancePCS by the due date any amount owing, AdvancePCS, after making a reasonable effort to collect and upon notice to such Member County or Customer may, in addition to its remedies under this Agreement, at Law or in equity, do any or all of the following: (i) suspend performance of any or all of AdvancePCS' obligations under or in connection with this Agreement with respect to such Member County or Customer, including AdvancePCS' obligation to process Claims or (ii) set off against any amounts payable to such Member County or Customer by any amounts due AdvancePCS from such Member County or Customer.
- 2.3 Pricing Changes. After the initial four years of this Agreement, AdvancePCS may change the fees applicable to the Consumer Card Program. AdvancePCS will give Customer sixty days' written notice of any change, and such change will take effect on the first day of the month following the

sixty-day notice period. Customer may object to an increase in fees by providing written notice to AdvancePCS at least thirty days before the expiration of the sixty-day notice period. If the parties cannot agree on an appropriate fee, this Agreement will terminate at the end of the sixty-day notice period. If Customer does not timely object, Customer will have no right to terminate this Agreement based on the pricing change.

3. CUSTOMER AND MEMBER COUNTY OBLIGATIONS.

3.1 Marketing Materials. The parties agree to use only those marketing brochures and other advertising materials pertaining to Customer's Consumer Card Program (in any medium, including, but not limited to, written communications, verbal communications and web based marketing) that have been approved by the other. Member County and Customer further agree that they will communicate such requirements to its clients or groups and will ensure that such clients or groups comply with the requirements of this Section 3.1. AdvancePCS may terminate this Agreement immediately in the event Member County or Customer fails to comply with the provisions of this Section 3.1.

AdvancePCS will provide its standard marketing brochures, advertising materials and mail order forms, as applicable, to Member County at no cost. AdvancePCS will work with and support each Member County in marketing the Consumer Card Program at no cost. If the cost associated with providing such materials is determined by AdvancePCS to be unreasonable or excessive, Customer or Member County shall pay for the costs of the materials at a rate to be mutually agreed to by the parties in writing. If Member County or Customer elects to use customized brochures or advertising materials (in any medium, including but not limited to written communications, verbal communications and web based marketing), Member County and Customer will (i) obtain AdvancePCS' approval on such forms, and (ii) pay a reasonable charge, as established by AdvancePCS, for such materials if created or provided by AdvancePCS.

3.2 Support of Consumer Card Program. Customer will recommend and support the Consumer Card Program in accordance with the terms of this Agreement.

4. USE OF AND ACCESS TO INFORMATION.

- 4.1 Use of Participant Information. AdvancePCS, Customer and Member County may use, disclose, reproduce or adapt information obtained in connection with this Agreement, including Claims ("Claims Information") as well as Eligibility Information, in any manner they deem appropriate, except that each party and its agents, employees and contractors shall maintain the confidentiality of this information to the extent required by applicable Law, and may not use the information in any way prohibited by Law. Any work, compilation, processes or inventions developed by AdvancePCS, Customer, Member County or their respective agents, employees or contractors, is deemed Confidential Information of such party under this Agreement.
- 4.2 Right to Audit Rebates. Customer, at its sole expense, may audit a reasonable sample of records directly related to Customer's Rebates once in each twelve-month period (following sixty (60) days written notice to AdvancePCS). Such records shall be limited to information necessary for validating the accuracy of the Rebate amounts distributed to Member County by AdvancePCS. The parties agree that an independent third-party auditor agreeable to Customer and AdvancePCS shall conduct such audit, and that such firm will sign an AdvancePCS confidentiality agreement ensuring that all details and terms of all Manufacturer Rebate contracts with AdvancePCS (except the total aggregate amount due to Customer) will be treated as confidential to AdvancePCS and will not be revealed in any manner or form by or to any person or entity. Furthermore, such audit shall be conducted at AdvancePCS' office where such records are located, during normal business hours, without undue

interference with business activities, and in accordance with reasonable audit procedures.

5. CONFIDENTIALITY AND INTELLECTUAL PROPERTY.

- 5.1 Confidential and Proprietary Information. In connection with this Agreement, each party may disclose to the other party certain proprietary or confidential technical and business information, databases, trade secrets, and innovations belonging to the disclosing party ("Confidential Information"), the value of which might be lost if the proprietary nature or confidentiality of such Confidential Information is not maintained. For the purposes of this Section, the contents of this Agreement and of any exhibits, amendments, or addenda attached hereto are deemed Confidential Information. Furthermore, any work, compilation, processes or inventions developed by AdvancePCS, Member County or Customer, or their respective agents, employees or contractors, is deemed Confidential Information of such party under this Agreement.
- 5.2 Non-Disclosure of Confidential Information. The parties will not (except to the extent expressly authorized by this Agreement) disclose Confidential Information of any other to anyone outside of AdvancePCS, Member County or Customer, nor will they copy or reproduce any Confidential Information of another unless expressly authorized to do so by such party in writing. Each party will disclose Confidential Information of another only to its employees who have a need to know the Confidential Information in order to accomplish the purpose of this Agreement and who (i) have been informed of the confidential and proprietary nature of the Confidential Information, and (ii) have agreed not to disclose it to others. In order to preserve and protect the confidential or proprietary nature of any Confidential Information and to prevent it from falling into the public domain or into the possession of persons not bound to maintain its confidentiality, each party will handle the Confidential Information of any other party with the same degree of care that it applies with respect to its own information that it considers as confidential and proprietary, but in no event with less than reasonable care.
- 5.3 Exceptions and Permitted Disclosures. The receiving party of Confidential Information will not be liable for any disclosure or use of Confidential Information which is publicly available or later becomes publicly available other than through a breach of this Agreement, or if the Confidential Information is shown by written documentation to be known to the receiving party on the date of execution of this Agreement, having been received from a source (other than a party to this Agreement) that had the right to disclose the Confidential Information.
- **5.4 Subpoena.** Confidential Information may be disclosed pursuant to a bona fide subpoena if the party receiving the bona fide subpoena has given the other party prompt written notice of receipt of the subpoena so that the other party can object or otherwise intervene as it deems proper.
- 5.5 Return or Destruction of Information. All Confidential Information will remain the property of the disclosing party, and the receiving party will return all written or tangible materials, and all copies thereof, upon request of the disclosing party. If and to the extent feasible, upon termination of this Agreement, AdvancePCS will destroy or will return to Member County or Customer all PHI obtained pursuant to this Agreement and shall retain no copies thereof; provided however, that if such return or destruction is not reasonably feasible, the provisions of Section 4 of this Agreement shall continue to apply to such information after the termination hereof.
- 5.6 Proprietary to AdvancePCS. Member County and Customer acknowledge that the Formulary is proprietary to AdvancePCS. Further, all AdvancePCS databases, as well as the software, hard coding, and logic used to generate the compilations of information contained in AdvancePCS' Claims adjudication system and in all other databases developed by AdvancePCS or its designees in connection with performing Services including identifiers assigned by AdvancePCS, and the format of all

reports, printouts, and copies there from, and any prior and future versions thereof by any name, are the property of AdvancePCS and are protected by copyright which shall be owned by AdvancePCS.

- 5.7 Tradenames; Trademarks; and Service Marks. None of the parties hereto may use any tradenames, trademarks or service marks of another, or any word or symbol likely to be confused with such tradenames, trademarks or service marks, unless authorized in writing or as expressly permitted by this Agreement.
- 5.8 Remedies. Any unauthorized disclosure or use of Confidential Information would cause AdvancePCS, Member County or Customer immediate and irreparable injury or loss that cannot be adequately compensated with money damages. Accordingly, if any party hereto fails to comply with this Section 5, the other(s) will be entitled to specific performance including immediate issuance of a temporary restraining order or preliminary injunction enforcing this Agreement, and to judgment for damages (including reasonable attorneys' fees) caused by the breach, and to any other remedies provided by Law.

6. LIMITATION OF LIABILITY; COMPLIANCE WITH LAW.

- 6.1 Warranty. This Agreement is not a contract for the sale of goods. AdvancePCS will perform the Services in a good and workmanlike manner in accordance with the customs, practices, and standards of providers skilled in the industry. EXCEPT AS WARRANTED IN THIS SECTION 6.1, ADVANCEPCS DISCLAIMS ALL EXPRESS AND ALL IMPLIED WARRANTIES OF ANY KIND, INCLUDING THE SUITABILITY FOR ANY PARTICULAR PURPOSE OF THE DATA GENERATED THROUGH THE ADVANCEPCS SYSTEM. ADVANCEPCS RELIES ON FIRST DATABANK, MEDI-SPAN, OR INDUSTRY COMPARABLE DATABASES IN PROVIDING CUSTOMER, MEMBER COUNTY AND PARTICIPANTS WITH DRUG UTILIZATION REVIEW ADVANCEPCS HAS UTILIZED DUE DILIGENCE IN COLLECTING AND SERVICES. REPORTING THE INFORMATION CONTAINED IN THE DATABASES AND HAS OBTAINED SUCH INFORMATION FROM SOURCES BELIEVED TO BE RELIABLE. ADVANCEPCS, HOWEVER, DOES NOT WARRANT THE ACCURACY OF REPORTS, ALERTS, CODES, PRICES, OR OTHER DATA CONTAINED IN THE DATABASES. THE CLINICAL INFORMATION CONTAINED IN THE DATABASES AND THE FORMULARY IS INTENDED AS A SUPPLEMENT TO, AND NOT A SUBSTITUTE FOR, THE KNOWLEDGE, EXPERTISE, SKILL, AND JUDGMENT OF PHYSICIANS, PHARMACISTS, OR OTHER HEALTH-CARE PROFESSIONALS INVOLVED IN PARTICIPANT'S CARE. THE ABSENCE OF A WARNING FOR A GIVEN DRUG OR DRUG COMBINATION SHALL NOT BE CONSTRUED TO INDICATE THAT THE DRUG OR DRUG COMBINATION IS SAFE, APPROPRIATE OR EFFECTIVE FOR ANY PARTICIPANT. ADVANCEPCS DOES NOT WARRANT THAT ITS SERVICES WILL BE UNINTERRUPTED OR ERROR FREE.
- 6.2 Force Majeure. Except for the payment obligations set forth in Section 2 of this Agreement, the parties are excused from performance under this Agreement to the extent that a party is prevented from performing any obligation, in whole or in part, as a result of causes beyond its reasonable control, including, acts of God, war, civil disturbance, court order, governmental intervention, Change in Law, nonperformance by the other party or any third party, failures or fluctuations in electrical power, heat, light, air conditioning, or telecommunications equipment. Any nonperformance under this Section 6.2 will not constitute a default or a ground for termination of this Agreement.
- 6.3 Indemnity. Customer and Member County shall indemnify and hold harmless AdvancePCS and its officers, directors, employees, agents, successors, and assigns ("AdvancePCS Indemnitees") for, from and against any damages, costs, or attorney's fees, actually incurred by an

AdvancePCS Indemnitee, as the result of a claim brought by any third party or a participant or beneficiary relating to the Services, provided that the AdvancePCS Indemnitee has acted in a manner that is consistent with this Agreement and applicable standards of care. AdvancePCS shall indemnify and hold harmless Member County, Customer and their officers, directors, employees, agents, successors, and assigns (collectively "Customer Indemnitees") for, from and against any damages, costs, or attorney's fees, actually incurred by any Customer Indemnitee, as the result of a third party claim that AdvancePCS, its officers, directors, employees, agents, successors, or assigns acted with negligence, willfully, and/or in violation of applicable standards of care, provided that the Customer Indemnitee has acted in a manner that is consistent with this Agreement, the Consumer Card Program and applicable standards of care. However, nothing in this Agreement is to be construed as a waiver of governmental immunity as offered by the court or state law.

6.4 Compliance with Law. Customer and Member County will comply with all Laws applicable to its prescription drug benefit plan, including without limitation insurance licensing, antitrust, consumer protection, and any other Laws that may apply. AdvancePCS has no responsibility to advise Member County or Customer about the applicability of or compliance with any applicable Law including, without limitation, HIPAA, the Employee Retirement Income Security Act, or the Americans with Disabilities Act.

AdvancePCS will comply with all Laws applicable to it and to the Services it provides under this Agreement. Member County and Customer have no responsibility to advise AdvancePCS regarding its compliance with any applicable Law.

- 6.5 Change in Law. The parties will attempt to equitably adjust the terms of this Agreement to take into account any Change in Law or any material change in drug industry practice that materially alters the rights or obligations of either party under this Agreement. If the parties are unable to agree upon an equitable adjustment within sixty days after either party notifies the other of such a Change in Law or material change in drug industry practice, this Agreement will automatically terminate.
- 6.6 Limitations. In no event shall either party be liable to the other party, nor shall AdvancePCS be liable to any Participant for any indirect, special, or consequential damages or lost profits, arising out of or related to performance of this Agreement or a breach of this Agreement, even if advised of the possibility of such damages or lost profits.

AdvancePCS (and its affiliates, directors, employees, agents, successors or assigns) will not be liable for any claim which is asserted by Member County or Customer more than ninety days after Member County or Customer is or reasonably should have been aware of such claim, and will in no event be liable for any claim which is asserted more than twelve months after the event resulting in damages or loss.

AdvancePCS does not direct or exercise any control over the professional judgment exercised by any pharmacist in dispensing prescriptions or otherwise providing pharmaceutical related services at a Participating Pharmacy. Participating Pharmacies are independent contractors, not subcontractors or agents of AdvancePCS, and AdvancePCS shall have no liability to Member County or Customer for a claim arising out of any act or omission of any Participating Pharmacy or its agents or employees.

7. TERM AND TERMINATION OF AGREEMENT.

7.1 Term. This Agreement is for an initial term of one year from the Effective Date (the "Initial Term"), and will automatically continue in effect for successive one year terms thereafter, subject to the remaining provisions of this Section.

7.2 Termination. This Agreement may be terminated as follows:

- **a.** By any party, with or without cause, at the end of the Initial Term or any renewal term, by giving written notice to the others at least 180 days prior to the end of such Initial Term or renewal term;
- **b.** Automatically, if the parties are unable to agree on an equitable adjustment under Section 6.5 of this Agreement;
- c. By any party if another materially defaults in its performance of this Agreement and such default continues without cure for a period of sixty days after the terminating party provides written notice to the defaulting party specifying the nature of the default;
- **d.** By any party, at its option, if any court, or governmental or regulatory agency issues to another party an order or finding of impairment or insolvency, or an order to cease and desist from writing business. The party receiving notice of an order or finding must provide the others written notice within two business days of receipt; or
- e. By any party if another party: (i) makes an assignment for the benefit of creditors; (ii) has a petition filed (whether voluntary or involuntary) under Title 11 of the United States Code, or any other similar statute now or hereafter in effect; (iii) has a receiver, custodian, conservator, or trustee appointed with respect to all or a substantial part of its property; or (iv) has a proceeding commenced against it which substantially impairs performance hereunder.
- f. By AdvancePCS, immediately on written notice to Member County or Customer, if (i) either fails to comply with the provisions of Section 3.1 of this Agreement, or (ii) AdvancePCS determines, in its sole discretion that Member County or Customer's program may not fully comply with all applicable Laws.

7.3 Effect of Termination and Survival.

Sections 4, 5 and 6 of this Agreement, and obligations arising under this Agreement prior to the effective date of any termination, will survive termination.

8. NOTICES.

All notices under this Agreement must be in writing, delivered in person, sent by certified mail, delivered by air courier, or transmitted by facsimile and confirmed in writing (by air courier or certified mail) to a party at the facsimile number and address shown in this Agreement. A party may notify the other party of any changes in the listed address or facsimile number in accordance with the provisions of this Section. All notices are effective upon receipt.

Notices to AdvancePCS must be addressed as follows:

Vice President, Client Contract Services Caremark Inc. 2211 Sanders Road, NBT9 Northbrook, IL 60062 Fax No.: 847-559-4302

With a copy to:

Managing Counsel, Client and Account Services Caremark Inc. 2211 Sanders Road, NBT9 Northbrook, IL 60062

Fax No.: 847-559-4879

Notices to Customer must be addressed as follows:

National Association of Counties 440 First Street, NW Washington, DC 20001 Attn: Mr. Andrew Goldschmidt, Director, Membership Marketing

Fax No.: (202) 393-2630

9. MISCELLANEOUS.

- 9.1 Entire Agreement; Interpretation; Amendment; Counterparts. This Agreement (including exhibits, schedules, attachments, or any addendum to this Agreement) constitutes the entire understanding and obligation of the parties with respect to the Services and supersedes any prior agreements, writings, or understandings, whether oral or written. The headings in this Agreement are used only for convenience of reference and do not affect the meaning or interpretation of any provision. The parties may amend this Agreement only through a properly executed writing authorized by both parties. This Agreement may be executed in several counterparts, all of which taken together constitute a single agreement between the parties.
- 9.2 Binding Effect; Assignment. This Agreement is binding on the parties and their respective successors and permitted assigns. None of the parties may assign this Agreement, in whole or in part, without the prior written consent of the others (which consent will not be unreasonably withheld); except that AdvancePCS may assign this Agreement, in whole or in part, to any entity that controls, is controlled by, or is under common control with AdvancePCS.
- 9.3 Independent Contractor; Third Parties. The parties to this Agreement are independent contractors, and have no other legal relationship under or in connection with this Agreement. No term or provision of this Agreement is for the benefit of any person who is not a party hereto (including, without limitation, any Participant or broker), and no such party will have any right or cause of action hereunder.
- 9.4 Waivers. Any failure by a party to comply with any covenant, agreement, or condition herein or in any other agreements or instruments executed and delivered hereunder may be waived in writing by the party in whose favor such obligation or condition runs; except that failure to insist upon strict compliance with any such covenant, agreement, or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.
- 9.5 Severability. In the event any term or provision of this Agreement is declared to be invalid or illegal for any reason, this Agreement will remain in full force and effect and will be interpreted as though such invalid or illegal provision were not a part of this Agreement. The remaining provisions will be construed to preserve the intent and purpose of this Agreement and the parties will negotiate in good faith to modify any invalidated provisions to preserve each party's anticipated benefits.
- 9.6 Enforcement Costs. If any party hereto institutes an action or proceeding to enforce any rights arising under this Agreement, the party prevailing in such action or proceeding will be paid all

reasonable attorneys' fees and costs to enforce such rights by the other party, such fees and costs to be set by the court, not by a jury, and to be included in the judgment entered in such proceeding.

- 9.7 Authority. Each party represents and warrants that it has the necessary power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement.
- 9.8 Exclusivity. Member County and Customer hereby grant AdvancePCS during the term of this Agreement, and any renewals hereof, the exclusive right to provide the Consumer Card Program to Member County and Customer. Member County and Customer further agree that, during the term of this Agreement, and any renewals hereof, it will not negotiate, contract, or agree with any drug manufacturer for the purpose of obtaining Rebates or other discounts related to Participants under this Agreement. Member County and Customer also agree to cancel any existing agreements or contracts with any drug manufacturers related to such drug Rebates or discounts as of the Effective Date of this Agreement. In the event of a breach of this Section by Member County or Customer, AdvancePCS may terminate this Agreement. By entering into this Agreement, Customer does not endorse, and AdvancePCS will not represent Customer's endorsement of any other programs or services which AdvancePCS may offer to a Member County or Participant.
- 9.9 Drug Classification and Pricing. AdvancePCS shall use the latest edition of the First DataBank Blue Book (with supplements), the Medi-Span Master Drug Pricing Source (with supplements), or any other nationally recognized pricing source as the source for purposes of pricing and classifying drugs (e.g., legend vs. over the counter, brand vs. generic) in connection with this Agreement.
- 10. **DEFINITIONS.** The following terms and phrases, when capitalized, have the meanings set forth below.
- a. "AWP" means the average wholesale price of the drug dispensed as set forth in the latest edition of the First DataBank Blue Book (with supplements), the Medi-Span Prescription Pricing Guide (with supplements) or any other similar nationally recognized reference selected by AdvancePCS.
- b. "Change in Law" means any (i) change in or adoption of any Law, (ii) change in the judicial or administrative interpretation of any Law, or (iii) change in the enforcement of any Law, occurring after the date Customer is implemented or the Effective Date, whichever is earlier.
- c. "Claim(s)" mean those claims processed through the AdvancePCS on-line claims adjudication system or otherwise transmitted or processed in accordance with the terms of this Agreement in connection with the Consumer Card Program.
- d. "Covered Items" mean the prescription drug benefits for which Participants are eligible pursuant to Member County's drug benefit plan.
- e. "Law" means any federal, state, local or other constitution, charter, act, statute, law, ordinance, code, rule, regulation, order, specified standards or objective criteria contained in any applicable permit or approval, or other legislative or administrative action of the United States of America, or any state or any agency, department, authority, political subdivision or other instrumentality thereof or a decree or judgment or order of a court.
- f. "Manufacturer" means a pharmaceutical company that has contracted with AdvancePCS (or its affiliate or agent) to offer discounts for pharmaceutical products in connection with AdvancePCS' Formulary Services.

- "Maximum Allowable Cost (MAC)" means the then current maximum allowable cost for a prescription drug listed as a drug available from more than one Manufacturer in AdvancePCS' pharmaceutical MAC pricing formula, including but not limited to formulas utilizing the Medi-Span Master Drug Pricing Source or First Data Bank.
- "Participant" means an individual designated by Member County as eligible for Covered Items under the terms of the Consumer Card Program.
- "Participating Pharmacy" means a pharmacy that has agreed to provide certain i. pharmacy services to Participants in accordance with the terms of its agreement with AdvancePCS. A list of Participating Pharmacies can be accessed via AdvancePCS' Internet website, which is subject to change from time to time.
- "Rebate(s)" means, for any period, all rebates, reimbursements, or other discounts received under a pharmaceutical manufacturer's discount program with respect to pharmaceutical products dispensed to a Participant under the Consumer Card Program for such period.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized officers or agents as of the date first above written.

NATIONAL ASSOCIATION OF
COUNTIES

ADVANCEPCS HEALTH, L.P.
By: AdvancePCS Health Systems, LLC,
its General Partner

Larry E. Naake

Title: Executive Director

Date: 8-3-04

Date: 9/7/04

SEN E

AdvancePCS will provide the following services if selected by Customer or Member County for an additional fee as set forth in Exhibit B. The Services are subject to change as provided for in the Agreement. Capitalized terms not defined herein will have the meanings used in the Agreement.

1. Customer-Specific Programming. If Customer or Member County requests services or changes to Services that require customized programming or systems work, AdvancePCS will attempt to estimate the time and cost for completion of such work. If Customer or Member County authorizes AdvancePCS to perform such work, it will pay AdvancePCS the cost of performing such work at the programming rate set forth in Exhibit B.

National Association of Counties Effective August 1, 2004

As consideration for the Services selected by Member County in accordance with the Agreement, Member County will pay to AdvancePCS the fees set forth below:

Administrative Fees

Per Processed Retail Claim \$0.00
Per Processed Mail Claim \$0.00

As consideration for the Consumer Card Program selected by Member County in accordance with this Agreement, Member County will pay to AdvancePCS 100% of the Rebates collected from Manufacturers pursuant to this Agreement.

Consumer Card Program Retail Network Rates 1

Brand: AWP-13% + \$3.50 transaction fee or Usual & Customary

Generic: AWP-13% + \$3.50 transaction fee, MAC + \$3.50 transaction fee or Usual & Customary

Mail Service Rates¹

Brand: AWP-19% + \$1.00 dispensing fee Generic: AWP-50% + \$1.00 dispensing fee

Specialty Pharmacy Rates²

AWP-13% + \$3.50 dispensing fee

Other Fees

Section 1.6 - Card Issuance No charge
Exhibit A(1) - Customer Specific Programming \$150.00/Hour

Note: Charges or Services not identified above will be quoted upon request.

- 1. All claims may be aggregated for purposes of this rate. Actual rates may vary by Participating Pharmacy. Certain retail and mail Claims may be excluded from these rates, including but not limited to (i) Select Generics, which are generic drugs that enter the market with supply limitations or competitive restrictions that limit marketplace competition and (ii) Claims for select injectable drugs and select oral drugs that are bio-technological in nature, compound drugs and those requiring special handling.
- 2. This rate will apply to Claims for certain drugs filled by AdvancePCS SpecialtyRx, including but not limited to Claims for select injectable drugs and select oral drugs that are bio-technological in nature, compound drugs and those requiring special handling. All Claims may be aggregated for purposes of this rate. Rates for such drugs may vary if filled by a pharmacy other than AdvancePCS SpecialtyRx. Certain drugs will be priced separately from, and not be subject to the contracted rate for prescription Claims due to, among other things, specialized manufacturer processes, limited availability or extraordinary shipping requirements.

Finance Charges. Invoices are assessed finance charges on the amounts not paid within the terms set forth on the invoice. The finance charge shall be in an amount equal to one and one-half percent per month, unless such rate exceeds the maximum rate allowable by applicable Law, in which case such amounts shall bear interest at the maximum legally allowable rate.

Contingency. All prices are contingent upon Member County's full adoption of AdvancePCS' Performance Drug List and formulary management and intervention programs.

Handling Costs. Customer or Member County is in all events responsible for any postage costs or other mailing and handling-related costs incurred by AdvancePCS in connection with the provision of Services or additional services, except as to costs associated with standard consumer card program materials that are shipped by bulk mail to Customer or Member County.

Taxes. It is the understanding of the parties that Participating Pharmacies shall collect from Participants all applicable taxes for Covered Items, and that AdvancePCS is not liable for the payment of applicable taxes. Any other taxes associated with the operation of Member County's Consumer Card Program are the responsibility of Member County.

ADVANCEPCS HEALTH, L.P. NATIONAL ASSOCIATION OF COUNTIES MANAGED PHARMACY BENEFIT SERVICES AGREEMENT FOR MEMBER COUNTY

This Managed Pharmacy Benefit Services Agreeme is entered into by and between AdvancePCS Health,	ent for Member County effective
	Tember County "). Reference is hereby made to the
Managed Pharmacy Benefit Services Agreement Cor "Agreement") among <u>National Association of</u>	nsumer Card Program dated as of August 1, 2004 (the Counties ("Customer"), Member County, and AdvancePCS to provide services to prescription drug
terms, covenants and conditions of the Agreement a the same manner and to the same extent as if it were	d by, and to assume and perform, each and all of the as Member County (as defined in the Agreement) in a party thereto. Customer and AdvancePCS, by their DUNTY's participation with the Agreement under the
	vices Agreement for Member County, MEMBER of the Agreement have been completely read, fully es to be bound thereby.
ADVANCEPCS HEALTH, L.P. By: AdvancePCS Health Systems, LLC, its General Partner	NATIONAL ASSOCIATION OF COUNTIES
By:	By:
Title:	Title:
Date:	Date:
BOARD OF COUNTY COMMISSIONERS OF SEDGWICK COUNTY, KANSAS	MEMBER COUNTY Sedgwick Member County Name By: Thomas G. Winters
Thomas G. Winters, Chairman	Title: Chairman Date: 10/20/04

AMENDMENT TO AGREEMENT

This amendment to agreement (this "Amendment") is made and entered into to be effective as of August 1, 2004 by and among National Association of Counties ("Customer"), counties that are members of the National Association of Counties ("Member County") and Advance PCS Health, L.P. ("Advance PCS").

RECITALS

- A. The parties have entered into that certain *Managed Pharmacy Benefit Services Agreement* dated August 1, 2004 (the "Agreement").
- **B.** The parties now desire to amend the Agreement, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated by reference, and in consideration of the mutual covenants herein contained, the parties agree as follows:

- 1. The Effective Date of the Agreement, August 1, 2004, is hereby replaced with "October 1, 2004." All references in the Agreement to the Effective Date shall be deemed a reference to October 1, 2004.
- 2. Section 1.8(c), Participant Authorizations and Disclosures, is hereby deleted and replaced with the following:

Customer and Member County shall comply with all Laws applicable to it as a sponsor of the Services or as otherwise consistent with its obligations under the Agreement.

3. Section 5.1, Confidential and Proprietary Information, is hereby amended by adding the following:

Notwithstanding the foregoing, Confidential Information may be disclosed by Member County in response to a request made pursuant to the Member County's applicable state. Freedom of Information Law, insofar as disclosure is required by that Law. Member County shall provide (i) AdvancePCS with notice of its intent to disclose Confidential Information and (ii) an opportunity for AdvancePCS to object to such disclosure in accordance with Law. Furthermore, Confidential Information may be disclosed pursuant to a bona fide subpoena if the party receiving the bona fide subpoena has given the other party prompt written notice of receipt of the subpoena so that the other party can object or otherwise intervene as it deems proper. Information submitted to the Member County may be subject to disclosure under the Member County's applicable state. Freedom of Information Law ("FOIL") and other Laws.

4. Section 6.3, Indemnity, is hereby deleted and replaced with the following:

To the extent permitted by applicable Law, Customer and Member County shall indemnify and hold harmless AdvancePCS and its officers, directors, employees, agents, successors, and assigns ("AdvancePCS Indemnitees") for, from and against any damages, costs, or attorney's fees, actually incurred by an AdvancePCS Indemnitee, as the result of a claim brought by any third party or a participant or beneficiary relating to the Services, provided that the AdvancePCS Indemnitee has acted in a manner that is consistent with the Agreement and applicable standards of care. AdvancePCS shall indemnify and hold harmless Member County, Customer and their officers, directors, employees, agents, successors, and assigns (collectively "Customer Indemnitees") for, from and against any damages, costs, or attorney's fees, actually incurred by any Customer Indemnitee, as the result of a third party claim that AdvancePCS, its officers, directors, employees, agents, successors, or assigns acted with negligence, willfully, and/or in violation of applicable

standards of care, provided that the Customer Indemnitee has acted in a manner that is consistent with the Agreement, the Consumer Card Program and applicable standards of care. However, nothing in the Agreement, as hereby amended, is to be construed as a waiver of governmental immunity as offered by the court or state law.

5. Section 9.8, Exclusivity, is hereby amended and restated as follows:

Exclusivity. Member County and Customer hereby grant AdvancePCS during the term of the Agreement, and any renewals hereof, the exclusive right to provide the Consumer Card Program to Member County and Customer. This exclusive right is solely applicable to Participants designated by Member County as eligible for the Services provided under this Agreement. Member County and Customer further agree that, during the term of the Agreement, and any renewals hereof, it will not negotiate, contract, or agree with any drug manufacturer for the purpose of obtaining Rebates or other discounts related to Participants under the Agreement. Member County and Customer also agree to cancel any existing agreements or contracts with any drug manufacturers related to such drug Rebates or discounts as of the Effective Date of the Agreement. In the event of a breach of this Section by Member County or Customer, AdvancePCS may terminate the Agreement. By entering into the Agreement, Customer does not endorse, and AdvancePCS will not represent Customer's endorsement of any other programs or services which AdvancePCS may offer to a Member County or Participant.

6. Ratification. The Agreement, as amended hereby, constitutes the entire understanding and obligation of the parties with respect to the subject matter hereof and supercedes any prior agreement, writings, or understandings, whether oral or written. This Amendment may be executed in several counterparts, all of which taken together constitute a single agreement between the parties. Except as modified and amended by this Amendment and to the extent not inconsistent therewith, all terms and conditions of the Agreement shall remain in full force and effect and are hereby ratified, affirmed and approved. Except as expressly provided herein, all capitalized terms used in this Amendment shall have the meaning set forth in the Agreement.

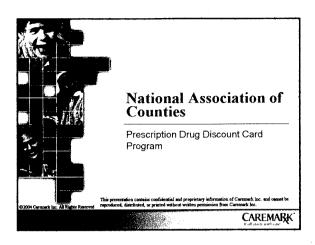
The parties have caused this Amendment to be executed by their duly authorized officers or representatives.

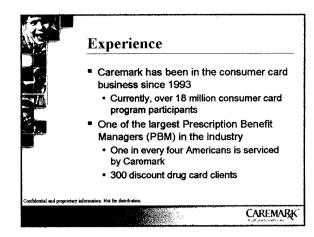
NATIONAL ASSOCIATION OF COUNTIES	ADVANCEPCS HEALTH, L.P. By: AdvancePCS Health Systems, LLC, its General Partner
By:	Ву:
Title:	Title:
Date:	Date:

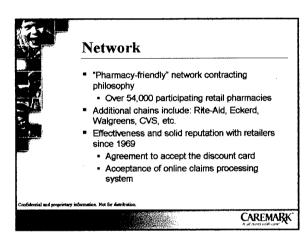
NACo Prescription Drug Discount Card Program

Summary

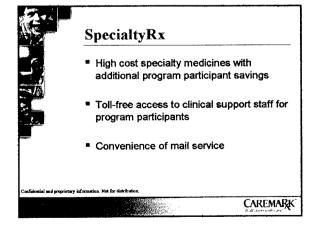
- Caremark/AdvancePCS was chosen as the program provider after a two-year process that involved the NACo Membership Committee, a consulting firm and a special evaluation committee appointed by the NACo President (Karen Miller was President at the time).
- The Caremark/AdvancePCS program was chosen not only for its price savings, but also for its ease of use and understanding.
- The program provides great flexibility for participating counties. The discount cards can be used by anyone—senior citizens, the elderly, or the uninsured. Some counties may use the cards for their jail populations or their employees if they do not have a prescription drug insurance program.
- There is no cost to NACo, no cost to the counties participating in the program and no cost to the citizens using the discount card.
- Citizens do not have to fill out any forms to participate and, therefore, the counties do not have to maintain any database of who has the cards. The card will be given to citizens with a brochure and can be used immediately by anyone who needs it.
- The discount cards are accepted at more than 54,000 pharmacies nationwide. The overall average savings is about 20 percent. The savings range from 13 percent to 35 percent on purchases of drugs at a local pharmacy and up to 50 percent on mail order purchases. Savings differences are based on brand-named prescriptions vs. generic.
- Only NACo member counties can participate and participation is currently limited to a pilot group. If the program proves successful, then the program will be expanded to more counties in 2005.

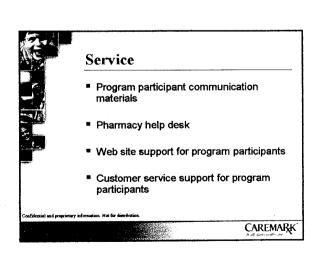














Real Value

- Average of 21% savings off the pharmacy's regular retail price during first quarter 2004 across the programs Caremark administers
- Average savings of \$10.44 per script during first quarter 2004 across the programs Caremark administers
- Full complement of capabilities
 - Retail savings
 - Mail service savings

Source: Book of Business 2004 Confidential and proprietary information. Not for distribution

CAREMARK



Real Value

- Generic medicine average savings first quarter 2004
 - 35% off retail
 - \$9.76 per prescription
- Brand medicine average savings first quarter 2004
 - 14% off retail
 - \$11.48 per prescription
- Actual savings depend on medicines purchased and from which participating pharmacy purchased

onfidential and proprietary information. Not for distribution

CAREMARK



Program Participant Benefits

- Fas
 - Caremark name is universally recognized with retail pharmacies
- Choice
 - Accepted at over 54,000 chain and independent pharmacies nationwide
- Recognized program
 - Operational since 1993 with millions of program participants currently in the program
- Savings
 - Retail savings average of 21% off pharmacy's regular retail price
- No paperwork
 - Discount provided at point of service

Confidential and proprietary information. Not for distribution

CAREMARK



Program Participant Savings

- "Lower of" pricing model
 - Designed to provide the best pricing available to cash paying program participant by utilizing a "lower-of" (MAC, usual and customary, ingredient cost, network pricing)
- On select drugs, additional point-of-sale (POS) discounts may apply.
 - These additional POS discounts are shared with program participants
- Caremark works with pharmacies and manufacturers to provide cost-effective medicines for cash paying program participants

Confidential and proprietary information. Not for distribution.

CAREMARK



National Association of Counties

- Logistics
- Questions
- Next steps

afidential and procrietary information. Not for distribution

CAREMARK

ADVANCEPCS HEALTH, L.P. NATIONAL ASSOCIATION OF COUNTIES MANAGED PHARMACY BENEFIT SERVICES AGREEMENT FOR MEMBER COUNTY

This Managed Pharmacy Benefit Services Agreeme	
is entered into by and between AdvancePCS Health,	
Managed Pharmacy Benefit Services Agreement Cor "Agreement") among National Association of AdvancePCS under which Customer has engaged A plans for Customer and its Member Counties.	Counties ("Customer"), Member County, and
MEMBER COUNTY does hereby agree to be bound terms, covenants and conditions of the Agreement at the same manner and to the same extent as if it were signatures hereto, accept and agree to MEMBER CO terms and conditions of the Agreement.	as Member County (as defined in the Agreement) in a party thereto. Customer and AdvancePCS, by their
By signing this Managed Pharmacy Benefit Ser- COUNTY acknowledges and agrees that the terms understood and voluntarily accepted and further agre	of the Agreement have been completely read, fully
ADVANCEPCS HEALTH, L.P. By: AdvancePCS Health Systems, LLC, its General Partner	NATIONAL ASSOCIATION OF COUNTIES
By: Howas A. MCLURE	By: LE Madde
Title: PRESIDENT	Title: Exec Director
Date: 01/03/05	Date: 10-28-04
	MEMBER COUNTY
BOARD OF COUNTY COMMISSIONERS OF SEDGWICK COUNTY, KANSAS	Sedawick Member County Name
^	By: Thomas G. Winters
Thomas G. Winters, Chairman	Title: <u>Chairman</u> Date: <u>10/20/04</u>
inomas G. winters, Chairman	Date: 10/20/04