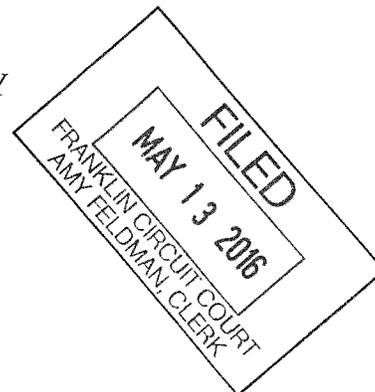


COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION II
CIVIL ACTION NO. 16-CI-531



**H. BRIAN MAYNARD, LIQUIDATOR OF
KENTUCKY HEALTH COOPERATIVE, INC.**

PLAINTIFF

v.

COMPLAINT

CGI TECHNOLOGIES AND SOLUTIONS, INC.

DEFENDANT

**SERVE: Corporate Service Company
421 West Main Street
Frankfort, KY 40601**

*** **

Comes the Plaintiff, H. Brian Maynard, Liquidator of Kentucky Health Cooperative, Inc. ("KYHC"), by counsel, for his Complaint against Defendant CGI Technologies and Solutions, Inc. ("CGI"), states as follows:

I. JURISDICTION AND VENUE

1. This Court has exclusive jurisdiction over this matter pursuant to KRS 304.33-040(3). The Court further has jurisdiction over this matter because the amount in controversy exceeds the minimum threshold for jurisdiction to be invoked pursuant to KRS 23A.010.

2. This Court has jurisdiction over CGI because it has transacted business or provided services in the Commonwealth, has caused injury in the Commonwealth, and pursuant to KRS 304.33-040(5), because CGI is obligated to or holding assets of KYHC.

3. Venue of this action is properly in the Franklin Circuit Court pursuant to KRS Chapter 304, Subtitle 33.

II. PARTIES

4. Plaintiff is the liquidator of KYHC. Plaintiff has the power to take action as he deems necessary to liquidate the insurer. Plaintiff may pursue all legal remedies on behalf of KYHC, where tortious conduct or breach of any contractual or fiduciary obligation detrimental to KYHC by any officer, manager, agent, employee, or other person has been discovered.

5. KYHC was created in 2011 to provide health insurance coverage to citizens of the Commonwealth of Kentucky as authorized under Kentucky law.

6. Until it was placed into rehabilitation in October, 2015, KYHC was controlled by its Board of Directors and its officers.

7. KYHC is a non-profit Kentucky corporation with its principal office in Louisville, Kentucky.

8. Defendant CGI Technologies and Solutions, Inc. ("CGI") is a for-profit corporation organized under the laws of Delaware with its principal office in Fairfax, Virginia.

III. CAUSES OF ACTION

COUNT I – BREACH OF CONTRACT AGAINST CGI

9. On or about February 15, 2013, KYHC and CGI entered into an Administrative Services Agreement whereby CGI agreed to perform certain administrative and management services to KYHC in exchange for certain monetary compensation as set forth in the Administrative Services Agreement. The Administrative Services Agreement was amended effective June 1, 2014. A true and correct copy of the Administrative Services Agreement and all amendments are collectively referred to as the "Agreement" and are attached hereto, incorporated herein by reference and designated as "Exhibit A."

10. Under the terms of the Agreement, CGI represented and warranted that “CGI personnel who perform the services under the Agreement shall have the appropriate training, licensure and or certification to perform each task assigned to them” and that “CGI will make a good faith effort to maintain consistent staff performing the delegated functions for KYHC.”

11. Under the terms of the Agreement, CGI was among other things obligated to:

a. Accurately process and pay claims for covered services provided to KYHC’s members by participating providers according to payment terms regarding timeliness and the rates and amounts set forth in KYHC’s Participating Provider Agreements.

b. Accurately process and pay claims for covered services provided to KYHC’s members by providers.

12. CGI breached its obligations and warranties set forth in the Agreement in that:

a. CGI wholly failed to provide sufficient and adequately trained personnel to perform the services CGI agreed to perform under the Agreement;

b. CGI failed to process and pay claims on a timely basis;

c. CGI failed to pay claims at the proper contract rates and amounts, thus resulting in an overpayment of claims;

d. CGI failed to accurately and properly process enrollment segments and failed to timely reconcile enrollment segments;

13. CGI’s breaches of its warranties and obligations in the Agreement have directly caused KYHC to incur substantial monetary damages in excess of the jurisdictional minimum limits of this Court.

COUNT II – NEGLIGENCE AND GROSS NEGLIGENCE OF CGI

14. Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

15. CGI had a duty to ensure that its personnel who performed services for KYHC were adequately and appropriately trained, licensed, and certified to perform the services and functions delegated by KYHC to CGI.

16. CGI had a duty to accurately process and pay claims on KYHC's behalf in a timely manner at the correct rates and amounts.

17. CGI had a duty to perform its obligations in a reasonable, competent, and professional manner.

18. CGI breached its duties in that CGI negligently failed to provide a sufficient number of adequately trained personnel who had sufficient knowledge of the system program utilized by CGI to process and pay health insurance claims at the correct rates and amounts.

19. CGI breached its duties in that it negligently failed to accurately process and pay health insurance claims on KYHC's behalf in a timely manner at the correct rates and amounts.

20. CGI breached its duties in that it negligently and wholly failed to perform its obligations in a reasonable, competent, and professional manner.

21. CGI was grossly negligent in that it wantonly, consciously, and voluntarily failed to provide a sufficient number of adequately trained personnel who had sufficient knowledge of the system program utilized by CGI to process and pay health insurance claims at the correct rates and amounts in complete and reckless disregard of the rights of KYHC.

22. CGI was grossly negligent in that it consciously, wantonly, and voluntarily failed to accurately process and pay health insurance claims on KYHC's behalf in a timely manner at

the correct health insurance rates and amounts in complete and reckless disregard of the rights of KYHC and its policyholders.

23. CGI was grossly negligent in that it consciously, wantonly, and voluntarily failed to perform its obligations in a reasonable, competent and professional manner in complete and reckless disregard of the rights of KYHC and its policyholders.

24. As a direct and proximate result of CGI's negligence or gross negligence, KYHC has incurred substantial damages in excess of the jurisdictional limits of this Court.

COUNT III – ATTORNEYS' FEES

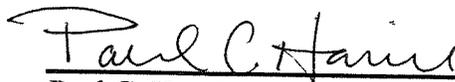
25. Plaintiff states, reiterates, and incorporates by reference each of the preceding paragraphs of this Complaint.

26. Pursuant to KRS 304.33-060, Plaintiff is entitled to recover all costs and expenses, including, but not limited to, attorneys' fees, incurred in pursuing this litigation against Defendant, without regard to any limitations otherwise prescribed by law.

WHEREFORE, Plaintiff demands as follows:

1. Judgment against Defendant jointly and severally for compensatory and punitive damages in an amount in excess of this Court's jurisdictional limits;
2. the recovery from Defendant of all administrative costs incurred as a result of the necessary rehabilitation and liquidation proceedings;
3. any and all equitable relief to which Plaintiff may appear properly entitled;
4. attorneys' fees and all costs herein expended;
5. all appropriate interest;
6. recovery of all fees KYHC paid to CGI; and
7. all further relief to which Plaintiff may appear entitled.

Respectfully submitted,



Paul C. Harnice

Sarah J. Bishop

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and

Perry M. Bentley

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Lexington, Kentucky 40507

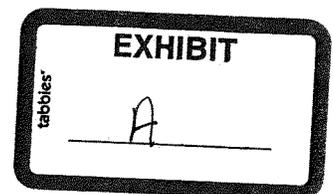
Telephone: (859) 231-3000

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*Counsel to H. Brian Maynard, Liquidator of
Kentucky Health Cooperative, Inc.*

ADMINISTRATIVE SERVICES AGREEMENT
By and between
CGI Technologies and Solutions Inc.
And
Kentucky Health Cooperative, Inc.



ADMINISTRATIVE SERVICES AGREEMENT

By and between

CGI Technologies and Solutions Inc.

And

Kentucky Health Cooperative, Inc.

This Administrative Services Agreement (this "Agreement") is entered into effective as of February 15, 2013 by and between the Kentucky Health Cooperative, Inc., a Kentucky not-for-profit corporation located at 9700 Ormsby Station Road, Louisville, KY 40223 ("KYHC") and CGI Technologies and Solutions Inc., a Delaware corporation having its principal place of business at 11325 Random Hills Road, Fairfax, Virginia 22030 ("CGI").

WHEREAS, KYHC has been organized to operate as a qualified nonprofit health insurance issuer within the meaning of Section 1322(c)(1) of the Affordable Care Act (Pub. L. 111-148) (the "CO-OP Program"), that once licensed, will offer health insurance plans that assist providers to deliver high quality health care to citizens of the Commonwealth of Kentucky; and

WHEREAS, KYHC is a party to the Loan Agreement (the "Loan Agreement") with the United States Department of Health and Human Services (DHHS), Centers for Medicare and Medicaid Services (CMS), dated June 19, 2012 pursuant to which KYHC is obligated to use funds to form a consumer-focused, member-governed health insurance company (CO-OPs) pursuant to Section 1322 of the Patient Protection and Affordable Care Act (the "Act") and regulations promulgated thereunder (together, the "CO-OP Program"). CGI shall perform Services hereunder in accordance with the CO-OP's obligations under the CO-OP Program, the Loan Agreement, and state law; and

WHEREAS, CGI provides various administrative services in accordance with Applicable Law, Applicable Regulatory Agency, Accreditation Agency and KYHC standards; and

WHEREAS, KYHC and CGI desire to enter into this Agreement whereby CGI will perform certain administrative and management functions (the "Delegated Functions"); and

WHEREAS, nothing herein shall limit KYHC's responsibility or KYHC's ultimate authority with regard to Delegated Functions as required by Applicable Law.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE 1
DEFINED TERMS

All capitalized terms in this Agreement, unless otherwise defined herein, shall have the following meanings:

"Access" means, with respect to all Delegated Functions performed by CGI for KYHC –

Direct Access: direct, on site Access, during normal business hours, upon 2 Days prior written notice, to the site(s) where the Delegated Function is being performed unless an Applicable Regulatory Agency requires a shorter period.

Remote Access: real time read-only Access at KYHC's offices to all CGI Systems used to perform Delegated Functions, computer system inquiry capability including the ability to run reports and make inquiries and to pull historical information;

Personnel Access: Direct Access to, and reasonable cooperation from, all CGI staff performing the Delegated Functions; and

Records Access: electronic or paper copies of records relating to Delegated Functions when reasonably requested.

Unless Access is limited to one form of Access (e.g., Personnel Access), KYHC is entitled to all forms of Access. The Parties acknowledge that Access shall not include information related to individuals enrolled through other insurers.

"Accreditation Agency" means any non-governmental accreditation agency generally recognized in the health care industry which monitors, audits, accredits or performs other similar functions with respect to health care organizations and entities providing services to health care organizations, including without limitation the National Committee for Quality Assurance ("NCQA"), the Joint Commission on Accreditation of Health Care Organizations ("JCAHO") and the Utilization Review Accreditation Commission ("URAC").

"Affiliate" of a Party means any other entity that directly or indirectly controls, or is under common control with, or is controlled by, the Party. As used in this definition, "control" means actual or equitable ownership of a majority of the shares (or other securities, partnership interests or means of ownership, as the case may be) of an entity or management of the entity as a result of a management contract.

"Agreement" means this Administrative Services Agreement between KYHC and CGI, including all exhibits, appendices, and attachments hereto and listed in Article 8, as any of these may be amended, supplemented, or modified from time to time.

"Applicable Law" means (i) such federal, state and local laws, rules and administrative regulations and guidance, including manuals, guidelines, policy letters, court decisions, and CMS instructions to KYHC, that are adopted and/or published or sent to KYHC by CMS or any State agency or other federal, state or local governmental body, or agent thereof, with authority over KYHC, CGI, Providers or Payors (the "Applicable Regulatory Agencies"), and communicated in writing by KYHC to CGI, and (ii) applicable Accreditation Agency requirements and policies; and (iii) health insurance exchanges on which KYHC is approved to offer Benefit Plans. Without limiting the generality of the foregoing, "Applicable Law" shall include all federal and state insurance requirements, all federal and state privacy, security and confidentiality requirements, bonding requirements, licensure requirements, financial solvency requirements, prompt pay requirements, claims administration requirements and fraud and abuse requirements. Adherence to these laws, policies, regulations and guidance shall be a material requirement. It is understood by the Parties that the Applicable Laws are subject to change during the term of this Agreement, such that the Parties agree that any substantive change will require the parties to react promptly and in good faith by negotiating appropriate modifications or alterations to this Agreement.

"Benefit Plan" means a Member's health benefits program as described in the Member Materials and underwritten or administered by KYHC.

“Claims Administration” means the process of determining: whether a claim submitted for payment is entitled to be paid, the appropriate payment amount according to the terms of the Participating Provider agreement, and the Non-Participating Provider payment rules, as applicable, and issuing payment in accordance with claim payment requirements, including timeliness, of Applicable Law, tracking and reporting Provider claims, timely redirecting claims for Non-Covered Services, collection and submission of encounter data, timely transmission of notification to Members and such other tasks as described in Exhibit 2.

“Clean Claim” means a request for reimbursement for Covered Services (i) that has no material defect or impropriety (including any lack of any reasonably required substantiating documentation) which materially prevents timely adjudication of the claim; or (ii) such other definition as may be required by Applicable Law.

“Client Group” means an insurer that KYHC or an Affiliate brings to CGI and/or that CGI accepts as a client and enters into an agreement to purchase Services substantially the same (including platform, scope, etc.) as those Services described herein. All volume-based pricing discounts shall include the combined business of all insurers participating in Client Group. The current list of insurers (including companies in the process of seeking licensure as insurers) is listed at Exhibit 11.

“CMS” means the federal Centers for Medicare and Medicaid Services.

“Cold Site” means a backup site that contains infrastructure, all of the server hardware and certain software components necessary for and configured for restoration of the Systems in the event of an emergency or disaster, but does not contain all of the software and data components necessary to do an immediate restore of all business functions. Upon an emergency or disaster the remaining software applications necessary for the restoration of the Systems will be obtained out of escrow and installed at the cold site.

“Confidential Information” means information belonging or relating to one Party (the “Disclosing Party”) that is non-public, confidential and/or proprietary in nature such as financial information, customer contacts, operating policies and business methods, but does not include information that the recipient (the “Receiving Party”) demonstrates (i) is or becomes generally available to the public other than as a result of a disclosure by the Receiving Party or its representatives, (ii) was within Receiving Party’s possession prior to its being furnished to Receiving Party or its representatives by the Disclosing Party or its representatives pursuant hereto, but only to the extent that the source of such information was not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Disclosing Party or any other Party with respect to such information; (iii) is or becomes available to the Receiving Party from a source other than the Disclosing Party or any of the Disclosing Party’s representatives, but only to the extent that such source is not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the Disclosing Party or any other Party with respect to such information; or (iv) is independently developed by the Receiving Party without reference to the Disclosing Party’s Confidential Information.

“Covered Services” means those Medically Necessary health care services or supplies that a Member is eligible to receive according to the terms of his / her Benefit Plan.

“Day” means, with respect to any action to be taken under this Agreement, a calendar day; provided however, that when the date an action is to be taken falls on a Saturday, Sunday or federal holiday, then the day on which the action must be taken shall be the first business day following such day.

“Delegated Functions” means those administrative claims processing and payment functions relating to services provided to Members, including Member enrollment, responding to Member and Provider phone or other inquiries, creation and distribution of Member materials, Explanation of Benefits, Explanation of Payments and other communications which shall be performed by CGI on behalf of KYHC pursuant to the terms and conditions of this Agreement.

“Deposit Materials” means all CGI-developed or CGI-owned software source code related to application support for Delegated Functions, including administration of Benefit Plans, claims coding, claims processing, document management, claims adjudication and payment of claims for Covered Services, including System documentation, related compiler command files, build scripts, scripts relating to the operation and maintenance of such application, application programming interface(s), graphical user interface(s), object libraries, instructions on building the object code of the software, all documentation relating to the foregoing, and a list of all third party applications and tools required in the use and compilation of the software.

“Dispute” shall have the meaning given to such term in Article 7 the Agreement.

“Effective Date” with respect to each Delegated Function, has the meaning given to such term in Section 2.2.

“Escrow Agent” means the agent selected by CGI to hold the Deposit Materials.

“Hot Site” means a backup site for the Systems that is fully prepared to resume business operations immediately in the event of a disaster or emergency, including all the needed infrastructure, space and hardware, software and equipment necessary to immediately resume operation of the Systems.

“Joint Operations Committee” or “JOC” means the committee established between the Parties and Client Group to discuss issues of shared concern among the Client Group and ways to collaborate for increased performance and efficiency.

“Medically Necessary” or “Medical Necessity” has the meaning stated under the Member’s Benefit Plan.

“Member” means any individual who is entitled to receive Covered Services as a result of an arrangement between KYHC and the Member or a person or entity on the Member’s behalf and for whom KYHC has assigned CGI to perform the Delegated Functions.

“Member Month” means any calendar month or portion of a calendar month during which a Member is entitled to receive Covered Services. For example, if a person becomes a Member on January 15 and remains a Member through June 3, such person would be enrolled for six (6) Member Months.

“Non-Covered Services” means those health care services and supplies which are not covered under the Member’s certificate of coverage and are, therefore, the financial responsibility of the patient, including those services provided to a patient who is determined ineligible for coverage at the time services were rendered (i.e., a retroactively disenrolled patient).

“Party” means either KYHC or CGI.

“Parties” means KYHC and CGI.

“Participating Provider” means a provider who has a participating provider agreement with KYHC or has a contract with a rental network with which KYHC has contracted.

“Non-Participating Provider” means a Provider who does not, directly or indirectly, have a Participating Provider agreement with KYHC.

“Payor” means an insurer, health maintenance organization, self-insured plan or other entity that has a contract or other arrangement with KYHC for the provision of Covered Services to its insureds.

“Person” means a natural person, partnership (general or limited), corporation, Limited Liability Company, trust, estate, association or other entity.

“Prepaid Rate” means the monthly amount paid to CGI for the Delegated Functions, as set forth in Exhibit 1.

“Protected Health Information” means individually identifiable health information that is transmitted by electronic media, maintained in electronic media or transmitted or maintained in any other form or medium except individually identifiable health information and educational records described at 20 USC § 1232g(a)(4)(B)(iv) and employment records held by a covered entity in its role as an employer.

“Provider” means a person or organization who or which is certified, licensed or otherwise legally permitted to provide health care services or supplies.

“Quality Improvement” or “QI” means the continuous quality improvement program to monitor the quality and appropriateness of care and services provided to Members or the quality of the Delegated Functions rendered and their compliance with the terms of this Agreement..

“Risk Management” means that part of the Quality Improvement process involving the reduction and/or prevention of losses and injuries to Members, for identification, analysis, and evaluation of areas of potential loss, and for review of specific incidents (both reported and unreported).

“Systems” means the computer, management and administrative systems that CGI is using and will use to provide the Delegated Functions under the Agreement including, but not limited to Healthation software.

“Term” means the Initial Term and Renewal Terms, if any, as defined in Section 2.1.

ARTICLE 2 TERM AND TERMINATION

2.1. Duration of Agreement and Renewal. The Initial Term of this Agreement shall commence on the date set forth in the Preamble and extend until December 31, 2016 (the “Initial Term”). This Agreement shall thereafter be automatically renewed for consecutive one (1) year terms (each a “Renewal Term”) if permitted by Applicable Law unless terminated in accordance with this Article 2.

2.2. Effective Date for Delegated Functions. The Effective Date for each Delegated Function to be performed hereunder shall be determined separately and upon written notification by KYHC to CGI. With respect to each Delegated Function, as outlined in the table below, the Effective Date shall be no earlier than the date on which CGI shall assume initial responsibility for performing the function and, as applicable: i) the Day that KYHC has completed its review, including all testing and determined that CGI has met the mutually agreed upon capability criteria in accordance with Section 3.4.2; and ii) the date an

Applicable Regulatory Agency has provided any necessary approval for CGI to assume the Delegated Function. The Parties acknowledge that the Effective Date, with respect to each Delegated Function, must occur on or before January 1, 2014, or as listed in Table 1 below.

Delegated Function	Function Start Date / Readiness Review Complete Date
Member Provider Support Services (pre-1/1/2014)	10/1/2013 9/1/2013
Enrollment	10/1/2013 9/1/2013
Printing and Fulfillment (New Member Kit Materials)	10/1/2013 9/15/2013
Printing and Fulfillment (Member Communication Materials)	1/1/2014 12/1/2013
Premium Billing On Exchange	10/1/2013 9/15/2013
Premium Billing Off Exchange	12/1/2013 11/15/2013
Member/Provider Support Services (Post 1/1/2014)	1/1/2014 12/1/2013
Claims Processing	1/1/2014 12/1/2013

Notwithstanding any Effective Date above or the effective date in the initial paragraph of this Agreement, this Agreement shall not become effective unless and until a second CO-OP joins the Client Group not later than ten (10) business Days following the date this Agreement is fully executed by KYHC and CGI.

2.3. Termination on Written Notice. Any Party may terminate this Agreement, in its entirety or with respect to one or more Delegated Functions, as of the end of the Initial Term or any Renewal Term by providing written notice of termination to the other Party no later than one hundred and eighty (180) Days prior to the end of such Initial Term or Renewal Term.

2.4. Termination for Cause. KYHC or CGI may terminate this Agreement, with prior written notice to the other upon one or more of the following, subject to the notice periods set forth below:

2.4.1. Effective immediately if the other Party files a petition in or for bankruptcy, reorganization or an arrangement with creditors, makes a general assignment for the benefit of creditors, is adjudged bankrupt, is unable to pay debts as they become due, has a trustee, receiver or other custodian appointed on its behalf, or has any other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding commenced against it.

2.4.2. Effective as of the date that termination of this Agreement is required by an Applicable Regulatory Agency pursuant to Applicable Law including, but not limited to, exclusion of a Party from participation in federal programs;

- 2.4.3. Effective as of the date of the other Party's loss of a license necessary to perform the obligations assumed under this Agreement, including CGI's loss of its license to perform one or more Delegated Functions;
- 2.4.4. Effective upon thirty (30) Days written notice if KYHC or CGI commits a material fraud with respect to its duties hereunder; or
- 2.4.5. Effective upon thirty (30) Days written notice for failure to cure a material breach identified by the non-breaching Party within thirty (30) Days of such identification.
- 2.5. Wind-Down. Upon termination, expiration, or non-renewal of this Agreement pursuant to this Article 2, or revocation of delegation of a Delegated Function pursuant to Article 3 or for any other reason, the Parties shall each work in good faith to cooperate and effect a smooth and orderly transition including, without limitation, the following, as determined by KYHC, in KYHC's sole discretion: (1) CGI shall perform one or more Delegated Functions for a period of up to six (6) months after the effective date of termination as requested by KYHC; and (2) KYHC may perform such Delegated Function or re-delegate such Delegated Function to a third party. Notwithstanding the foregoing, CGI shall not be required to provide services beyond the effective date of termination in the event that CGI terminates the Agreement for cause in accordance with Section 2.3. Upon completion of any wind down services, CGI shall return all KYHC documents and data to KYHC and all Access shall terminate provided, however, that CGI will retain an archive of the Member data for a period of ninety (90) days or such longer period as the parties may agree in a wind-down plan.
- 2.5.1. CGI shall comply in good faith with any information requirements and exchanges reasonably requested by KYHC or any third party engaged by KYHC, in formats reasonably required by KYHC or the third party engaged, as necessary to orderly transfer the Delegated Functions, including complying with wind-down protocols reasonably established by KYHC or any third party engaged by KYHC. If some Member or claims records are retained by CGI, CGI shall: i) store said records in accordance with Section 5.1, and ii) provide KYHC and its engaged third parties, auditors, authorized agents, Payors and Applicable Regulatory Agencies with jurisdiction over KYHC with timely Access to said records. During any wind down, CGI shall provide KYHC and any third party engaged by KYHC reasonable Direct Access to CGI facilities, staff, Systems and other resources related to this Agreement or the performance hereunder for purposes of effectuating a smooth and orderly transition.
- 2.5.2. If the Agreement is terminated due to breach by CGI prior to successful completion of the implementation, or CGI's failure to timely implement the Delegated Functions, CGI shall only be paid for services properly performed through the point of termination, plus expenses to transition pursuant to this Agreement. In the event of any termination of the Agreement for any reason *other than* breach by CGI prior to successful completion of the implementation, or CGI's failure to timely implement the Delegated Functions, any deferred implementation fees pursuant to Exhibit 1 shall immediately become due and KYHC will pay its obligation within thirty (30) days of the effective date of termination. All services provided by CGI after the effective date of termination shall be paid in accordance with Sections 2.5.3. CGI shall provide all services after the effective date of termination in the same manner as services were provided prior to the termination, unless otherwise specified by KYHC.
- 2.5.3. Fees for Wind Down Services. CGI agrees that it shall not be paid any amount for performing the Delegated Functions during a wind down period in addition to its monthly fees at the rates in effect prior to the non-renewal or termination, for a period of six months. Non-prepaid

services will be paid in accordance with the rates outlined in Exhibit 1 for a period of six months. The Parties will negotiate in good faith for rates for Delegated Functions services beyond the six-month wind down period. Any services CGI provides that are outside the scope of the Delegated Functions shall be paid at CGI's then-current rates.

2.6. Survival. Definition of Access, Sections 2.5, 2.6, 3.1, 3.3, 3.2.6, 3.4.1 and 3.6 (but only to the extent necessary to cover claims arising during the term of this Agreement, any renewals thereof and any wind-down period), 3.7, 3.8, 3.9, 3.10, 3.15 through 3.19, 3.21, 4.4, 4.5, 5.1, 5.3, 6.3, 6.6, 6.7, 6.11 and Article 7 shall survive the termination of this Agreement for any reason.

ARTICLE 3

GENERAL PROVISIONS APPLICABLE TO ALL DELEGATED FUNCTIONS

3.1. Independent Contractors. KYHC and CGI are independent contractors and separate legal entities. The relationship between KYHC and CGI is reflected in this Agreement, and neither KYHC nor CGI or the employees, servants, agents or representatives of either of them, shall be considered the employee, servant, agent or representative of the other. No provision of this Agreement is intended to create or shall be construed to create any agency, partnership, joint venture or employer-employee relationship between or among KYHC and CGI, or any of their respective employees, servants, agents or representatives or between CGI and any Payor.

3.2. CGI Qualifications & Representations and Warranties.

3.2.1. Legal, Regulatory and Accreditation Compliance. CGI represents and warrants that all Delegated Functions performed hereunder will be in accordance with Applicable Law and Accreditation Agency standards, including without limitation those applicable to KYHC that are provided to CGI by KYHC, subject to Section 6.14.

3.2.2. Licensure. CGI represents and warrants to KYHC that CGI shall at all times during the term of this Agreement be appropriately licensed, bonded and certified, as applicable, and operating in material compliance with Applicable Law in each regional or product market. As required by Applicable Law or as consistent with Accreditation Agency standards, CGI shall obtain, and maintain in good standing all required licenses, bonds and certifications. CGI shall provide KYHC with a copy of its licenses, bonds and/or certifications prior to the Effective Date of any Delegated Function and upon the anniversary date of such Delegated Function thereafter. CGI shall notify KYHC within five (5) Days if any required license, certificate, bond or any other similar requirement is, voluntarily or involuntarily, found to be deficient, is in jeopardy, or is withdrawn.

3.2.3. CGI shall notify KYHC within five (5) Days of any action taken or sanction issued against CGI, and/or any of its employees or contractors, or by any Applicable Regulatory Agency related to its services performed including under this Agreement.

3.2.4. CGI shall submit the following financial information to KYHC upon request as proof of CGI's continued financial solvency:

3.2.4.1. Recent audited financial statements for CGI's parent company (balance sheet, statement of operations, statement of cash flows, and notes to the financial statements).

3.2.4.2. Unaudited financial statements for CGI with an attestation by the CFO on a basis no less frequently than annually. To the extent that CGI is required to provide financial statements for Kentucky TPA licensure or regulatory compliance, KYHC would request copies of said

statements. All such financial statements shall be treated as Confidential Information in accordance with this Agreement.

3.2.5. CGI represents and warrants that the CGI personnel who perform the services under this Agreement shall have appropriate training, licensure, and or certification to perform each task assigned to them. CGI shall provide KYHC with a staffing plan outlining the key staff roles that will have primary interaction with KYHC staff. KYHC shall be notified immediately of any staffing changes for key staff. KYHC reserves the right to request a change in designated CGI personnel as KYHC deems necessary, in KYHC's determination, which may negatively impact successful implementation of all facets of this Agreement. For continuity of service and to guard against loss in productivity, CGI will make a good faith effort to maintain consistent staff performing the delegated functions for KYHC. The key personnel at a minimum are defined as follows:

- Project/Implementation Manager (on site at KYHC through implementation)
- Compliance Officer
- Integration Lead, during implementation

3.2.6. CGI represents, warrants and covenants that (i) it has a valid, legal and non-exclusive license to use the Systems and that such Systems are sufficient to administer all aspects of the Delegated Functions; (ii) it is authorized to place the source codes into escrow pursuant to Section 3.21; (iii) it will retain complete authority and/or rights to use the Systems for the Term of this Agreement and any wind-down or transition period; (iv) it will provide or arrange for maintenance for the Systems so that such Systems remain operational during the term of this Agreement and any wind-down or transition period; (v) there are no other third party entities who have the right to claim control or ownership over the Systems; and (vi) it shall indemnify, defend, at its own expense, and hold KYHC harmless for any and all claims or actions of infringement of copyrights, patents, trademarks or other intellectual property rights that arise or are enforceable under the laws of the United States of America and CGI will pay all settlements, costs, damages and expenses (including reasonable attorney fees) finally awarded relating to CGI's or KYHC's use of the Systems. CGI agrees to provide KYHC with prompt notice of any claim specified in this section that is made against CGI, KYHC, or the Systems. If such a proceeding claiming infringement in accordance with (vi) above is brought or appears to CGI to be likely to be brought, CGI shall at CGI's expense and with prior written notice to KYHC either obtain the right for KYHC to continue to access the Systems or replace or modify the Systems to resolve such proceeding. If neither of these alternatives is reasonably available to CGI, CGI may be required to terminate KYHC's access, in which case CGI shall cooperate with KYHC's efforts to transition to another vendor and shall pay KYHC's reasonable costs to transition to another vendor. This section states CGI's entire obligation to KYHC and KYHC's exclusive remedy with respect to any claim of infringement. CGI is not responsible for any infringement claim or claimed breaches of the foregoing warranties caused by: (i) modifications made to the Systems by anyone other than CGI and its subcontractors working at CGI's direction; (ii) the combination, operation or use of any System component with other components or items CGI did not supply; (iii) KYHC's misuse of the Systems; or (iv) CGI's adherence to KYHC's specifications or instructions.

3.3. The foregoing warranties are in lieu of all other warranties, express or implied, including any implied warranties of merchantability, fitness for a particular purpose, integration, performance and accuracy, and any implied warranties arising from statute, course of dealing, course of performance, or usage of trade. CGI does not warrant that the services or access to the CGI system will be uninterrupted or that the results of the services will be error-free. CGI does not guarantee the accuracy of any advice,

report, data, or other product delivered to KYHC that is produced with or from data or software provided by KYHC.

3.4. Representations and Warranties of KYHC. KYHC represents and warrants to CGI that KYHC is, and at all times during the term of this Agreement shall operate, in material compliance with Applicable Law.

3.4.1 KYHC shall use all commercially reasonable efforts to ensure that Members' Notices of Privacy Practices inform them that an administrative services provider may handle their claims.

3.4.2 KYHC is responsible for the adequacy and accuracy of all data and information that KYHC furnishes to CGI and the results obtained therefrom. KYHC warrants that any KYHC-provided specifications or requirements around which services are configured will be in compliance with Applicable Laws.

3.4.3 KYHC warrants that it (i) will not disclose, download, decompile, or re-engineer any portion of the Systems (ii) will maintain the security of any user or identification codes and associated passwords assigned to KYHC by CGI to enable KYHC and its engaged third parties, auditors and authorized agents to Access the Systems. KYHC agrees that neither it nor its employees or agents will attempt to gain or allow access to any data, files or programs of CGI to which they are not entitled under the Agreement, and that if such access is obtained, KYHC will immediately report such access to CGI, cease all unauthorized access, return all CGI, third party, or CGI customer information obtained as a result of such unauthorized access, and safeguard any CGI, third party, or CGI customer information obtained as a result of unauthorized access to CGI Confidential Information. KYHC will be responsible for the actions of its employees, agents, and permitted contractors in connection with their access to and use or misuse of the Systems.

3.4.4 KYHC warrants that (i) any information, data, and any other materials placed by KYHC and/or Providers, Payors or Members and/or by CGI on the KYHC's behalf onto the Systems ("Content") does not and will not contain unlawful, discriminatory, libelous, harmful, obscene or otherwise objectionable material of any kind and does not and will not violate any right of privacy or publicity, (ii) the Content does not infringe any copyright, patent, trademark or other intellectual property right that arises or is enforceable under the laws of the United States of America, (iii) the Content transmitted during the term of this Agreement and the use of the Systems pursuant to the Agreement will not encourage conduct that could constitute a criminal offense, give rise to civil liability or otherwise violate any Applicable Laws, and (iv) KYHC shall not attempt to gain unauthorized access to other computer systems, any application/service for which KYHC has not paid fees to use, or data and information belonging to others that is also hosted on the Systems. KYHC warrants that it will use all commercially reasonable efforts, including industry-standard processes to avoid propagating computer worms, disabling codes or viruses, or use the Systems to make unauthorized entry into any other computer or machine.

3.5. KYHC's Standards for and Approval of Delegated Functions. KYHC and CGI agree that:

3.5.1 KYHC shall establish terms and standards for the Delegated Functions ("KYHC Standards") which, along with KYHC's interpretation of Applicable Law, Accreditation Agency standards and Payor standards, shall be the standards required for the performance of each Delegated Function described in this Agreement. CGI's performance of any Delegated Function shall not adversely affect the status of KYHC with any Accreditation Agency or Applicable Regulatory Agency. KYHC agrees to indemnify and hold harmless CGI and CGI's Affiliates, and their

respective shareholders, directors, officers, employees, agents, and assigns (the “CGI Indemnified”) from and against any claims, liability, obligation, costs, or expense, including reasonable attorneys’ fees, filed against or incurred by any of the CGI Indemnifieds arising out of CGI’s following KYHC Standards if and only if all of the following apply:

3.5.1.1 The KYHC Standard is a specific and unique standard developed by KYHC; and

3.5.1.2 CGI has raised concerns about the legality of KYHC Standard or its compliance with Applicable Law in writing in advance of the implementation; and

3.5.1.3 Despite receiving the written concern, KYHC has, in writing, required CGI to comply with the KYHC Standard.

3.5.2 CGI shall have written policies and procedures for all KYHC Delegated Functions. In accordance with the agreed upon implementation project plan, KYHC shall conduct an initial review of CGI’s operations, policies and procedures regarding the Delegated Functions and its readiness to assume each Delegated Function in accordance with the terms of this Agreement. Within thirty (30) Days after the review, KYHC shall determine whether to approve CGI’s policies and procedures as satisfying the requirements of Section 3.4.1 and issue a written decision. Notwithstanding the foregoing sentence, KYHC shall review such policies as quickly as possible. At all times this Agreement in effect, CGI shall provide KYHC with Records Access to its policies. If such policies are determined problematic for the efficient and secure operation or are not in compliance with Applicable Law with regard to the Delegated Functions, CGI will implement updated policies in a timely manner to remedy such issues.

3.5.3 As a condition of KYHC delegating one or more Delegated Functions, CGI shall provide a certification by CGI’s manager in charge of the KYHC account, as provided in §3.5.2, of the readiness of CGI, including its Systems, to meet the requirements of the Applicable Law with respect to each Delegated Function.

3.5.4 Once reviewed and approved by KYHC, CGI shall maintain each Delegated Function as so approved, unless CGI provides KYHC with prior notice of, and receives approval for, any change to its approved process.

3.5.5 KYHC shall provide CGI with thirty (30) Days prior written notice of any changes to KYHC’s delegation standards or other administrative requirements under this Agreement. If the Parties cannot agree on the proposed change within thirty (30) Days, the matter shall be submitted to dispute resolution in accordance with Article 7.

3.6. The Relationship between CGI and KYHC.

3.6.1. CGI shall appoint a manager whose responsibility it shall be to serve as the central contact point between CGI and KYHC. As necessary to meet the requirements of this Agreement, the manager shall devote his or her full time efforts to overseeing the Delegated Functions and serving as the liaison between the Parties. KYHC shall have the ability to review the credentials of the manager and approve the manager, including having input on CGI’s periodic evaluations of the manager’s performance. KYHC’s approval shall not be unreasonably withheld.

3.6.2. CGI shall provide, at its own expense, a representative who will be dedicated to the KYHC implementation, and based at KYHC facilities, in order to provide real-time project

management updates to the KYHC leadership during the implementation phase through either (i) the commencement of KYHC's commercial business process operations on 1/1/2014, or (ii) the Effective Date of all Delegated Functions, whichever comes first. The Manager referred to in Section 3.2.5 and the representative may be the same person, but shall have the necessary authority within CGI to perform under this Agreement. KYHC shall provide office space and equipment (tools, supplies, telephone lines and service, office support, etc.) for the use by such representative at no cost to CGI. Travel expenses related to the on-site services of such representative would be the responsibility of CGI, while other travel expenses for necessary CGI personnel assisting with the successful implementation process for KYHC will be reimbursed by KYHC for expenses (i) approved in advance by KYHC's CEO or CFO, and (ii) which are subject to reimbursement under the terms and provisions of KYHC's travel policies. Within thirty (30) days of contract signing, CGI shall conduct a Kickoff meeting and provide a preliminary implementation plan for KYHC review. Within 90 days, CGI will complete the final detailed implementation plan for KYHC approval which is sufficient to ensure all tasks are completed in accordance with all of the requirements in this Agreement pertaining to the Delegated Functions. . The final implementation plan will be incorporated as an Exhibit to this Agreement.

3.6.3. Delegated Functions that require access to Protected Health Information shall be performed by staff members located in the United States.

3.6.4. CGI shall notify KYHC if any lead development staff or individuals considered mission critical to this Agreement, whether employed or independent contractors, are terminated or discontinue work for any reason, and CGI shall inform KYHC of its arrangements to maintain the required performance standards for the Delegated Functions.

3.6.5. CGI shall provide all Delegated Functions acting as KYHC's delegate for respective Delegated Functions, including identifying itself in the manner indicated by KYHC when answering the telephone and corresponding or communicating with Members, Providers and any others on behalf of KYHC.

3.6.6. The Parties acknowledge that KYHC retains ultimate responsibility for the performance of the Delegated Functions and that KYHC may change the scope of the Delegated Functions, impose additional or different performance standards, and review CGI's performance from time to time during the term of this Agreement. KYHC and CGI shall cooperate to agree on the impact and implement any such changes as soon as reasonably possible. If, as a direct result of KYHC's changes to the scope of one or more Delegated Functions, CGI anticipates a net cost increase/decrease for the Delegated Functions performed under this Agreement, CGI shall promptly notify KYHC and KYHC and CGI shall negotiate a payment rate adjustment specific to the scope change according to Section 6.14.

3.6.7. The Parties shall cooperate in good faith to establish and comply with a process to determine, validate, and reconcile the Members that are subject to this Agreement in accordance with Exhibit 1.

3.7. CGI Insurance.

3.7.1. CGI, at its sole cost and expense, shall maintain:

3.7.1.1. comprehensive general liability policies including coverage against any claim or claims for damages arising by reason of personal injury or death occasioned directly or indirectly by CGI or its agents, servants or employees in connection with the

performance of any Delegated Function or CGI's responsibilities hereunder, for CGI, its agents, servants and employees consistent with industry standards in the amount of at least five million (\$5,000,000) dollars per occurrence and ten million (\$10,000,000) dollars annual aggregate; and

3.7.1.2. professional liability policies including coverage for errors and omissions arising from professional services rendered in an amount of at least two million (\$2,000,000) per claim and three million (\$3,000,000) annual aggregate.

3.7.2. If such policies are "claims made" policies as distinguished from occurrence policies, prior to termination of such insurance, CGI shall procure and maintain continuing "tail coverage" or similar coverage in the same coverage amounts. CGI shall also maintain (i) workers' compensation insurance, and (ii) any other insurance coverage required to meet minimum requirements of Applicable Law.

3.7.3. CGI shall provide KYHC with evidence of coverage within thirty (30) days following the execution of this Agreement and then annually thereafter upon policy renewal, and shall give KYHC immediate notice of any material changes in insurance coverage, including any notice of cancellation, reduction or material modification.

3.8. Indemnification.

3.8.1. CGI. CGI agrees to indemnify and hold harmless KYHC and KYHC's Affiliates, and their respective shareholders, directors, officers, employees, agents, and assigns (the "KYHC Indemnifieds") from and against any claim, liability, obligation, costs, or expense, including reasonable attorneys' fees, filed against or incurred by any of the KYHC Indemnifieds arising out of any grossly negligent act or omission or willful misconduct by CGI or any CGI Affiliate or their respective employees, directors, officers, agents, or contractors in connection with their responsibilities under this Agreement. CGI and its Affiliates agree to supply KYHC with information, including documents, contracts or other materials as KYHC reasonably deems necessary within thirty (30) Days of the request subject to more stringent timeline(s) set by the respective Applicable Regulatory Agency, to respond to inquiries by any Applicable Regulatory Agency, or court of competent jurisdiction concerning the matters under this Agreement and all attachments hereto.

3.8.2. KYHC. KYHC agrees to indemnify and hold harmless CGI and CGI's Affiliates, and their respective shareholders, directors, officers, employees, agents, and assigns (the "CGI Indemnifieds") from and against any claim, liability, obligation, costs, or expense, including reasonable attorneys' fees, filed against or incurred by any of the CGI Indemnifieds arising out of any (i) grossly negligent act or omission or willful misconduct by KYHC or any KYHC Affiliate or their respective employees, directors, officers, agents, or contractors in connection with their responsibilities under this Agreement or (ii) breach of Sections 3.4.3 or 3.4.4. KYHC and its Affiliates agree to supply CGI with information, including documents, contracts or other materials as CGI reasonably deems necessary within thirty (30) Days of the request subject to more stringent timeline(s) set by the respective Applicable Regulatory Agency, to respond to inquiries by any Applicable Regulatory Agency, or court of competent jurisdiction concerning the matters under this Agreement and all attachments hereto.

3.8.3. Indemnification Procedures. A Party's indemnification obligations specified in this Agreement are conditioned upon the indemnified Party timely notifying the indemnifying Party in

writing of the proceeding, providing the indemnifying Party a copy of all notices received by the indemnified Party with respect to the proceeding, cooperating with the indemnifying Party in defending or settling the proceeding, and allowing the indemnifying Party to control the defense and settlement of the proceeding, including the selection of attorneys. The indemnified Party may observe the proceeding and confer with the indemnifying Party at its own expense.

3.9. Liability.

3.9.1. Each Party to this Agreement may seek damages resulting from the other Party's breach of this Agreement.

3.9.2. Each Party explicitly waives any right to consequential, special, incidental, indirect, exemplary, or punitive damages (including, without limitation, lost profits, loss of business, loss of data, loss of use, lost savings) under this Agreement, even if a Party has been advised of the possibility of such damages.

3.9.3. If KYHC should become entitled to claim damages from CGI for any reason (including without limitation, for breach of contract, breach of warranty, negligence or other tort claim), CGI shall be liable to KYHC for an amount equal to the damages sustained by KYHC; however, in no event shall CGI's total liability in the aggregate for all claims exceed Two Million Dollars (\$2,000,000). The foregoing limitations do not apply to the payment of settlements, costs, damages, and legal fees with respect to any indemnification provided hereunder, or for unauthorized disclosure of Confidential Information due to a breach of Section 3.16. Notwithstanding the foregoing, if there has been a breach of CGI's obligation with respect to Exhibit 5, CGI's total liability to KYHC shall not exceed one hundred twenty-five percent (125%) of the amounts paid by KYHC to CGI under the Agreement. In addition, in the event KYHC in good faith makes any formal demand(s) of, or files any claim(s) against, CGI while this Agreement is in effect for an amount equal to or greater than 50% of the total liability limitation indicated above, then KYHC may, at its option, elect to transition the Delegated Functions to another vendor, and upon completion of such transition terminate this Agreement on notice of such to CGI, notwithstanding any other term or provision herein.

3.9.4. In no event will CGI be liable for: (i) any damages arising out of or related to the failure of KYHC or its affiliates or suppliers to perform their responsibilities; or (ii) any claims or demands of third parties (other than those third party claims for which CGI has indemnified KYHC).

3.9.5. The limitations of liability set forth in this Section 3.9 will survive and apply notwithstanding the failure of any limited or exclusive remedy for breach of warranty set forth in this Agreement. The parties agree that the foregoing limitations will not be read so as to limit any liability to an extent that would not be permitted under Applicable Law.

3.10. Notification of Applicable Law. Each Party shall use reasonable efforts to notify the other Party if, in its opinion, any act or omission on the part of the other Party in administering the Delegated Functions or providing the services violates a provision of Applicable Law.

3.11. Audits and Access. CGI acknowledges and agrees that periodic audits are necessary to monitor the quality and effectiveness of CGI's programs and services to ensure that CGI is able to meet its continuing obligations hereunder. Problems identified by KYHC shall be resolved in accordance with Section 3.13.1.

3.11.1. Once any Delegated Function has been delegated, KYHC, the Payor(s), and all Applicable Regulatory Agencies shall be entitled to audit CGI (including, without limitation, using onsite visits

and document requests) in order to verify performance of CGI's duties under this Agreement. KYHC shall use reasonable efforts to cause Payors to coordinate / combine audits and conduct audits in such a way as to minimize interference with CGI operations. Periodically, KYHC will review documentation pertinent to this Agreement, including without limitation, CGI's applicable policies and procedures (e.g., Claims Administration, Medical Management, Quality Improvement, data collection, clinical criteria, medical records) and other documents, records and information necessary to determine the adequacy of CGI's performance pursuant to this Agreement. KYHC may engage a third party to assist it in conducting the audit, provided that: (a) the third party agrees in writing to maintain Confidential Information, and (b) KYHC retains final authority with respect to such audits. If KYHC discovers deficiencies during the audit, it shall issue a corrective action request within thirty (30) Days of completing the audit, and provide guidance to CGI in connection with CGI's responsive corrective action plan. KYHC shall be permitted to re-audit CGI quarterly until the corrective action plan has been implemented. CGI shall provide KYHC, or any Applicable Regulatory Agencies with jurisdiction over KYHC or CGI, immediately upon request with copies of financial reports of CGI's parent company. If CGI provides documents to an Applicable Regulatory Agency, CGI shall contemporaneously provide copies of such documents to KYHC. CGI agrees to provide the right to audit CGI's records with respect to its performance of this Agreement to the Comptroller General and the U.S. Department of Health and Human Services or its designees for ten (10) years or for periods in excess of ten (10) years as necessary to complete an audit, provided, however, CGI has been notified prior to the end of the ten (10) year period of the need for such continued Access. Provided that CGI has complied with its obligations under Section 2.5, the foregoing shall not be interpreted to require CGI to retain KYHC documents and data or any Member data beyond the retention period specified in Section 2.5.

3.11.2. At all times that CGI is performing a Delegated Function, KYHC, all of KYHC's designees, all Payors and all Applicable Regulatory Agencies shall be permitted Direct and Records Access to CGI's operations, facilities, records, Systems, and staff performing the Delegated Function. KYHC shall provide CGI with advance notice of any on site visit unless prohibited by Applicable Law.

3.11.3. Subject to Section 6.14, the Parties shall comply with each others' reasonable recommendations regarding the performance of Delegated Functions and associated time frames to implement any recommendations arising from such audits, including corrective actions, as provided in Section 3.11. CGI shall cooperate with KYHC, Payors, and third party auditors.

3.11.4. Subject to Applicable Laws, CGI shall provide KYHC and any third party engaged by KYHC with Records Access to claims payment records, credentialing files, medical management and medical records, and any other documents pertaining to Members. CGI shall provide Direct and Records Access to Payors, Accreditation Agencies and all Applicable Regulatory Agencies during the term of this Agreement and for all periods afterwards as required by Applicable Law. The obligations of this Section shall survive termination of this Agreement for any reason whatsoever for so long as CGI is required to retain records hereunder.

3.11.5. Subject to Applicable Law and notwithstanding any other provision in this Agreement, the Parties will permit all Access contemplated by this Agreement for purposes of effectuating smooth and orderly transitions and wind-down.

3.11.6. Annually during the term of this Agreement, CGI will provide KYHC with an independent service auditor's report compliant with SSAE No. 16, describing whether Healthation's description of its System controls used by CGI to prevent, detect, and correct errors or omissions in the information reported to KYHC are fairly presented and whether the controls over that system were suitably designed. This service auditor's report shall be at no expense to KYHC.

3.11.7. Where applicable for the purpose of this section, KYHC's third party auditor must provide KYHC's written authorization to act as its external auditor and will then be deemed to be KYHC's representative. No proposed auditor will be a competitor of CGI. Any third party auditor will execute a non-disclosure agreement reasonably acceptable to CGI. All audit reports contemplated by this section and their content will be deemed Confidential Information and will be subject to the confidentiality provisions contained in this Agreement.

3.12. Compensation. KYHC shall compensate CGI in accordance with the provisions in Exhibit 1. Compensation for each Delegated Function will begin upon the Effective Date for each pursuant to Section 2.2.

3.13. Remedies. This Section describes KYHC remedies if CGI's performance of one or more Delegated Functions, either in its entirety or in one or more regional or product markets, fails to meet the standards in Section 3.4.1.

3.13.1 Corrective Action Plan Procedure. If KYHC reasonably determines that CGI is not performing a Delegated Function in accordance with Section 3.4.1 or any other provision of this Agreement, the following procedures shall apply:

3.13.2 KYHC shall issue a corrective action request ("CAR") to CGI;

3.13.3 Upon receipt of such CAR, CGI must: (a) promptly respond to KYHC in writing disputing the determination; or (b) if CGI does not dispute the determination, then (i) if reasonable and possible, take immediate action if such is indicated in the CAR, and (ii) submit to KYHC a corrective action plan ("CAP") within thirty (30) Days of receipt of the CAR (unless otherwise specified in the CAR) that includes specific time frames for achieving compliance;

3.13.4 CGI shall immediately implement the CAP, provided that KYHC may reject (or amend) a CAP if KYHC reasonably determines that such CAP is inadequate. If KYHC rejects a CAP, KYHC and CGI shall work together to develop a mutually agreeable CAP. KYHC may audit CGI according to the Audit and Direct Access provisions of this Agreement to determine CGI's compliance with the CAP;

3.13.5 If the Parties cannot agree on a CAP or in the event of repeated noncompliance with any material provisions of a CAP or noncompliance in more than one regional or product market, then KYHC may, in addition to any other remedy provided hereunder, revoke delegation of one or more Delegated Functions that are the subject of the CAR, identify a third party to perform such Delegated Function, or assume responsibility for performing the Delegated Function subject to the approval of any Applicable Regulatory Agency. If any such third party is engaged to perform one or more Delegated Functions, then CGI shall reimburse KYHC for the difference between (i) the compensation agreed upon between KYHC and CGI for the applicable Delegated Function, and (ii) the compensation paid to the third party and cost incurred by KYHC.

3.13.6 If CGI fails to comply with a CAP or notifies KYHC that it has determined that it is unable to comply with a CAP, then KYHC, in its sole discretion may take one or more of the following actions:

(a) amend the time to comply with a CAP; or

- (b) increase the frequency of review and audits; or,
- (c) provide CGI with KYHC's resources to perform; or
- (d) any combination of the above; or
- (e) revoke any or all Delegated Functions immediately upon written notice to CGI.

During any CAP process, KYHC may reduce payments to CGI for the Delegated Functions that are the subject of the CAP, in accordance with the Service Level credits outlined in Exhibit 1.

- 3.13.7 If a Delegated Function is revoked in accordance with this Section 3.13 and KYHC determines, in KYHC's sole discretion, that one or more Delegated Functions must be transitioned, the Parties shall each work in good faith to cooperate and effect a smooth and orderly transition including, without limitation, the following as determined by KYHC in KYHC's sole discretion: (1) CGI shall perform such Delegated Functions for the period of time requested by KYHC; and (2) KYHC may resume performing such Delegated Function or re-delegate such Delegated Function to a third party.
- 3.13.8 CGI shall comply, at KYHC's expense, in good faith, with any information requirements and exchanges reasonably requested by KYHC or any third party engaged by KYHC, in formats reasonably required by KYHC or the third party, as necessary for the orderly transfer of Delegated Functions, including complying with the transition protocols reasonably established by KYHC or the third party. If some Member or claims records are retained by CGI, CGI shall: i) store said records in accordance with Section 5.1, and ii) provide KYHC and its engaged third parties, auditors, authorized agents, Payors, and Applicable Regulatory Agencies with jurisdiction over KYHC with timely Records Access to said records. During any transition period, CGI shall provide KYHC and any third party engaged by KYHC reasonable Records, Direct or Personnel Access to CGI facilities, records, staff, Systems, and other resources related to this Agreement or the performance hereunder for purposes of effectuating an orderly and smooth transition.
- 3.13.9 Immediate Revocation of Delegated Functions. KYHC may revoke delegation of a Delegated Function immediately upon notice if:
- 3.13.9.1 CGI, in performing the Delegated Function, threatens the health or safety of a Member, or fails to comply with Applicable Law, or may subject KYHC to regulatory or legal actions from any Applicable Regulatory Agency, including CMS, or an Accreditation Agency; or
 - 3.13.9.2 CMS or any Applicable Regulatory Agency acts or threatens to act to issue an adverse finding against KYHC with respect to a Delegated Function, including revoking its license, terminating any contract; or imposing any sanction or fine; or
 - 3.13.9.3 two (2) consecutive CARs for the same or similar performance standard in Exhibit 1 fail to result in CGI achieving substantial compliance with the standards for the Delegated Function; or
 - 3.13.9.4 two (2) consecutive CARs fail to result in timely and complete submission by CGI of claims, encounter data, and any other data required to satisfy HEDIS (to the extent otherwise required under this Agreement), in formats specified herein.

3.14 Sub-Delegation & Location of Performance. CGI may not sub-delegate any Delegated Function or any task included as a portion of a Delegated Function without the prior written approval of KYHC and, as required, Applicable Regulatory Agencies, provided that KYHC acknowledges that CGI has subcontracted hosting of the Systems by Healthation. All services and Delegated Functions must be performed within the United States.

3.15 Participation In Meetings, Task Forces, and Committees. At any time multiple CO-OPs belong to the Client Group, the Parties and CO-OPs belonging to the Client Group shall form a Joint Operations Committee (“JOC”) which shall be comprised of the following representatives from CGI: the manager, as provided in §3.5.2, representatives from each CO-OP in Client Group as determined by CO-OP, which may include an operations executive, plus leadership from claims, customer service and other areas as determined by the Client Group. The JOC shall discuss and review all activities related to or involving the delivery of the Delegated Functions. The JOC shall meet at least monthly and there shall be a standing list of agenda items for addressing issues related to the Delegated Functions.

NCQA Accreditation. CGI shall comply with Accreditation Agency standards with respect to its performance of each Delegated Function or portion thereof subject to Section 6.14, and shall actively support KYHC in activities related to NCQA accreditation with respect to performance of the Delegated Functions.

3.16 Protection of Confidential Information.

3.16.1 Confidential Information. KYHC and CGI agree that in the process of contracting and performing the services contemplated by this Agreement each is expected to disclose or exchange Confidential Information. This Confidential Information may have competitive value in the market. The Parties desire to preserve and protect the confidential nature of the Confidential Information and acknowledge that disclosure of the Confidential Information would cause the Party that owns the Confidential Information and is making the disclosure (the “Disclosing Party”) substantial and irreparable harm. The Parties agree to receive and hold all such Confidential Information in confidence, whether relating to CGI or KYHC, whether presented in oral, electronic, or written form, and to use it only for the purpose of carrying out their respective obligations under this Agreement, irrespective of whether the information independently qualifies as entitled to legal protection.

3.16.2 Nondisclosure. Neither Party shall, without the prior written consent of the other, sell, market, or disclose (directly or indirectly, in whole or in part) Confidential Information to any third person, firm, corporation, entity, or association, or take any action or make any disclosure that permits any third person, firm, corporation, entity, or association to use or benefit from such Confidential Information. The Parties further agree that they will adhere to, and fully comply with, any additional restrictions or limitations as may be specifically indicated on the documents or information disclosed to them, or as may be otherwise communicated to them in writing by the Disclosing Party or its representative. Such additional restrictions or limitations, or the lack thereof, on any documents or information disclosed by either Party shall not negate in any way the general requirements of this Agreement.

3.16.3 Restrictions on Use of Confidential Information. The Parties will use the Confidential Information solely for the purposes of carrying out their responsibilities under the Agreement, and neither will use the information in any way, directly or indirectly, for any other purpose or in any way that may be detrimental to the other Party. Without prior written consent of the Disclosing Party, the Receiving Party will not disclose, discuss, or make known the Confidential Information to any third party or entity. Each Party will ensure that its employees, agents, and affiliates who receive such Confidential Information are made aware of the obligation to maintain the Confidential Information

in confidence and will not disclose such Confidential Information to any third party. Each Party shall require that all of its employees, agents, and contractors who provide services pursuant to this Agreement execute an agreement with that Party ensuring that such individuals will protect all Confidential Information and Protected Health Information. This employee agreement can be a general agreement to maintain confidentiality and need not specifically reference this Agreement.

3.16.4 Subpoenas and Requests for Disclosure. If a Receiving Party is requested or required by legal process to disclose any Confidential Information, the Receiving Party shall promptly give notice of such request or requirement to the Disclosing Party, so that the Disclosing Party may, at its own cost and expense, seek an appropriate protective order, or in the alternative, waive compliance to the extent necessary to comply with the request or order. If a protective order is not obtained, or if a waiver is granted, the Receiving Party may disclose only so much of the Confidential Information as is required by the court order or permitted by the waiver.

3.16.5 Protected Health Information. The Parties further agree that to the extent Protected Health Information is disclosed by a Party hereto, the Receiving Party will adhere to the privacy and security standards of Applicable Law, including specifically, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and the Health Information Technology for Economic and Clinical Health Act of 2009 (“HITECH”) and as hereafter adopted or amended, as well as any and all applicable health information standards, rules, guidelines, regulations, and laws of the United States or of any states where the Parties conduct business, or of Accreditation Agencies. Such data, whether contained in claim or medical records, other written records, electronic records, facsimiles, electronic mail, or any other similar format, shall not be disclosed to any person, except (a) to any employee or agent of KYHC or CGI to the extent such employee or agent has an identifiable need, as determined by the Disclosing Party, for such information and such information is necessary to carry out the responsibilities set forth in this Agreement; (b) to the extent necessary under Applicable Law; or (c) upon the express consent of the Party. The Parties further incorporate by reference, as if fully stated herein, the Business Associate Agreement, attached hereto as Exhibit 5.

3.16.6 Remedies. Each Party hereby agrees that its breach or threatened breach of this Section 3.17 would cause serious and irreparable injury to the other Party and, therefore, each non-breaching Party, in addition to any other remedies at law or in equity it may have, shall be entitled to equitable relief, including without limitation, injunctive relief and specific performance.

3.16.7 Termination of Agreement. The Parties agree that upon the termination of the Agreement for any reason, they will promptly return or destroy in accordance with the Disclosing Party’s instructions (or as specifically indicated on the document or information itself), the original and all copies and extracts of any Confidential Information, and all copies of any analyses, compilations, studies or other documents prepared by them containing or reflecting any Confidential Information. The Parties further agree that the confidentiality obligations of this Agreement shall survive the termination of the Parties’ contractual relationship and that, thereafter, neither Party will use, reveal or divulge any Confidential Information, except as specifically provided in this Agreement. Subject to the continuing confidentiality obligations hereunder the Receiving Party (i) shall not be obligated to erase the information contained in archived computer system backups in accordance with its security and/or disaster recovery procedures, and (ii) may maintain one copy of any of the information in the Receiving Party’s records in accordance with the Receiving Party’s usual, customary, and prudent business practices, including secure destruction of the records following the end of the Receiving Party’s record retention period, as may be required by the Applicable Law.

3.16.8 No License. The disclosure of Confidential Information under this Agreement will create no license, right, interest, or ownership in any such Confidential Information in the Receiving Party.

Each Party agrees that all Confidential Information is and shall remain the exclusive property of the Disclosing Party.

3.17 Member Communications. CGI shall not send any form or other communication to any Member unless such form has received prior approval by KYHC. CGI and KYHC shall cooperate to establish processes for CGI to submit Member communications and for KYHC to approve or to obtain approval for them, as required.

3.18 No Incentive to Reduce or Deny Medically Necessary Care or Interfere with Member Communications. CGI shall not provide incentives to deny, limit, or discontinue Medically Necessary services. Nothing contained in this Agreement is intended by KYHC to be a financial incentive or payment that directly or indirectly acts as an inducement for the CGI to limit Medically Necessary services.

3.19 Cooperation with KYHC Quality Improvement Activities. Notwithstanding CGI's assumption of responsibility for performing certain Quality Improvement (QI) activities in Article 4 of this Agreement, CGI acknowledges KYHC's obligation to conduct QI activities. CGI agrees to cooperate with KYHC's QI activities.

3.20 Screening for Individuals Excluded from Federal Programs. CGI agrees not to employ or contract with an individual or entity that is excluded from participation in Medicare, Medicaid, or another governmental program, or with an entity that employs or contracts with such an excluded individual or entity. CGI agrees to maintain a system consistent with industry standards for monitoring and periodically re-monitoring its employees and contractors to ensure compliance with this requirement.

3.21 Business Continuity. The Parties shall mutually agree on and CGI shall implement the business continuity plan, which shall be appended to this Agreement as Exhibit 4. Such plan shall address security, joint management oversight, power management, hazard protection, resilience, system continuity, back-up, emergency preparedness, incident management, disaster recovery, testing, and quality assurance. As specified in the plan, CGI shall either (i) set up and maintain a Cold Site or (ii) contract to create and maintain a Hot Site.

3.22 Source Code Escrow. During the Term, CGI shall place into escrow, with Escrow Agent, all Deposit Materials. During the term of this Agreement, CGI shall update the Deposit Materials from time to time. Any and all fees and expenses associated with establishing and maintaining the aforesaid source code escrow shall be borne solely by CGI, and CGI will be solely responsible for establishing the source code escrow arrangement with the Escrow Agent. CGI shall certify to KYHC, no later than the earliest Effective Date, complete compliance with all conditions in this section of the Agreement.

If, during the Term of this Agreement, CGI becomes insolvent within the meaning of §2.4.1 or the Agreement is terminated by KYHC for CGI's breach as provided in Sections 2.4.2, 2.4.3, 2.4.4 or 2.4.5 or CGI ceases ongoing business operations, including temporarily for a period expected to last five Days or longer or loses key programming staff, rendering it incapable of performing the Delegated Functions, KYHC may instruct the Escrow Agent to release all Deposit Materials to KYHC, subject to the provisions of any escrow agreement that the Parties and the Escrow Agent may enter. For the avoidance of doubt, no breach of this Agreement other than those specifically stated in this paragraph will allow KYHC to instruct the Escrow Agent to release Deposit Materials to KYHC.

If the Deposit Materials are released to KYHC as aforesaid, CGI hereby grants KYHC an irrevocable, world-wide, paid-up, and royalty-free right and license to use the software, the Deposit Materials, and each manual, workbook, and any other materials made available to users during the Term in connection

with the Access or use of the platform by users, and to use, modify, and create derivative works therefrom (including any source codes) for the sole purpose of supporting KYHC's use of the software for the purposes contemplated herein. Such right and license shall be limited in duration to the unexpired Term of the Agreement, plus any period needed to transition to another system or Vendor at KYHC's option. If the Deposit Materials are released to KYHC as aforesaid, KYHC shall be permitted to allow Access and use thereof by third-party vendors providing software support services for KYHC, provided that such third parties may use the Deposit Materials solely to provide services in connection with maintaining the functionality of the software, and not for their own benefit or for the benefit of any other third party, and each third-party vendor providing such services must enter into a written confidentiality agreement prior to gaining Access to the Deposit Materials agreeing not to use or disclose the Deposit Materials except as permitted in this paragraph.

ARTICLE 4 QUALITY IMPROVEMENT

4.1. Responsibility for Quality Improvement. The Parties agree that CGI's obligation to conduct quality assessment and quality improvement activities pursuant to this Article 4 is in addition to any quality assessment or quality improvement activities of KYHC.

4.2. Quality Improvement Committee. CGI shall maintain a QI Committee to evaluate its performance of each Delegated Function performed under this Agreement and develop and implement ongoing recommendations to improve the processes and procedures for each Delegated Function undertaken under this Agreement. CGI shall supply KYHC with minutes and reports of its QI Committee.

4.3. Cooperation. CGI shall cooperate with and participate in QI related activities as set forth herein and shall assist and cooperate with any KYHC QI activities.

4.4. Investigations. CGI shall fully cooperate with any quality of care investigation initiated by KYHC as the result of Member or Provider complaints or grievances or an adverse event. CGI shall institute any reasonably recommended actions resulting from such investigation.

4.5. Quality Reporting. CGI shall maintain records of all activities of its QI Committee and shall report on its Quality Improvement Activities to KYHC and to Applicable Regulatory Agencies as required.

ARTICLE 5 DATA RETENTION, CREATION, COLLECTION AND PERFORMANCE REPORTING

5.1. Retention. CGI shall retain all records, documents, and information (i) as required by Applicable Law, and (ii) in accordance with KYHC's then current policies and procedures, whichever is more restrictive. CGI has provided KYHC with copies of CGI's current records retention policies and procedures. CGI shall periodically review and update, as necessary and appropriate, its retention policies so as to maintain its compliance with Applicable Law and this Agreement.

5.2. Performance Reports. For each Delegated Function, CGI shall collect data and monitor its performance according to the frequency and in the formats as mutually agreed by the deadlines contained

in Exhibit 1. CGI's failure to meet a deadline shall subject CGI to the corrective action program set forth in Section 3.13.

5.3. Data Transmission. CGI shall furnish, at no expense to KYHC, any and all,; staffing and Systems necessary to receive from and transmit to KYHC or its designee data required to be exchanged hereunder, and will allow Access to and provide to KYHC or its designee all data required by Applicable Law, PPACA, KYHC, or Accreditation Agency standards including any documentation, records, files, or data necessary to perform the functions delegated under this Agreement.

5.4. HIPAA Standard Transaction Sets for Electronic Exchange. CGI will additionally support electronic exchange of data for the purposes of loading the system, maintaining records of eligibility and benefits, supporting functions of CGI, and integrating with KYHC. CGI will support all of the following in the HIPAA standard format indicated, or in a proprietary format if required by KYHC or a Payor:

5.4.1. Health Care Eligibility Benefit Inquiry and Response ASC X12N 270/271

5.4.2. Health Care Claim Status Request and Response ASC X12N 276/277

5.4.3. Health Care Services Review-Request for Review and Response ASC X12N 278

5.4.4. Benefit Enrollment and Maintenance ASC X12N 834

5.4.5. Health Care Claim Payment/Remittance Advice ASC X12N 835

5.4.6. Health Care Claim: Professional/Institutional ASC X12N 837P/837I

5.4.7. Electronic Premium Payment/PPACA – 820 health care premium payment

5.5 Other Electronic Exchange. CGI will support all HIPAA standard transaction formats including those indicated, as well as other standardized formats in accordance with PPACA and as required by KYHC or any Applicable Regulatory Agency or Accreditation Agency. CGI will support electronic exchange, in proprietary format, as follows:

Benefits Accumulators

Employer Group Data

Benefit Plan Data

Claims Adjudication Logic

Provider Demographic, Credentialing and Provider Network Information

ARTICLE 6 GENERAL PROVISIONS

6.1. Entire Agreement; Modification. This Agreement, its Attachments and Appendices constitutes the entire understanding of the Parties and supersedes any and all prior written or oral agreements, representations, or understandings regarding the specific subject matter hereto. Except as otherwise set forth herein, no modifications, discharges, amendments, or alterations to this Agreement shall be effective unless signed by both Parties.

6.2. Invalid Provisions. It is understood that any provision of this Agreement which is determined to be in violation of any Applicable Law shall be null and void and that no such provision shall affect the validity or enforceability of any of the other provisions of this Agreement; provided, however, that if a provision of this Agreement which materially affects the financial terms and conditions of this Agreement is deemed null and void in accordance with this Section, the Parties shall negotiate in good faith modifications to such financial terms and conditions that are in compliance with Applicable Law. If the Parties cannot successfully renegotiate such financial terms and conditions of this Agreement within thirty (30) Days, the matter shall be submitted to arbitration pursuant to Article 7.

6.3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky without giving effect to the principles of conflicts of law.

6.4. Compliance with Law. At all times during the Term of this Agreement and any renewal thereof, CGI and KYHC each agree to comply with Applicable Law. KYHC agrees to pay directly or reimburse CGI for any taxes arising out of the CGI's performance under the Agreement, excluding taxes on CGI's net income and all employer reporting and payment obligations with respect to its personnel.

6.5. No Waiver. No responsibility, condition, or undertaking contained in this Agreement may be waived except by the written agreement of the Parties. Forbearance or indulgence in any other form by either Party in regard to any responsibility, condition, or undertaking to be kept or performed by the other Party shall not constitute a waiver thereof, and until complete satisfaction or performance of all such responsibilities, conditions, and undertakings have been satisfied, the other Party shall be entitled to invoke any remedy available under this Agreement, despite any such forbearance or indulgence.

6.6. Notices. All notices, requests, demands, and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given on the Day of delivery if personally delivered; the following Day if sent for next Day delivery by a recognized overnight delivery services as verified (e.g., Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested, to the address in the initial paragraph of this Agreement.

6.7. Ownership of Records. The Parties acknowledge and agree that each party's business records, including but not limited to those related to the Delegated Functions, including Member eligibility, benefits, policies and procedures, Benefit Plans, and Covered Services, shall remain the property of such Party, unless as otherwise required by Applicable Law. The Parties agree that, as between the Parties, all data relating to Delegated Functions are the property of KYHC.

6.8. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original; however, all shall constitute one and the same Agreement.

6.9. Headings. The Section headings used herein are for reference and convenience only and shall not enter into the interpretation hereof. Any attachments, Exhibits, Appendices, tables, or schedules referred to herein and/or attached or to be attached hereto are incorporated herein to the same extent as if set forth in full herein.

6.10. Assignment and Delegation.

6.10.1. This Agreement, and the right to receive payment hereunder, may not be assigned by CGI, and none of the duties assumed by CGI under this Agreement may be delegated or subcontracted to any Person without the prior written approval of KYHC, which approval shall not be withheld unreasonably. CGI shall provide thirty (30) Days prior written notice to KYHC of a proposed assignment, subcontract, or delegation of any duty described hereunder to an Affiliate. Any attempt by CGI to assign this Agreement or any rights hereunder, or subcontract any duties hereunder without the prior written consent of KYHC, shall void the attempted assignment.

6.10.2. KYHC shall be permitted to assign this Agreement to any Affiliate or successor organization.

6.10.3. All provisions hereof shall be binding upon, inure to the benefit of, and be enforceable by and against the respective successors and permitted assigns of the Parties hereto.

6.11. No Third-Party Beneficiaries. This Agreement is not a third party beneficiary contract and shall not in any manner whatsoever confer any rights upon or increase the rights of any Member with respect to KYHC or the duties of KYHC to any Member.

6.12. Communications. Any public announcement of this Agreement shall be subject to the mutual approval of the Parties.

6.13. Non-Exclusive Arrangement. The Parties acknowledge that this is not an exclusive arrangement.

6.14. Change Orders.

6.14.1. Either Party may propose changes to the Delegated Functions under this Agreement. Requests for changes will be submitted to the other Party in writing for consideration of feasibility and the likely effect on the cost, schedule, and service levels for performance of the Delegated Functions. The parties will mutually agree upon any proposed changes, including resulting equitable adjustments to costs and schedules for the performance of the Delegated Functions. The agreed changes will be documented in an amendment to the Agreement (“Change Order”).

6.14.2. Response and Addenda supplied by CGI. The order of precedence should be determined as follows: CGI will be entitled to an equitable adjustment in the schedule for performance, service levels, and/or the compensation otherwise payable to it under the Agreement if the net effect of all (i) changes in Applicable Law and actions and standard directed by Applicable Regulatory Agencies or Accreditation Agencies causes a material increase in CGI’s cost of performing services under this Agreement; and (ii) action or inaction by KYHC prevents CGI from or delays CGI in performing its services (CGI should provide the policies and procedures to meet all requirements so as to not delay the service). In such event, the parties will mutually agree upon a Change Order documenting the adjustments.

6.14.3 Following contract signing, the parties will document and mutually agree to a change control process that at a minimum addresses and outlines the following:

- Process Summary,
- Identification and Documentation of Change Request
- Impact Analysis
- Approval of Change Requests
- Implementation of Approved Change Requests
- Closing of Change Requests
- Change Request Monitoring
- Change Request Meetings

6.15 Priority of Documents. If any conflict exists between the provisions of this Agreement and any Applicable Law, Exhibit or any policy implemented after the effective date of this Agreement (collectively, the “Documents”), the Parties agree that the Documents shall be interpreted in the following order of priority:

- 1) Applicable Law shall govern all Documents, and all Documents shall be applied in a manner consistent therewith;
- 2) The Agreement shall supersede any conflicting provision in another Document;
- 3) The terms of any Exhibit shall supersede any conflicting provision in any policy or any other writing or oral agreement.

6.16 Internet Not Secure. Electronic transmissions over the Internet are not secure, and CGI does not warrant the security or privacy of any transmissions, messages, conduct or communications by KYHC or any third party. CGI shall monitor and disclose any conduct, content, or communications on the Systems to the extent necessary to protect the Systems, identify or resolve service problems, protect the rights and property of CGI and its customers, or as otherwise permitted or required by Applicable Law. Notwithstanding the foregoing, CGI does not have the practical ability to restrict conduct, content, or communications that might violate this Agreement before it occurs on the Systems, nor can CGI assume any liability for any action or inaction with respect to such conduct, content, or communications. The foregoing provisions do not affect or negate CGI's obligations to fulfill its security obligations with regard to the Systems as part of CGI's performance of any Delegated Functions.

6.17 Non-solicitation. During the term of the Agreement and for twelve (12) months after its expiration or termination, neither Party will, either directly or indirectly, solicit for employment or employ (except as permitted below) by itself (or any of its affiliates) any employee of the other Party (or any of its Affiliates) who was involved in the performance of the Party's obligations under the Agreement, unless the hiring Party obtains the written consent of the other Party. The actual damages attributable to a breach of the provisions of this Section would be difficult to determine and prove. Accordingly, the parties agree that if either Party breaches this Section, the breaching Party will promptly pay the non-breaching Party liquidated damages in an amount equal to the employee's annual salary (including bonuses and incentive compensation) prior to the breach, such sum being a reasonable measure of the damages reasonably anticipated by the parties. The foregoing provision will not (i) prohibit a general solicitation of employment in the ordinary course of business or prevent a Party from employing any employee who contacts such Party as a result of such a general solicitation; or (ii) be read so as to limit employment opportunities to an extent that would not be permitted under Applicable Law.

6.18 Force Majeure. Neither Party shall be liable for any damages for delays or failure in performance under the Agreement caused by acts or conditions beyond its reasonable control, without its fault or negligence, which could not have reasonably foreseen or prevented by reasonable precautions. Such acts or conditions (each a "Force Majeure") shall include, but not be limited to: acts of God or of the public enemy; civil war; insurrections or riots; acts of war; acts of government; acts of terrorism; fires; floods; storms; explosions; earthquakes or accidents; unusually severe weather; epidemics or public health restrictions; strikes or labor troubles causing cessation, slowdown or interruption of work; and other similar events, or any event referred to above preventing a subcontractor from performing its obligations under a subcontract. In the event of a Force Majeure, (i) the Party experiencing the Force Majeure shall exercise due diligence in endeavoring to overcome any Force Majeure impediments to its performance and shall provide prompt notice to the other Party of the Force Majeure; and (ii) the time for performance shall be extended by a period equal to the delay caused by the Force Majeure and, if warranted, the fees payable to CGI shall be equitably adjusted.

ARTICLE 7 DISPUTE RESOLUTION

If any controversy, dispute, or claim ("Dispute") between the Parties arises out of or relates to this Agreement, which the Parties cannot settle by good faith negotiation between them during the time frames set forth herein, the Parties agree that the Dispute shall be resolved by mediation or arbitration. Financial issues that cannot be resolved between the Parties within thirty (30) Days of the identification of the issue by either Party shall proceed directly to arbitration. The Parties agree to take the following measures to resolve the Dispute:

7.1. Internal Dispute Resolution Process. The Parties shall work together in good faith to resolve all Disputes. Disputes shall include all operational matters regarding the implementation of this Agreement,

and all issues over amounts due. Either Party may give the other notice of a Dispute. Notices shall be addressed as set forth in Section 6.6. If the Dispute is not resolved within fifteen (15) Days by the Parties directly involved (or their designees), it shall be forwarded to the CEOs (or their designees) of KYHC and CGI for resolution within fifteen (15) Days. If the Dispute is not resolved, each Party shall select a mediator. The two mediators shall select a third mediator who will resolve the Dispute. During any Internal Dispute Resolution Process described in this Section 7.1, the Parties agree to toll any time limits applicable to appeals or external remedies.

7.2. Alternate Dispute Resolution.

7.2.1. If the Dispute is not resolved within sixty (60) Days in accordance with Section 7.1, above, the Parties shall submit it to mediation, which shall be conducted in the Commonwealth of Kentucky in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Mediation.

7.2.2. If the Dispute has not been resolved to the satisfaction of both Parties following conclusion of the mediation in Section 7.2.1, then the Dispute shall be submitted to arbitration in Kentucky in accordance with the arbitration rules of the American Health Lawyers Association (AHLA) Alternative Dispute Resolution Service, or such other dispute resolution service as the Parties may agree. The arbitration shall be commenced by either Party submitting a notice to the other of the intent to commence arbitration and by notifying the AHLA Alternative Dispute Resolution Service in Washington, D.C.

7.2.3. The Parties covenant and agree to be bound by the decision of the arbitrator or, if applicable, the decision of a majority of the arbitrators. The arbitrator(s) shall apply Applicable Law, and shall have the jurisdiction to decide all claims between the Parties. The arbitrators shall also have the power to decide procedural matters in accordance with the rules of the AHLA Alternative Dispute Resolution Process, and shall not be bound to state or federal evidentiary or procedural rules. The arbitrator(s) shall issue findings of fact and conclusion of law, and shall be bound by Applicable Law. Any court(s) having jurisdiction over the Parties may enter judgment upon the award rendered by the arbitrator(s). The Parties each agree to pay their own legal fees and expenses in connection with the arbitration and, in addition, to pay one-half of the cost of the arbitration, including fees charged by the arbitrator(s).

7.2.4. During any alternate dispute resolution procedure pursuant to this Section 7.2, the Agreement shall remain in full force and effect, provided that KYHC continues to meet its payment obligations to CGI during the pendency thereof. If amounts due to CGI or refunds to KYHC are the subject of the dispute, the Party that is claimed to owe the funds / refunds shall place the funds into escrow. All arbitration proceeding evidence and decisions shall be confidential.

7.1. Financial Issues. KYHC and CGI may, at their option, agree to submit disputes regarding any payment or compliance with financial terms hereunder to an independent third party auditor or actuary for purposes of resolving such dispute pursuant to mutually agreeable terms.

**ARTICLE 8
EXHIBITS & APPENDICES**

The following Exhibits and Appendices are attached to and incorporated into this Agreement by reference:

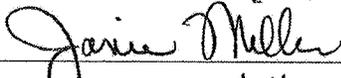
Exhibit 1 Payment Terms

KYHC – CGI Administrative Services Agreement

- Exhibit 2 Claims Administration Services
- Exhibit 3 CGI Information Technology Security Plan
- Exhibit 4 CGI Business Continuity Plan
- Exhibit 5 Business Associate Agreement
- Exhibit 6 Enrollment Services
- Exhibit 7 Printing, Fulfillment, and Ancillary Services
- Exhibit 8 Software Configuration and IT Related Services
- Exhibit 9 Premium Billing and Collection Services
- Exhibit 10 Member & Provider Support Services
- Exhibit 11 Participants in Client Group

IN WITNESS WHEREOF, this Agreement has been duly executed by the authorized representatives of KYHC and CGI.

KENTUCKY HEALTH COOPERATIVE, INC.

BY: 
[[NAME]] Janie Miller
ITS: [[TITLE]]
DATE: March 21, 2013

CGI TECHNOLOGIES AND SOLUTIONS, INC.

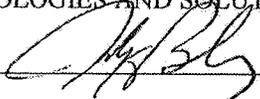
BY: 
[[NAME]] JODY R. BEASLEY
ITS: [[TITLE]] VICE PRESIDENT
DATE: March 21, 2013

EXHIBIT 1 - PAYMENT TERMS

1. Implementation Fees. KYHC shall pay a total of \$707,500.00 toward the cost of CGI's services implementing the Systems. The implementation fee shall be payable in the following increments:

Payable at contract execution	\$175,000
Payable Dec 31, 2013	\$133,500
Payable Dec 31, 2014	\$133,000
Payable Dec 31, 2015	\$133,000
Payable Dec 31, 2016	\$133,000

Each new member joining the Client Group will have an implementation fee designed for the scope of services and the timeframe required, that will be separate and unique.

As the initial investment made by the KYHC and LAHC will enable additional members to leverage elements of the initial implementation, KYHC and LAHC will receive credits, equally shared between them, for each new member that joins the Client Group for a minimum of three years based on the date that the new member's contract is executed:

<u>Date</u>	<u>Amount</u>
Before March 31, 2013	\$50,000.00
April 1 - December 31, 2013	\$40,000.00
After December 31, 2013	\$30,000.00

KYHC shall pay its portion of the implementation fee, net of any credit resulting from additional insurers in the Client Group as described above, within thirty (30) Days of receiving an invoice from CGI.

2. Monthly Fees. KYHC shall be responsible for paying monthly fees which shall include all Delegated Functions described in the Agreement and Exhibits unless a separate fee is contained in this Exhibit 1. Beginning October 1, 2013, the Client Group shall be responsible for paying monthly fees according to the following schedule:

Membership	PMPM
1 to 35,000 (35,000 minimum)	\$4.12
35,001 to 42,000	\$4.00 for all Members
42,001 to 49,000	\$3.88 for all Members
49,001 to 52,000	\$3.78 for all Members
52,001 to 60,000	\$3.68 for all Members

KYHC – CGI Administrative Services Agreement

60,001 to 100,000	\$3.30 for new Members and \$3.68 for first 60,000 Members
100,001 to 150,000	\$3.20 each additional Member
150,001 to 175,000	\$3.10 each additional Member
175,001 to 200,000	\$3.00 each additional Member
200,001 to 225,000	\$2.85 each additional Member
225,001 to 250,000	\$2.76 each additional Member

Until the 35,000 monthly minimum membership is reached, the minimum monthly fees of \$144,200 will be evenly divided among the Client Group participants. The monthly fees shall be shared by all insurers belonging to the Client Group. For purposes of determining each insurer's share of the monthly fee, CGI shall combine their total Members for all insurers as of the first Day of the previous month. CGI shall then apportion the total monthly fee among all insurers according to the number of Members enrolled through each as a percentage of the total Members enrolled through all as of the first Day of the previous month. KYHC shall pay its portion of the monthly fee within thirty (30) Days of receiving an invoice from CGI.

For example, if the Client Group contains CO-OP A with 100,000 Members and CO-OP B with 50,000 Members, the monthly fee would be calculated as follows:

$$150,000 \text{ Members} = (60,000 \times 3.68) + (40,000 \times 3.30) + (50,000 \times 3.20) = 512,800 / 150k = \$3.42 \text{ pmpm}$$

CO-OP A pays \$341,867; CO-OP B pays \$170,933

3. Healthation Access Fee. KYHC shall be responsible for paying monthly access fees to CGI which CGI shall pass through directly to Healthation. Beginning October 1, 2013, the Client Group shall be responsible for paying monthly access fees according to the following schedule:

Membership Range	PMPM
1 to 30,000 Members (30,000 minimum)	1.21 per Member
30,001 to 50,000	1.21 each additional Member
50,001 to 100,000	1.16 each additional Member
Above 100,000	0.96 each additional Member

Until the 30,000 monthly minimum membership is reached, the minimum monthly access fee of \$36,300 will be evenly divided among the Client Group participants. The monthly access fees shall be shared by all insurers belonging to the Client Group. For purposes of determining each insurer's share of the monthly access fee, CGI shall combine the total Members for all insurers as of the first Day of the previous month. CGI shall then apportion the total monthly access fee among all insurers according to the number of Members enrolled through each as a percentage of the total Members enrolled through all as of the first Day of the previous month. KYHC shall pay its portion of the Healthation access fee within fifteen (15) Days of receiving an invoice from CGI.

For example, if the Client Group contains CO-OP A with 100,000 Members and CO-OP B with 50,000 Members, the monthly Healthation fee would be calculated as follows:

$$150,000 \text{ Members} = (50,000 \times 1.21) + (50,000 \times 1.16) + (50,000 \times 0.96) = 166,500 / 150k = \$1.11 \text{ pmpm}$$

CO-OP A pays \$111,000; CO-OP B pays \$55,500.

4. Direct Expenses. KYHC shall reimburse CGI at its actual cost for the following direct expenses: postage, paper, card stock, ink, electronic data interchange costs, and such other direct expenses as the Parties may agree in advance. KYHC shall pay this monthly fee within fifteen (15) Days of receiving CGI's invoice. CGI is expected to act as a "prudent purchaser" and thus shall provide cost estimates and invoices for all initial activities in this area, to KYHC Finance Department for review and approval, and upon periodic request. CGI shall supply cost estimates and invoices during any audit or annual oversight meeting to demonstrate that CGI is acting as a competitive, prudent purchaser in the marketplace. Examples include:

PRINTING AND FULFILLMENT FEES: Will be billed separately according to volume and services

ITEM	RATE
LETTERS	
-Equipment(Folding/Stuffing/Metering)	\$0.0849 per piece
-Envelope	\$0.0195 per piece
-Return Envelope	\$.0180 per envelope
-Paper	\$0.0060 per piece
-Print	\$0.0056 per piece
-Presort	\$0.0285 per piece
OTHER	
-Welcome and Renewal Kits	\$.60 per kit (8 to 12 components)
-Labels	\$0.0095 per piece
-ID Card Stock	\$8,000 per m (10,000)
-ID Card Print	\$0.0171 per piece
-Envelopes	\$0.5168 per piece
-Overnight Shipping	\$2.50 per piece
-Postage Pass through	Actual postage with no mark up at presorted rate

5. Credits. Any payments due from KYHC shall be reduced by the amount of the credit(s) accrued as provided below. If CGI's invoice does not reflect the credit, then KYHC shall be entitled to submit a revised invoice showing the calculation of the credit and the explanation therefor, along with payment of the net balance due. If a dispute arises over whether KYHC is entitled to a credit, KYHC shall place the disputed amount of the payment into escrow and pay the balance to CGI while pursuing the dispute resolution procedures in Article 7.

6. Service Level Credits. Service Levels shall be in force beginning with the third month that plan Members receive benefits from the plan. Service level credits shall be calculated as indicated for each Service Level Specification listed below. Without limiting any of KYHC's rights or remedies, should CGI fail to attain one or more Service Level Specifications, KYHC shall be entitled to the corresponding Service Level Credit, to be applied to the next succeeding invoice(s) but calculated based upon the applicable month's Monthly Fee. The maximum amount of all Service Level Credits payable for which CGI may be liable for failure to meet the Service Levels described below in any given monthly billing period will not exceed ten (10) percent (10%) of the Monthly Fees (pmpm) in Section 2 of this Exhibit 1,

except as provided below. Nothing in this Section 6 Service Level Credits shall limit KYHC's ability to invoke the corrective action procedures in Section 3.13 of the Agreement.

Dept.	Service Level	Measurement Frequency	Service Level Specification	Service Level Credit
Claims	Clean Claim Processing Timeliness	Monthly	99.5% of Clean Claims will be adjudicated (paid or denied) within 30 Days of receipt	15%
Claims	Unclean Claim Processing Timeliness	Monthly	100% of all unclean claims will be adjudicated (paid or denied) within 60 Days of receipt	10%
Claims	Claims Processing Accuracy - Procedural	Monthly	97% of adjudicated claims will be adjudicated with clerically accurate processing	5%
Claims	Claims Processing Accuracy - Financial	Monthly	99.5% of total dollars paid, for all claims adjudicated	15%
Member Service	Abandonment Rate	Monthly	Abandonment rate for all calls that have made it to the queue in a month shall be no greater than 4%.	5%
Member Service	Telephonic Average Speed of Answer	Monthly	80% of all calls will be answered within 30 seconds.	10%
Member Service	Non-telephonic electronic contact response speed	Monthly	CGI Staff will respond to non-telephone inquiries whether made by facsimile, electronic mail or web inquiry within one business day	5%
Member Service	Maximum resolution time	Monthly	99.5% of all telephone and written inquiries will be resolved/closed within 21 Days	5%
Member Service	Member ID Card	Weekly	CGI will process and mail KYHC member ID cards within five (5) calendar days of completing an accepted enrollment.	5%
Enrollment	Enrollment File loading	Monthly	CGI will load all enrollment/eligibility files from the state or federal Health Insurance Exchange (HIX), cooperative website, third party "private" exchanges, or paper submissions into the	10%

			claim/eligibility system within one (1) Day of receipt. Timeframe begins when a valid file is received by CGI	
Auth	Prior Authorization file loading CGI System Availability	Monthly	CGI will load prior authorizations into the system within one (1) Days of receipt. This 1 Day timeframe begins when a valid file is received from KYHC	10%
System	CGI System Availability	Monthly	CGI system will be available 99.75% of scheduled uptime for KYHC users	5%
Premium Billing	Premium Billing Accuracy	Monthly	97% of the Members' premium bills will be financially accurate.	5%

In addition, CGI agrees to add extra weighting to two of the above SLAs that measure claim accuracy and timeliness. (**Clean Claim Processing Timeliness** and **Claims Processing Accuracy - Financial**)

- CGI will allow 125% of the maximum weighting value on these two SLAs.
- If CGI misses either of these SLAs in two consecutive months, the weighting factor will be increased by 150% and the maximum cap is also increased by 150%.
- At the end of each calendar year KYHC may re-assign one or both of these extra weighting factors from the two service levels described above to a different service level.

The Service Level Credit will be calculated as follows:

- Service Level Credit = A times B times C
 - A is the Monthly Fee or PMPM charge billed for the month in Section 2 of this Exhibit 1
 - B is ten percent (10%) (amount at risk)
 - C is the Service Level Credit percentage for the Service Level(s) missed for the month (if any).

Example: If the total Monthly Fees in Section 2 of this Exhibit 1 are \$100,000.00, then A = \$100,000; B = \$10,000 and C =5% for System availability for a resulting service level credit of \$500.00.

7. **Payment Terms.** Service Fees may be invoiced on the first (1st) Day of the month for the prior month's Delegated Functions. The invoice shall be accompanied by the Service Level summary report to allow KYHC to determine and verify Service Level Credit status. KYHC will have Access to the data and report details for further review as necessary.

All fees and expenses are to be paid to CGI in United States Dollars, by electronic funds transfer to an account designated by CGI or by check sent to Bank of America, c/o CGI Technologies and Solutions Inc. at 12907 Collections Center Drive, Chicago, IL 60693. CGI's invoices are due and payable in full within thirty (30) days from the date of the invoice. If KYHC withholds any invoiced amount which it disputes in good faith, KYHC must pay all undisputed amounts on the invoice within the agreed payment period and promptly notify CGI of the specific amount in dispute and the reasons why it disputes the amounts. CGI and KYHC will work together in good faith to resolve any timely disputed amount in a prompt and mutually acceptable manner. If a disputed amount is not resolved within thirty (30) days after the original payment due date receipt, the parties will resolve such dispute as provided in Article 7. KYHC will pay any disputed amounts within five (5) days after the dispute has been resolved. Disputes with respect to invoiced amounts will be waived unless the invoiced amounts are either paid or the disputes are raised in writing as provided in this Section. If KYHC withholds payment of any amount due under an invoice without following the procedures set forth above, or if KYHC withholds payment of more than ten percent (10%) of any invoice, CGI may suspend performance under the Statements of Work with respect to which payment has been withheld. CGI will provide KYHC with fifteen (15) days prior written notice before suspending performance. CGI will resume performance within a reasonable period of time after the payment dispute is resolved, and all aspects of the Statements of Work (including without limitation the project timetable and budget) will be equitably adjusted.

8. Late Payment Interest. If KYHC does not pay an invoice when due, CGI may add an interest charge of one and one-half percent (1 1/2%) per month, or the maximum rate allowed by law if less; this interest will begin to accrue on the day after the payment due date and will accumulate on the outstanding balance on a daily basis until paid in full.

EXHIBIT 2
CLAIMS ADMINISTRATION SERVICES

CGI shall perform the Claims Delegated Function in accordance with Agreement and the terms of this Exhibit 2.

1. CGI Obligations.

- 1.1 Financial Guaranty. CGI shall provide any financial guarantee required to obtain certification as a Third Party Administrator.
- 1.2 Claim Payment. CGI shall accurately process and pay claims, as applicable, for Covered Services provided to Members by Participating Providers according to the payment terms (timeliness requirements and rates) in the Participating Provider Agreements. CGI shall process and pay claims for Covered Services provided to Members by Providers *other than* Participating Providers in accordance with the non-Participating Provider Payment Rates.
- 1.3 Claim Adjudication. CGI shall develop a method that must be approved in advance by KYHC and in accordance with Applicable Law for:
 - 1.3.1 Determining Covered Services, paying claims, and tracking utilization for KYHC's Benefit Plans;
 - 1.3.2 Identifying and processing clean and unclean claims (as those terms are defined in Applicable Law), and timely redirecting misdirected claims, if any, to the applicable payor; and drafting payment for clean claims, consistent with Applicable Law.
 - 1.3.3 Collecting and submitting to KYHC all encounter data in the format agreed between the Parties (including data from claims processed by and/or redirected to and/or processed by CGI) for Providers as required by Applicable Regulatory Agencies and/or Accreditation Agencies pertaining to Covered Services;
 - 1.3.4 Transmitting denial notifications to Members and Providers, explanations of benefits to Members, and explanations of payments to Providers in such formats and with such frequency as mutually agreed to in writing by the Parties;
 - 1.3.5 Transmitting initial authorizations and denial notifications, including notice of appeal rights timely to Members and Providers;
 - 1.3.6 Tracking and reporting on its performance of the Claim Administration function using agreed upon reporting formats, not limited to those metrics identified in the Service Level Credits section of Exhibit 1 of the Claims Administration function, using agreed-upon formats; and
 - 1.3.7 Tracking, reporting, and reconciling with a Payor's records Member deductible usage and benefit accumulators.
- 1.4 Claim Monitoring. If any Participating Providers are paid on other than a fee-for-service basis, CGI shall assist KYHC to correct encounter under-reporting, incomplete and/or inaccurate encounter reporting by Participating Providers. CGI shall provide KYHC with

documentation of results of monitoring activities and all corrective actions taken to address such under-reporting incomplete and/or inaccurate encounter reporting.

- 1.5 Submission of Claims. CGI shall establish a mailing address for providers to submit claims directly to the delegated entity for covered services and communicate this address to participating providers. CGI shall also communicate to Participating Providers that claims for Covered Services provided to Members are required to be submitted directly to CGI. CGI shall provide KYHC with a monthly management report regarding misdirected claims and documenting its process for identifying misdirected claims.
 - 1.6 Interest on Late Paid Claims. If CGI fails to pay claims within time frames required by Applicable Law, CGI shall be responsible for paying any required interest penalty to Providers. However, to the extent that such interest penalty is due, in whole or in part, to the actions or failure to act of KYHC or a Payor (including failure to timely fund claims), then as between CGI and KYHC, KYHC shall be responsible for paying that portion of the interest penalty.
 - 1.7 Claims Administration Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to any denial or appeal of claim payment in all communications made to Members, and use only language that has been reviewed and approved by KYHC.
2. Current Coding. CGI's claims processes shall be compliant with the most current versions of the American Medical Association's Current Procedural Terminology ("CPT") codes the Healthcare Common Procedure Coding System ("HCPCS") code sets, the International Classification of Diseases, 9th edition or 10th edition, when effective ("ICD9" or "ICD10") code sets, Centers for Medicare & Medicaid Services ("CMS") guidelines and national coverage determinations and the CMS Correct Coding Initiative ("NCCI").
 3. KYHC Obligations
 - 3.1. If KYHC receives claims from Participating Providers for services to Members, KYHC shall timely transmit them to CGI for processing and payment. KYHC and CGI shall create a management report regarding misdirected claims, document the process to identify misdirected claims, and shall provide said report to CGI monthly and work cooperatively with CGI to minimize incorrect claim submissions.
 - 3.2. KYHC shall provide CGI with Access to the payment provisions of KYHC contracts with Participating Providers and other provisions necessary to ensure CGI's compliance with all legal, regulatory, and contractual requirements, which shall be considered Confidential Information in accordance with Section 3.15 of the Agreement.
 - 3.3. KYHC shall provide CGI with information on Member eligibility, including changes to Member eligibility, through its Member Services Center and will provide information on Member eligibility changes from internal electronic sources (website, brokers, etc.) when received..
 4. Claims Data. CGI shall transfer "claims paid" data and reports for claims paid for Covered Services to Members by Providers occurring in the previous week to KYHC by the Tuesday of each week, or other mutually agreed date. Such claim data shall be in a mutually agreed upon format and shall

include, but not be limited to, claims received, ratio of clean to non-clean claims, claims adjusted, claims paid, claims denied, claims suspended, errant claims submissions, interest owed, claims paid to non-Participating Providers, and average time between receipt and adjudication of clean and non-clean claims. Within ten (10) Days of receipt of a transmission from KYHC of claims for services to Members which were incorrectly submitted, CGI shall provide KYHC with a confirming list acknowledging receipt and processing of all such claims.

5. Encounter Data. On request, CGI shall transfer encounter data and reports for encounter activity to KYHC according to mutually agreed schedules and formats. 6.0 Aged Claim Reports. CGI shall, by the fifteenth (15th) Day of each month for monthly reports and within ten (10) Days following the end of each quarter, transmit to KYHC aged claim reports that detail at a minimum the following data: the number of claims received, processed, approved, denied, or pending, as well as the average time for processing claims (*i.e.*, number and percent of claims processed and paid or unprocessed within 30, 60, 90, 120 and 120+ Days).
6. Benefit and Deductible and Out-of-Pocket Accumulators. On request, CGI shall cooperate with KYHC efforts to determine and track historical accumulator information. CGI shall track accumulator data associated with Members, which information shall be shared between KYHC and CGI on a mutually agreed upon schedule and format.
7. Maintenance of Information on Member Eligibility, Covered Services, Provider Participation. CGI shall receive, retain, and apply weekly reports updating Member eligibility for Covered Services as well as changes to the Covered Services and Participating Providers, and shall integrate this information into its claims processing function.
8. Payor Fund Files. The Parties shall agree to establish an Account at a mutually agreed upon financial institution. The Parties further agree to establish mutually agreed upon payment terms, timelines, and procedures to meet all prompt payment requirements and other related Applicable Laws. CGI shall maintain information on the balances in Payor funding files by Payor name, and shall communicate daily funding requirements, fund balances, fund expenditures, etc., to KYHC as requested. CGI shall notify KYHC's CFO of any Payor's failure to adequately and timely fund claims. KYHC shall have Remote Access to CGI Payor Fund Files. On request, at any time KYHC administers Administrative Service Only ("ASO") Benefit Plans for other payors, the Parties shall agree to establish the respective Account, payment terms, timelines, and procedures to meet all prompt payment requirements and other related Applicable Laws. The Parties, and any prospective ASO Client representative, shall meet to finalize the operational flow of funding for the ASO payor to the applicable account in order to ensure timely payment. KYHC shall maintain information on the balances in the ASO Payor funding files by ASO Payor name, and work with the ASO Payor to ensure all daily funding requirements, fund balances, fund expenditures. etc. are adequate for ongoing operations. KYHC and ASO Payor shall also ensure that CGI will be provided Remote View Access to ASO Payor Fund File Accounts as needed. CGI shall notify KYHC's CFO of any ASO Payor's failure to adequately and timely fund claims.
9. Ad Hoc Reporting. CGI agrees to provide up to 500 hours annually of additional ad hoc reporting as reasonably requested by KYHC in order to complete oversight of claims processing and/or denial activity and any other reporting required by CMS, or another Applicable Regulatory Agency or body or to meet Accreditation Agency standards.
10. Capturing Payor Override Information. On request, CGI shall have a system for capturing information concerning all claims paid by a Payor, which system shall, at a minimum, deduct the amount paid from the proper account, report on the level, amount, and type of Payor claim payments,

as well ensure that the data is included appropriately in its cumulative utilization and claim payment statistics.

11. Payor Payments. CGI acknowledges that KYHC and any payor for whom KYHC is providing administrative services retains the right and final authority to pay any claim for their respective Members, regardless of the delegation of such claim adjudication function to CGI. CGI shall pay such claim upon notice.
12. EOBs, Notices of Appeal Rights. CGI shall ensure that each paid claim is accompanied by the appropriate notice, containing all information required by Applicable Law and Accreditation Agency standards and guidelines, including a description of the applicable appeal process, availability of external review, and the correct addresses for notifying state insurance department contacts and federal Department of Labor contacts and other contacts, as applicable.
13. Handling of Appeals. CGI acknowledges that appeals by Members or others, including Providers acting as a Member's authorized representative (collectively referred to hereinafter as the "Claimant") relating to an organization determination must be directed to KYHC or its designee as soon as reasonably possible for processing. CGI acknowledges that expedited appeals must be processed within 48 hours or as soon as the Member's condition requires. Upon receipt of a Member appeal, CGI shall, as required to meet the expedited time frame, provide KYHC with all records regarding such appeal and all necessary information required to process such appeal including, without limitation, any supporting documentation, such as review by persons of the same medical specialty as the physician ordering the care. For urgent appeals, this information shall be transmitted to KYHC or its designee no later than twelve (12) hours following receipt of the information reasonably indicating that an appealable dispute exists. For standard appeals, this information shall be transmitted to KYHC or its designee no later than one Day following receipt of the information reasonably indicating that an appealable dispute exists. KYHC shall inform CGI of the outcome of the appeal within one Day of the rendering of a decision. CGI shall comply with any full or partial reversal of payment above, or by an external appeals agency.
14. Coordination of Benefits (COB). CGI will be responsible for providing full COB services. The necessary information concerning primary coverage for members and their dependents and other coverage or benefits must be encoded on CGI's claims processing system and tracked and managed. To administer the coordination of benefits, CGI must exchange information with other plans involved in benefits administration and request that the member/provider furnish any necessary COB information, reimburse any plan that made payments that KYHC should have made, and recover any overpayment from health care providers and other insurance companies as necessary. If KYHC should have paid benefits that were paid by any other plan, CGI, on behalf of KYHC, will pay the plan that made the other payments in the amount the Plan determines to be proper under COB provisions. COB provisions are to be administered according to Applicable Law.
15. To support KYHC's fraud and abuse prevention program, CGI shall provide the following:
 - Cross-reference family deductible accumulations when married employees are both participants of the Plan;
 - Compare total charges against total payments; identify duplicate charges; compare number of inpatient hospital days on each claim against admission and discharge dates;
 - Verify services are provided within the employee's eligibility date and maintain breaks in active service; recognize historical benefit maximums;
 - Identify excess "usual, customary and reasonable" charges for all procedures;
 - Identify potential pre-existing conditions; verify provider license to the type of procedure billed;
 - Reconcile the diagnosis code to the procedure and sex code for consistency;

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- Compute benefit year deductibles;
- Integrate in-network deductible accumulations with out-of-network deductibles requirements;
- Identify and maintain information on potential coordination of benefits, subrogation, and other party liability situations;
- Verify out-of-pocket amounts; review age limits for eligibility or coverage limits;
- Determine coinsurance levels;
- Identify unbundling of services, up coding of services, obsolete or invalid codes;
- Identify ineligible services;
- Apply multiple surgery guidelines;
- Receive and process claims from Medicare for secondary coverage payments;
- Track and process network provider fee schedules to include percentage of charge (POC), per diem rates, Ambulatory Payment Group (APG), Ambulatory Payment Classification (APC), and DRG reimbursements. (e.g. – overpayment of claims to providers, members utilizing services inappropriately; and
- Perform additional other processes to ensure KYHC meets or exceeds federal and state requirements related to fraud, waste and abuse

Exhibit 3 CGI Information Technology Security Plan *To be supplied by CGI by May 31, 2013.*
Exhibit 4 CGI Business Continuity Plan *To be supplied by CGI by May 31, 2013.*
Exhibit 5 Business Associate Agreement *To be executed within 30 days of contract execution.*

EXHIBIT 6
Enrollment Services

CGI shall provide enrollment services in accordance with the Agreement and this Exhibit 6. CGI will process and maintain enrollment and eligibility information of Members and ensure the completeness of the enrollment information.

CGI is responsible for verifying the eligibility of Members for benefits under the Plan based on the information provided by the employer units, Members and KYHC.

CGI will receive and process enrollment data in both hard copy and electronic format from multiple sources:

- State Health Insurance Exchange (if applicable)
- Federal Health Insurance Exchange
- Third Party Exchanges
- KYHC website
- Paper

CGI will collect and maintain HIPAA compliant and demographic information on each Member within the eligibility system.

CGI will provide electronic scanning, storage, and retrieval for health enrollment forms submitted for initial enrollment and enrollment/status changes.

CGI is responsible for providing full administration of the Consolidated Omnibus Budget Reconciliation Act (COBRA).

CGI agrees to provide any eligibility data to state or federal insurance exchanges as required.

CGI agrees to provide eligibility data to third party entities as required by KYHC.

CGI will load enrollment/eligibility records from the state or federal Health Insurance Exchange (HIX), cooperative website, third party "private" exchanges, or paper submissions that are verified as complete into the claim system within one (1) Day of receipt.

Enrollment Performance Standards: In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject.

Exhibit 7
Printing, Fulfillment, and Ancillary Services

CGI shall provide printing, fulfillment, and ancillary services in accordance with the Agreement and this Exhibit 7. CGI is responsible for assisting in the design of, as well as printing and distribution of, customized brochures, forms, and other Member/provider material with KYHC's approval, as necessary and required to install and administer the services to Members, employer units, and KYHC. CGI shall seek written approval for all Member fulfillment activities, including, but not limited to: quality, stock replenishment, and order size via a detailed project plan established in cooperation with KYHC designee(s). Examples of these Member materials are, but not limited to:

- ID Card
- Welcome Kits
- Provider Directories
- Explanation of Benefits (EOB)
- Explanation of Payment (EOP)
- Billing Statements
- Surveys
- Delinquent and termination notifications
- Informational Letters
- Benefit Summaries
- Provider Manuals (upon request)
- Ballots, Annual meeting materials

CGI is responsible for producing and mailing Member ID cards, and mailing ID cards to the Member's home address within five Days under the following circumstances:

- Initial enrollment of the Plan
- New hires of employer clients
- Enrollees who change coverage category (e.g. single to family)
- Replacement of lost cards
- Upon request of a Member

CGI will conduct at least one (1) Member satisfaction survey annually. The format and process for conducting the survey must be presented to and approved by KYHC prior to conducting the survey.

Printing, Fulfillment, and Ancillary Services Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to the services provided in this Exhibit 7.

Exhibit 8
Software Configuration and IT Related Services

CGI shall provide software configuration and IT related services in accordance with the Agreement and this Exhibit 8. CGI will be responsible for the setup, configuration, and administration of all functions of the Healthation software system with KYHC approval.

Appropriate setup and configuration of the software is expected in order to allow the following business functions to be effectively performed:

- Enrollment census management
- Online consolidated invoicing
- Collections
- Agent management and agent commission accounting
- Open enrollment & renewal processing
- Edi (electronic data interchange) for claims, enrollment and other file transfers
- Eligibility file transfer to claims administrator and other vendor and service providers
- Claim processing and auto-adjudication.
- Inbound/outbound transactions and interfaces from state or federal insurance exchanges
- Cobra administration and processing (generation of letters, invoices, etc.)
- Role based security
- Provide information to call center for billing and commissions questions and support
- Provide information to call center to support enrollment/eligibility/claim questions
- Monthly invoice distribution services
- Late notice and termination notice distribution services
- Premium collection and cash processing
- Premium and other fee remittance to all parties
- Reconciliation of commissions and other payments with third parties
- Reconciliation of eligibility with other carriers
- Report generation
- KYHC Access to data

CGI will provide the reporting referenced in the Healthation Core Administrative System Catalog of Reports to KYHC and access to the Healthation Data Warehouse utilizing Microsoft SQL Reporting Services (SSRS), Microsoft SQL Analysis Services (SSAS), and Analyzer™ by Strategy Companion for use by KYHC for development/support of custom or ad-hoc reporting. CGI shall provide data collection and reporting as appropriate for the KYHC delegated functions.

CGI will provide a secure provider service website where routine provider service inquiries can be handled. Information available through this website must include, but is not limited to, eligibility and benefits information, deductible accumulation, claim status, and on-line viewing of provider vouchers or payments.

CGI will provide a secure Member website/portal allowing Access to information such as benefit review, plan summary, out-of-pocket and deductible balances, and claims activity

CGI will assure that System availability and business continuity is a priority for the delegated services. System availability must meet at least 99.75% availability during a calendar month and all cause of outage incidents must be reported to KYHC. CGI shall propose a plan to KYHC outlining its strategies and approaches for implementation of Disaster Recovery and Business Continuity for KYHC. CGI should

outline the merits of that strategy including tradeoffs that apply to an appropriate balance between cost, operational efficiency, and risk mitigation. Production infrastructure shall be architected for recovery to an alternate site. In the event of a disaster to the primary physical hosting site, CGI shall have the ability to recover and be fully operational in an alternate site. CGI will assure that KYHC shall not be subject to loss of data. The system must provide for daily incremental backups and interval full backups. Recovery Point Objective (RPO) of no more than 6 hours and Recovery Time Objective (RTO) of 24 hours shall be the standard for CGI.

CGI's Business Continuity / Disaster Recovery Plan shall address how CGI shall safely recover KYHC information or data in the event of a disaster without compromising the integrity of any required or dependent synchronizations between dependent systems. CGI shall submit the Disaster Recovery Plan to KYHC at the agreed upon time and prior to the implementation of any disaster recovery site.

CGI shall notify KYHC 48 hours in advance for scheduled outages unless otherwise agreed upon in a given instance.

All web portals, IVRs, and call centers shall comply with Applicable Laws, including NCQA standards.

CGI will provide training to KYHC employees on the chosen software platform.

CGI/Healthation system will support the integration of, and data exchanges with, KYHC and/or any party vendors that KYHC has retained to provide services on behalf of KYHC. (i.e. a pharmacy benefits manager or medical management vendor). Any new integrations after initial implementation, as defined in a mutually agreed-upon detailed implementation plan as specified in Section 3.5.2, will be addressed via the change control process. These information exchanges can be performed via:

- Web services
- HIPAA Transactions
- Custom Extracts or API's

CGI/Healthation system will comply with Exhibit 3.

Software Configuration and IT Related Services Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to the services provided in this Exhibit 8.

Ad Hoc Reporting. CGI agrees to provide up to 500 hours annually of additional ad hoc reporting as reasonably requested by KYHC.

CGI will provide KYHC information on the platform and access to the reporting infrastructure for KYHC technical staff to have the ability to run reports specific to KYHC data.

Exhibit 9
Premium Billing and Collection Services

CGI shall provide premium billing services in accordance with the Agreement and this Exhibit 9. CGI will provide and maintain a premium billing and accounts receivable system which is capable of producing monthly statements, tracking account balances, receiving payments, and documenting payment histories for insurance premiums for both group and individual plans.

The billing and receivable system will manage insurance premium reporting and collection for the Plan and be capable of pro-rating monthly premium contributions based on the Member's eligibility date.

CGI shall direct the initial Member enrollee premium contributions to a lockbox account specifically established for premium collections in accordance with policies and procedures as mutually agreed upon by the Parties. KYHC acknowledges that it has authorized the use of the designated bank lockbox account for the primary purpose of safely and securely receiving premiums and transferring those funds daily to the designated KYHC account(s). CGI will maintain a system to track, report, and reconcile all related lockbox financial transactions.

CGI shall establish a premium billing procedure for the accurate invoicing and collection of premiums, on a monthly, quarterly, semi-annual, or annual cycle as appropriate from persons who receive health coverage through KYHC, in accordance with the relevant policies established and regulations promulgated and provided by the KYHC to CGI in writing. CGI shall establish appropriate accounting controls, policies, and procedures to account for premiums and fees collected on KYHC's behalf and amounts owed to KYHC by such persons who receive health coverage through KYHC.

CGI shall report to KYHC, on a monthly basis, the amounts billed to each eligible Member. CGI shall adjust premium rates due to change in attained age, address, level of coverage, mode of payment, employer/employee premium contribution requirements, rate guarantee period, and duration and/or number of insured lives in accordance with KYHC's table of rates.

The billing statements will be based on the employer/employee premium contribution requirements as authorized by KYHC.

Employer Premium billings may include three sections:

- Employer unit billing statement that includes remittance information and a summary of the unit's current amount due and any past due amount,
- Premium billing section that includes a current list of employees participating in the unit, the last 4 digits of the participant's Social Security numbers, payroll locations (if used by the relevant unit), life face value and premium amount, health premium, and the total premium for each employee, and
- Past due detail analysis section that lists information regarding any past due amounts.

Individual market premium billings may include three sections:

- Billing statement with remittance information and a summary of the current amount due and any past due amount,
- Premium billing section that includes a current list of participating dependents, the last 4 digits of all participants' Social Security numbers, and health premium, and
- Past due detail analysis section that lists information regarding any past due amounts.

In addition to paper billings, CGI will produce an electronic billing file containing all employer unit statements and provide these to KYHC. CGI shall have the capability to accept credit card payments from Members and to comply with all Applicable Laws regarding such types of premium bills. CGI will pursue maximizing the Member's payment via credit card, ACH, or EFT remittance processes. KYHC will draft appropriate Member communications for those paying by check to encourage automatic payment methods. CGI will ensure that these communications are delivered as part of the Members' premium bills.

Each check received by CGI shall be logged in the mailroom. CGI shall secure live checks in a deposit safe immediately to be forwarded to the lock box.

CGI shall implement security controls requiring the presence of two authorized staff to retrieve live checks from the deposit safe and total the day's deposit, and shall deposit the initial Member premium contributions in an account specifically established for premium collections in accordance with policies and procedures approved by KYHC. CGI shall deposit checks on the same day as they are received. CGI will maintain a system to track and report all financial transactions, which system shall be subject to the approval of the Client Group.

At least daily, CGI shall reconcile all checks which have been submitted to CGI for reconciliation in the format agreed upon by CGI and KYHC. In the event that KYHC exercises its option to cease using CGI for the aforementioned purposes, any new method of reconciliation of checks that KYHC uses must permit CGI to execute timely processing of applications, premium credits, and claims payments, and ensure appropriate fraud controls are in place.

In the event that an applicant remits a partial premium payment for the initial policy period, CGI shall notify the applicant of the underpayment and request payment of the balance owed as soon as possible, but no longer than the earlier of ten (10) calendar days following receipt or five (5) days before the effective date of coverage. In the event the balance due is not received within 30 calendar days, CGI will refund the partial payment to the applicant with an appropriate explanation that the application was rejected for failure to remit the premium in full. For initial and recurring premiums, CGI shall administer premiums in accordance with KYHC's tolerance levels for specific products ("tolerance level" being defined as the maximum difference between the amount billed and the amount received from an insured for which KYHC will accept such payment).

CGI shall provide up to one invoice, two late notices, and one phone call regarding premiums not received by the due date and in accordance with the relevant policies established and regulations promulgated and provided by KYHC to CGI in writing. Premiums not received by the premium due date shall result in termination of KYHC coverage effective the date through which coverage has been paid, subject to the grace period contained in the relevant policies established and regulations promulgated and provided by KYHC to CGI in writing. Notwithstanding the foregoing provisions of this paragraph, KYHC may amend this section with notice to CGI as needed to comply with Health Insurance Exchange systems.

CGI shall suspend any claims received during the grace period if the date of service is within the grace period.

In the event of a premium rate change, CGI shall provide the systems and processes necessary to appropriately update and bill at the new rate, including any retroactive adjustments that may be required.

CGI shall defer any dispute over the underwriting, rate-setting, or premium determination process to KYHC in accordance with the policy and procedure agreed upon by CGI and KYHC.

KYHC – CGI Administrative Services Agreement

CGI will provide daily, weekly, and monthly reports to KYHC, in a form and with a level of detail reasonably satisfactory to the Client Group, showing premium billing and collection activity regarding number of certificates billed and premium amounts billed, premium amounts collected, premium amounts due, premium amounts earned, premium amounts not collected, policies terminated for non-payment of premiums, and policy reinstatements.

CGI shall obtain KYHC approval on all materials, forms, or form letters used in the premium billing process prior to use.

CGI shall be responsible for reinstating and collecting premium for policies that have been cancelled but for which KYHC has made the decision to reinstate such policies. KYHC is solely responsible for any reinstatement decision and for determining any rates or premiums associated with such reinstatement.

CGI shall enter into its system the rates provided by KYHC. The rates will be loaded, tested, and ready for production based on the schedule and timeframes provided by KYHC. CGI will provide appropriate documentation to KYHC to verify and approve correctness of all rate updates.

CGI is responsible for determining the appropriateness and plan compliance of adjustments made by employer units based on eligibility listings and reconcile the accounts receivable each month based on premium payments and additions, terminations, and changes submitted by employer units.

CGI is required to maintain adequate personnel for purposes of maintaining eligibility and premium billing/reconciliation functions.

CGI will perform any required tasks that require interface with the Exchange on transferring/interfacing COBRA participants to exchange health plans.

Monthly Premium Billing bills will be sent by the designated business day.

Premium Billing Services Performance Standards: In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to the services provided in this Exhibit 9.

EXHIBIT 10

Member and Provider Support Services

CGI Obligations. CGI shall provide Member and Provider Services in accordance with the Agreement and the terms of this Exhibit 10. For purposes of this Exhibit 10, Member services and provider services shall be referred to collectively as “Member Services”.

1.1 Communication and Staffing Standards. CGI shall provide a KYHC - specific toll free telephone line and dedicated Member Service staff to service KYHC Members and Providers. At the termination of the Agreement, CGI shall assign or allow the transfer of the toll – free line to KYHC at cost. Member Services Staff will address and respond to inquiries whether made by telephone, fax, electronic mail, or entry into the KYHC web site. Member Services Staff will provide sufficient dedicated staffing to satisfy the following call standards:

- 1.1.1 Member Services Staff will perform, monitor, and respond to Member calls between 8:00 am and 6:00 pm Eastern Time Monday through Friday and Saturday 8:00 am to 1:00 pm.
- 1.1.2 Member Services shall be prepared to meet the services standards in this Appendix for non-English speaking Members and Members with hearing impairments or visual impairments.
- 1.1.3 CGI shall protect KYHC’s competitive interests by having Member Services staff identify each Member calling as a Member enrolled through KYHC and ensuring that CGI staff performing the Member Services function are not performing such function for a competitor of KYHC;
- 1.1.4 Private Labeling of CGI Services. When answering the telephone, the Provider Services staff shall identify themselves as agents of KYHC or use such other identification as KYHC and the Payor require.

1.2 Training Criteria.

- 1.2.1 CGI will develop and implement policies, procedures, and training materials for performing Member Services which are (i) compatible with KYHC policy, procedure, and performance standards, (ii) in compliance with Applicable Law, and (iii) in compliance with Accreditation Agency standards. No substantive modifications can be made to Member Services policies applicable to KYHC without thirty (30) Days prior written notice to, and consent from, KYHC;
- 1.2.2 Member services staff shall participate in training sessions (including required fraud, waste, and abuse training), call coaching sessions initiated by KYHC with the intent of measuring staff courteousness, benefit knowledge and administrative capabilities, and such other training as is required by KYHC or a Payor;
- 1.2.3 Member Services staff will be trained regarding KYHC policies and Benefit Plans and be available to respond to Member inquiries;
- 1.2.4 Member Services staff shall be trained to identify complaints, grievances, and coverage appeals, including for service denials or reductions or terminations of service, and to promptly forward them to the appropriate Party for resolution.
 - o Non expedited grievances and appeals shall be forwarded to the appropriate Party for resolution within one Day.
 - o Expedited grievances and appeals shall be forwarded to the appropriate Party for resolution within the lesser of: two hours or before the close of business on the Day of receipt.

- Member Services shall forward complaints and grievances not related to Covered Services or CGI to the appropriate department within KYHC or the appropriate vendor or service provider (i.e., PBM);
 - Develop a system for identifying, logging, and following up on calls indicating urgent situations, including appeals, quality concerns, improper care, health care fraud, or other matters requiring follow up and the process for promptly notifying the appropriate Party to address these concerns.
 - Respond to questions from Members about Member elections and governance and preferences for online or mail ballot, and forward this voting information to the appropriate vendor or department.
- 1.3 Record Keeping and Retention. CGI shall retain records of Member Services date and time of every inquiry, complaint, appeal, or grievance and shall document the nature of the communication, the nature of the issue, Member Service staff personnel's response, Member Service staff personnel identity, timeliness of response, and such other information as KYHC or an Applicable Regulatory Agency shall request. When the call is made by or on behalf of a Provider, Member Services Staff shall maintain records as described above, including a database on each KYHC Provider and Provider, generally. CGI shall record 100% of the Member Services calls and shall provide KYHC with Remote Access to 100% of the recordings pertaining to its Members and Providers.
- 1.4 Resolution Standards. Inquiries and issues will meet the following standards:
- 1.4.1 Member Services shall have real time Access to claim payment information and shall have the capability of responding to Provider inquiries regarding claim status.
 - 1.4.2 Member Services shall have real time Access to medical management information and shall have the capability of responding to inquiries regarding the status of any request for coverage.
 - 1.4.3 Member Services shall have Access to an up-to-date database of KYHC Providers for responding to Member and Provider questions.
- 1.5 Cooperation with Monitoring. CGI shall cooperate with KYHC's efforts to monitor CGI's performance of Member Services to ensure such performance is carried out in accordance with the Agreement and these performance standards, including but not limited to, providing KYHC with such Access as cooperation with KYHC's on-site audits, KYHC monitoring of Member calls, sharing logs of Member calls, and such other audits as KYHC deems necessary.
- 1.6 Performance Reporting. CGI shall provide KYHC, and Applicable Regulatory Agencies in conjunction with their regulation of KYHC, information related to CGI's performance of Member Services and Access to related books, logs, and records (including but not limited to, Access during the audits) as required to monitor CGI's performance of Member Services. Any expense to CGI from complying with the requirements to share information with KYHC or Applicable Regulatory Agencies shall be borne exclusively by CGI.
- 1.7 CGI Quality Improvement. CGI shall demonstrate that the Member Services function is incorporated into the QI function in a manner that will effectively monitor CGI's achievement of its quality goals, and notify KYHC immediately of quality issues identified by CGI.
- 1.8 Change in Capabilities. CGI shall notify KYHC of any change in its ability to satisfy any of the conditions described in this Exhibit 11.

2. Coverage Appeals. CGI understands that all appeals by Members or such Member's designee, which designee may be a Provider ("Member Appeals") must be directed to KYHC or its designee as soon as reasonably possible for processing, and acknowledges that some Member Appeals must be processed within 24 hours if they are deemed to be "expedited," pursuant to Applicable Law. Therefore, upon receipt of a Member Appeal, CGI shall, as required to meet the 24 hour time frame, provide KYHC with all records regarding such appeal and all necessary information required to process such appeal, including without limitation, any supporting documentation, such as review by persons of the same medical specialty as the physician ordering the care. In the case of an expedited appeal, CGI shall provide such documentation as necessary to meet time frames for expedited appeals. KYHC shall inform CGI of the outcome of the appeal within one Day of the rendering of a decision. CGI shall comply with any full or partial reversal of payment above or by an external appeals agency.

2.1 KYHC shall promptly share with CGI all information regarding Member Appeals.

2.2 If a Member indicates an intent to appeal or submit a grievance to CGI or a member of its staff, CGI shall have procedures for promptly directing such Member to KYHC.

3. Performance Measurement and Reporting. CGI shall provide KYHC with a weekly performance report of its Member Services performance pertaining to KYHC. CGI shall provide, along with the weekly performance report and as reasonably requested by KYHC and designee(s), all adequate data/metrics on all aspects of Member Service functions, understanding that only those functions listed in Exhibit 1 will be subject to Service Level Credit review. CGI's Member Services function shall satisfy the quality indicators in Exhibit 1. In addition, 90% of survey respondents should indicate they are satisfied or very satisfied with Member services as determined through KYHC Member and Provider satisfaction surveys.

EXHIBIT 11
PARTICIPANTS IN CLIENT GROUP

- 1) Louisiana Health Cooperative, Inc.
- 2) Kentucky Health Cooperative, Inc.

First Amendment to Administrative Services Agreement

By and Between

CGI Technologies and Solutions, Inc. and Kentucky Health Cooperative, Inc.

This First Amendment to the Administrative Services Agreement by and between CGI Technologies and Solutions, Inc. and Kentucky Health Cooperative, Inc. ("First Amendment") is effective for services provided beginning on June 1, 2014.

Recitals

Whereas, Kentucky Health Cooperative, Inc. (KYHC) is currently licensed to offer health insurance plans in Kentucky and West Virginia; and

Whereas, CGI Technologies and Solutions, Inc. (CGI) provides various administrative services in accordance with Applicable Law, Applicable Regulatory Agency, Accreditation Agency and KYHC standards; and

Whereas, KYHC and CGI have entered into an agreement ("Agreement") whereby CGI has agreed to perform certain administrative and management functions ("Delegated Functions") to KYHC on behalf of its members in the Commonwealth of Kentucky and now desire to amend the Agreement to allow CGI to perform administrative and management functions to KYHC on behalf of its members in West Virginia; and

Whereas, the Parties have agreed to amend the Agreement in accordance with the terms of this First Amendment.

NOW THEREFORE, the Agreement is amended as follows:

1. All references to "Healthation" are changed to "Aldera" to reflect the subcontractor's name change from "Healthation, Inc." to "Aldera, Inc."
2. In Section 2.2, the reference to "Section 3.4.2" is changed to "Section 3.5.2".
3. In Section 3.5.2, the reference to "Section 3.4.1" is changed to "Section 3.5.1".
4. Section 3.9 Liability, 3.9.3 shall be amended to read:

"3.9.3 If KYHC should become entitled to claim damages from CGI for any reason (including without limitation, for breach of contract, breach of warranty, negligence or other tort claim), CGI shall be liable to KYHC for an amount equal to the damages sustained by KYHC; however, in no event shall CGI's total liability in the aggregate for all claims exceed Six Million Dollars (\$6,000,000). The foregoing limitations do not apply to the payment of

settlements, costs, damages, and legal fees with respect to any indemnification provided hereunder, or for unauthorized disclosure of Confidential Information due to a breach of Section 3.16. Notwithstanding the foregoing, if there has been a breach of CGI's obligation with respect to Exhibit 5, CGI's total liability to KYHC shall not exceed one hundred twenty-five percent (125%) of the amounts paid by KYHC to CGI under the Agreement. In addition, in the event KYHC in good faith makes any formal demand(s) of, or files any claim(s) against, CGI while this Agreement is in effect for an amount equal to or greater than 50% of the total liability limitation indicated above, then KYHC may, at its option, elect to transition the Delegated Functions to another vendor, and upon completion of such transition terminate this Agreement on notice of such to CGI, notwithstanding any other term or provision herein.

5. Section 5.5 of the Agreement is deleted in its entirety and replaced with the following:

5.5 Other Electronic Exchange. CGI will support all HIPAA standard transaction formats including those indicated, as well as other standardized formats in accordance with PPACA and as required by KYHC or any Applicable Regulatory Agency or Accreditation Agency. CGI will support electronic exchange, in CGI's or Aldera's proprietary format, as follows:

Benefits Accumulators
Employer Group Data
Benefit Plan Data
Claims Adjudication Logic
Provider Demographic, Credentialing and Provider Network Information

6. Each of the following Exhibits to the Agreement are deleted in their entirety and replaced with the corresponding Exhibit attached to this Amendment:

Exhibit 1	Payment Terms
Exhibit 2	Claims Administration Services
Exhibit 8	Software Configuration and IT Related Services
Exhibit 11	Participants in Client Group

Except as modified herein, the Agreement shall remain in full force and effect.

This First Amendment shall be executed by the parties' respective duly authorized representatives in the manner legally binding upon them as of the date first above written.

Kentucky Health Cooperative, Inc.

CGI Technologies and Solutions, Inc.

By: Janie Miller

By: David L. Henderson 6/30/2014

Name: Janie Miller

Name: David L. Henderson

Title: CEO

Title: Senior Vice President

EXHIBIT 1 - PAYMENT TERMS

1. Implementation Fees. KYHC shall pay a total of \$707,500.00 toward the cost of CGI's services implementing the Systems. The implementation fee shall be payable in the following increments:

Payable at contract execution	\$175,000
Payable Dec 31, 2013	\$133,500
Payable Dec 31, 2014	\$133,000
Payable Dec 31, 2015	\$133,000
Payable Dec 31, 2016	\$133,000

In addition to the implementation fee of \$707,500.00 above, KYHC shall pay a total of an additional \$1,000,000.00 toward the cost of CGI's implementation services. \$650,000 of the additional \$1,000,000.00 will be paid within 30 days of the execution of the First Amendment to the Administrative Services Agreement. The remaining \$350,000.00 of the additional \$1,000,000.00 will be paid in two installments of \$175,000.00 each. The first installment of \$175,000.00 will be paid within 30 days of CGI reducing the number of aged claims (aged claims to be defined as Clean claims over 30 days and excludes claims being held for member non-payment of premiums and claims not awaiting CGI action received but not yet adjudicated as either paid or denied to less than 2,000 claims and of CGI implementing the Optical Character Resolution solution for manual claims. The second installment of \$175,000.00 will be paid within 30 days of CGI providing KYHC with Remote Access to 100% of the recordings pertaining to its Members and Providers pursuant to Exhibit 10, Section 1.3. The maximum additional \$1,000,000.00 shall be the total payment made by KYHC to CGI for the completion of implementation of systems and services in support of KYHC business activity relating to its health plan operations in the Commonwealth of Kentucky.

To accommodate Off Exchange business, CGI will also provide one additional interface to a new source as requested by KYHC.

CGI will provide KYHC with use of the Aldera broker portal for both Kentucky and West Virginia health plan operations to include the setup and implementation of the base product, along with 300 CGI employee or agent manhours for potential customizations or integrations, and usage to be included within the implementation and monthly fee schedules herein. Additionally, CGI will provide KYHC with the following:

- Non-Payment Parameters;
- Advanced Claims Editing software;
- DRG Grouper to allow for the processing of claims based on DRG and DRG-related reimbursement terms;

- CMS Edge Server services (or Amazon cloud services), and 310 CGI employee or agent manhours towards defining and implementing the processes and technology for the aggregation of all claims information from Aldera and other third party vendors, and submission of data pursuant to requirements of HHS;
- 500 CGI employee or agent man hours toward amendments to the member portal, and
- 1,000 CGI employee or agent man hours available in a pool of hours to be used by KYHC for efforts not included in the Monthly Fee, such as the implementation of the Center Care provider network and KYHC's contracted nurse line, CareNet, for both KYHC's operations in Kentucky and West Virginia, and other initiatives.

West Virginia Implementation - KYHC shall pay a total of \$800,000 toward the cost of CGI's services implementing the Systems and Services for KYHC operations in West Virginia. The implementation fee shall be payable in the following increments:

- | | |
|-------------------------------------|-----------|
| • Upon Project Kickoff | \$200,000 |
| • Completion of the Design Phase | \$200,000 |
| • Completion of Build and Unit Test | \$200,000 |
| • Go Live | \$200,000 |

Go Live is defined as the beginning of open enrollment in 2014 or later if CGI is not able to meet the open enrollment date with fully functioning delegated services related to open enrollment activities. The development of the implementation plan and completion of the Conceptual Design are planned to be finalized within 45 days of project kickoff. Material changes to the overall cost (ten percent or more individually or in aggregate) will be handled via the Change Control process.

Implementation services for West Virginia will include integration services with existing KYHC vendors, including the PBM, mental health, dental, optometric, care management software, and other critical vendors.

Additional implementation assumptions include:

- Plan strategy for West Virginia will be identical to that for Kentucky, except for differences required by Applicable Law. KYHC will introduce no new plan types for West Virginia.
- Plan documents, ID cards, letters etc. for members and providers for West Virginia will be identical in format and content to that for Kentucky, except for differences required by Applicable Law.
- No changes in CGI business processes, practices, or operating modes within CGI's service center. CGI's policies and procedures in place for Kentucky will apply identically for West Virginia, except for any differences resulting from Applicable Law.
- No Aldera system functionality changes.
- KYHC will be responsible for training West Virginia users

CGI will assign a project manager for the West Virginia implementation, as will KYHC, in order to facilitate the project moving forward quickly including addressing any roadblock or delays that arises.

Each new member joining the Client Group will have an implementation fee designed for the scope of services and the timeframe required, that will be separate and unique.

As the initial investment made by the KYHC and LAHC will enable additional members to leverage elements of the initial implementation, KYHC and LAHC will receive credits, equally shared between them, for each new member that joins the Client Group for a minimum of three years based on the date that the new member's contract is executed:

<u>Date</u>	<u>Amount</u>
Before March 31, 2013	\$50,000.00
April 1 - December 31, 2013	\$40,000.00
After December 31, 2013	\$30,000.00

KYHC shall pay its portion of the implementation fee, net of any credit resulting from additional insurers in the Client Group as described above, within thirty (30) Days of receiving an invoice from CGI.

2. Monthly Fees. KYHC shall be responsible for paying monthly fees which shall include all Delegated Functions described in the Agreement and Exhibits unless a separate fee is contained in this Exhibit 1. Beginning October 1, 2013, the Client Group shall be responsible for paying monthly fees according to the following schedule:

Membership	PMPM
1 to 35,000 (35,000 minimum)	\$4.12
35,001 to 42,000	\$4.00 for all Members
42,001 to 49,000	\$3.88 for all Members
49,001 to 52,000	\$3.78 for all Members
52,001 to 60,000	\$3.68 for all Members
60,001 to 100,000	\$3.30 for new Members and \$3.68 for first 60,000 Members
100,001 to 150,000	\$3.20 each additional Member
150,001 to 175,000	\$3.10 each additional Member
175,001 to 200,000	\$3.00 each additional Member
200,001 to 225,000	\$2.85 each additional Member
225,001 to 250,000	\$2.76 each additional Member

Until the 35,000 monthly minimum membership is reached, the minimum monthly fees of \$144,200 will be evenly divided among the Client Group participants. The monthly fees shall be shared by all insurers belonging to the Client Group. For purposes of determining each insurer's share of the monthly fee, CGI shall combine their total Members for all insurers as of the first Day of the previous month. CGI shall then apportion the total monthly fee among all insurers according to the number of Members enrolled through each as a percentage of the total Members enrolled through all as of the first Day of the previous month. KYHC shall pay its portion of the monthly fee within thirty (30) Days of receiving an invoice from CGI.

For example, if the Client Group contains CO-OP A with 100,000 Members and CO-OP B with 50,000 Members, the monthly fee would be calculated as follows:

$$150,000 \text{ Members} = (60,000 \times 3.68) + (40,000 \times 3.30) + (50,000 \times 3.20) = 512,800/150k = \$3.42 \text{ pmpm}$$

CO-OP A pays \$341,867; CO-OP B pays \$170,933

Effective June 1, 2014, KYHC shall be responsible for paying monthly fees according to the following revised schedule:

Membership	PMPM
1 to 35,000 (35,000 minimum)	\$12.90
35,001 to 45,000	\$9.76 for each additional Member
45,001 to 60,000	\$9.14 for each additional Member
60,001 to 100,000	\$7.98 for each additional Member
100,001 to 200,000	\$7.30 for each additional Member

West Virginia Monthly Fees – Operations Startup Fees will commence with the first month of Open Enrollment (currently scheduled for November 15th, 2014). Operations Startup Fees will not be paid in accordance with the schedule above. Fees for November and December 2014 for West Virginia will be \$50,000 for November 2014 and \$75,000 for December 2014. Beginning, January 1, 2015, the West Virginia membership will be added to the membership in Kentucky and paid according to the following schedule:

Membership	PMPM
1 to 43,000 (43,000 minimum)	\$12.90
43,001 to 53,000	\$9.76 for each additional Member
53,001 to 68,000	\$9.14 for each additional Member
68,001 to 108,000	\$7.98 for each additional Member
108,001 to 208,000	\$7.30 for each additional Member

Until West Virginia reaches a membership level of 8,000 for a month, the bands (all bands, including the low end and top end of the band) in the schedule above will be adjusted downward based on the difference between 8,000 and the actual West Virginia membership. If West Virginia membership is less than 4,000, then KYHC will pay an additional Monthly Fee for

membership below 4,000 at a rate of \$12.90 per the difference between 4,000 and the actual membership. The floor for West Virginia membership is 4,000. For example, if KYHC membership in total is 42,000, comprised of 40,000 Kentucky members and 2,000 West Virginia members for the month, the schedule for that month would be:

Membership	PMPM
1 to 37,000 (37,000 minimum)	\$12.90
37,001 to 47,000	\$9.76 for each additional Member
47,001 to 62,000	\$9.14 for each additional Member
62,001 to 102,000	\$7.98 for each additional Member
102,001 to 202,000	\$7.30 for each additional Member

In this example, the total Monthly Fees would be the total Monthly Fees would be \$551,900 calculated as follows: $(37,000 \text{ members} \times \$12.90) + (5,000 \times \$9.76) + ((4,000 - 2,000) \times \$12.90)$

Open Enrollment Call Center Surge Fees – To accommodate any extraordinary call center services demand above base levels, KYHC will pay CGI an additional fee of \$29 per FTE per hour for each FTE required to reach desired call center staffing levels during open enrollment. KYHC and CGI will mutually agree to the level of staffing for open enrollment no later than eight weeks prior to the start of open enrollment to allow for onboarding of resources and training. The parties may jointly agree to increase or reduce the level of resources during the open enrollment period to include enough lead time to affect the change. The hourly rate will be charged for all hours, including training hours. Additional FTE services will be separately identified on the CGI invoice.

Other Conditions Related to Monthly PMPM Fees - Included with the PMPM Monthly fees is an additional 350 CGI employee or agent manhours per year to support issues caused by third party data quality issues and to support format changes by third parties to support the interfaces. In addition, no additional implementation or monthly PMPM fees will be paid to CGI for annual updates to existing benefit plans. However, new benefit plans will be charged against either hours provided in the pool of hours or on a time and materials basis through the change control process.

3. Aldera Access Fee. KYHC shall be responsible for paying monthly access fees to CGI which CGI shall pass through directly to Aldera. Beginning October 1, 2013, the Client Group shall be responsible for paying monthly access fees according to the following schedule:

Membership	PMPM
1 to 30,000 Members (30,000 minimum)	1.21 per Member
30,001 to 50,000	1.21 each additional Member
50,001 to 100,000	1.16 each additional Member
Above 100,000	0.96 each additional Member

Until the 30,000 monthly minimum membership is reached, the minimum monthly access fee of \$36,300 will be evenly divided among the Client Group participants. The monthly access fees shall be shared by all insurers belonging to the Client Group. For purposes of determining each insurer's share of the monthly access fee, CGI shall combine the total Members for all insurers as of the first Day of the previous month. CGI shall then apportion the total monthly access fee among all insurers according to the number of Members enrolled through each as a percentage of the total Members enrolled through all as of the first Day of the previous month. KYHC shall pay its portion of the Healthation access fee within fifteen (15) Days of receiving an invoice from CGI.

For example, if the Client Group contains CO-OP A with 100,000 Members and CO-OP B with 50,000 Members, the monthly Healthation fee would be calculated as follows:

$$150,000 \text{ Members} = (50,000 \times 1.21) + (50,000 \times 1.16) + (50,000 \times 0.96) = 166,500 / 150k = \$1.11 \text{ pmpm}$$

CO-OP A pays \$111,000; CO-OP B pays \$55,500.

Upon implementation of the broker portal, KYHC shall be responsible for paying monthly access fees to CGI for the Broker Portal after reaching the 63,000 member threshold. A Member is any member regardless if they are associated with a broker. Beginning with the installation of the Broker Portal, KYHC shall be responsible for paying monthly access fees according to the following schedule:

Membership Range	PMPM
1 to 63,000 Members (63,000 minimum)	0.00 per Member
63,001 to 100,000	.065 each additional Member
Above 100,000	.058 each additional Member

4. Time and Material Rates. For any additional work performed by CGI and authorized by KYHC through a change control process, the following hourly amounts for services to be charged under a Time and Materials rates will apply:

Role	Rate Per Hour
BPO Supervisor	70
BPO Level II (Adjuster / Billing / Claims)	45
QA / Tester	50
Configuration Analyst	125
Business / Technical Analyst	85
Programmer / Technical Analyst	90
Senior Business / Technical Analyst	115
Project Manager	125
Senior Programmer / Technical Analyst	130
Senior Project Manager / Solution Architect	175
Aldera Resources	190

5. Direct Expenses. KYHC shall reimburse CGI at its actual cost for the following direct expenses: postage, paper, card stock, ink, electronic data interchange costs, and such other direct expenses as the Parties may agree in advance. KYHC shall pay this monthly fee within fifteen (15) Days of receiving CGI's invoice. CGI is expected to act as a "prudent purchaser" and thus shall provide cost estimates and invoices for all initial activities in this area, to KYHC Finance Department for review and approval, and upon periodic request. CGI shall supply cost estimates and invoices during any audit or annual oversight meeting to demonstrate that CGI is acting as a competitive, prudent purchaser in the marketplace. Examples include:

PRINTING AND FULFILLMENT FEES: Will be billed separately according to volume and services

ITEM	RATE
LETTERS	
-	\$0.0849 per piece
Equipment(Folding/Stuffing/Metering)	
-Envelope	\$0.0195 per piece
-Return Envelope	\$.0180 per envelope
-Paper	\$0.0060 per piece
-Print	\$0.0056 per piece
-Presort	\$0.0285 per piece
OTHER	
-Welcome and Renewal Kits	\$.60 per kit (8 to 12 components)
-Labels	\$0.0095 per piece
-ID Card Stock	\$8,000 per m (10,000)
-ID Card Print	\$0.0171 per piece
-Envelopes	\$0.5168 per piece
-Overnight Shipping	\$2.50 per piece
-Postage Pass through	Actual postage with no mark up at presorted rate

6. Credits. Any payments due from KYHC shall be reduced by the amount of the credit(s) accrued as provided below. If CGI's invoice does not reflect the credit, then KYHC shall be entitled to submit a revised invoice showing the calculation of the credit and the explanation therefor, along with payment of the net balance due. If a dispute arises over whether KYHC is entitled to a credit, KYHC shall place the disputed amount of the payment into escrow and pay the balance to CGI while pursuing the dispute resolution procedures in Article 7.

7. Service Level Credits

Service Levels shall be in force beginning with the seventh month that Kentucky plan Members receive benefits from the plan. Service level credits shall be calculated as indicated for each Service Level Specification listed below. Without limiting any of KYHC's rights or remedies, should CGI fail to attain one or more Service Level Specifications, KYHC shall be entitled to the corresponding Service Level Credit, to be applied to the next succeeding invoice(s) but calculated based upon the applicable month's Monthly Fee. The maximum amount of all Service Level Credits payable for which CGI may be liable for failure to meet the Service Levels described below in any given monthly billing period will not exceed ten (10) percent (10%) of the Monthly Fees (pmpm) in Section 2 of this Exhibit 1, except as provided below. Nothing in this Section 6 Service Level Credits shall limit KYHC's ability to invoke the corrective action procedures in Section 3.13 of the Agreement. Service levels shall be in force beginning with the fourth month that West Virginia plan Members receives benefits from the plan.

"Earn Back Recovery Amount": means the charge to recover a Service Level Credit previously given on an invoice, calculated in accordance with this Exhibit.

"Earn Back Right": means CGI's right to recover Service Level Credits previously given for a Service Level Default, as set out in this Exhibit.

"Earn Back Service Level" means the level of performance which CGI is required to attain in providing the Delegated Function in order to be eligible to qualify for an Earn Back Right, as set forth in this Exhibit.

"Service Level Default" means the occurrence of failing to meet the Service Level Specification with respect to a Service Level.

Dept.	Service Level	Measurement Frequency	Service Level Specification	Earn Back Service Level*	Service Level Credit
Claims	Clean Claim Processing Timeliness	Monthly	97% of Clean Claims will be adjudicated (paid or denied) within 30 Days of receipt	98%	15%
Claims	Unclean Claim Processing Timeliness	Monthly	95% of all unclean claims will be adjudicated (paid or denied) within 60 Days of receipt	97%	10%
Claims	Claims Processing Accuracy – Procedural	Monthly	99% of adjudicated claims will be adjudicated with clerically accurate processing	99.5%	5%

Claims	Claims Processing Accuracy - Financial	Monthly	99% of total dollars paid, for all claims adjudicated	99.5%	15%
Member Service	Abandonment Rate	Monthly	Abandonment rate for all calls that have made it to the queue in a month shall be no greater than 4%.	3.5%	5%
Member Service	Telephonic Average Speed of Answer	Monthly	75% of all calls will be answered within 45 seconds.	80%	10%
Member Service	Non-telephonic electronic contact response speed	Monthly	CGI Staff will respond to non-telephone inquiries whether made by facsimile, electronic mail or web inquiry within one business day	Same	5%
Member Service	Maximum resolution time	Monthly	99% of all telephone and written inquiries will be resolved/closed within 21 Days	99.5%	5%
Member Service	Member ID Card	Weekly	CGI will process and mail KYHC member ID cards within five (5) calendar days of completing an accepted enrollment.	5 days	5%
Enrollment	Enrollment File loading	Monthly	CGI will load all enrollment/eligibility files from the state or federal Health Insurance Exchange (HIX), cooperative website, third party "private" exchanges, or paper submissions into the claim/eligibility system within one (1) business Day of receipt. Timeframe begins when a valid file is received by CGI	1 day	10%
Auth	Prior Authorization file loading	Monthly	CGI will load prior authorizations into the system within one (1)	1 day	10%

	CGI System Availability		business Day of receipt. This 1 Day timeframe begins when a valid file is received from KYHC (or its delegated entity)		
System	CGI System Availability	Monthly	CGI system will be available 99.75% of scheduled uptime for KYHC users	99.9%	5%
Premium Billing	Premium Billing Accuracy	Monthly	97% of the Members' premium bills will be financially accurate.	98%	5%

In addition, CGI agrees to add extra weighting to two of the above SLAs that measure claim accuracy and timeliness. (Clean Claim Processing Timeliness and Claims Processing Accuracy - Financial)

- CGI will allow 125% of the maximum weighting value on these two SLAs.
- If CGI misses either of these SLAs in two consecutive months, the weighting factor will be increased by 150% and the maximum cap is also increased by 150%.
- At the end of each calendar year KYHC may re-assign one or both of these extra weighting factors from the two service levels described above to a different service level.

The Service Level Credit will be calculated as follows:

- Service Level Credit = A times B times C
 - A is the Monthly Fee or PMPM charge billed for the month in Section 2 of this Exhibit 1
 - B is ten percent (10%) (amount at risk)
 - C is the Service Level Credit percentage for the Service Level(s) missed for the month (if any).

Example: If the total Monthly Fees in Section 2 of this Exhibit 1 are \$100,000.00, then A = \$100,000; B = \$10,000 and C =5% for System availability for a resulting service level credit of \$500.00.

Service Level Agreement Earn Back: CGI will be entitled to an Earn Back Right after a Service Level Default occurs if CGI provides the Delegated Functions for the Service Level in question at the Earn Back Service Level for a period of two (2) months within any five (5) month period immediately following the month for which the Service Level Credit was assessed. Such two (2) months may occur over two (2) different calendar years. The dollar value of the Earn Back Recovery Amount shall not exceed one-half the dollar value of the corresponding Service Level Credit. Service Level Credits and Earn Back Rights shall be tracked monthly and processed on a semi-annual basis and any credits will be payable to Client on an semi-annual basis.

8. Payment Terms. Service Fees may be invoiced on the first (1st) Day of the month for the prior month's Delegated Functions. The invoice shall be accompanied by the Service Level summary

report to allow KYHC to determine and verify Service Level Credit status. KYHC will have Access to the data and report details for further review as necessary.

All fees and expenses are to be paid to CGI in United States Dollars, by electronic funds transfer to an account designated by CGI or by check sent to Bank of America, c/o CGI Technologies and Solutions Inc. at 12907 Collections Center Drive, Chicago, IL 60693. CGI's invoices are due and payable in full within thirty (30) days from the date of the invoice. If KYHC withholds any invoiced amount which it disputes in good faith, KYHC must pay all undisputed amounts on the invoice within the agreed payment period and promptly notify CGI of the specific amount in dispute and the reasons why it disputes the amounts. CGI and KYHC will work together in good faith to resolve any timely disputed amount in a prompt and mutually acceptable manner. If a disputed amount is not resolved within thirty (30) days after the original payment due date receipt, the parties will resolve such dispute as provided in Article 7. KYHC will pay any disputed amounts within five (5) days after the dispute has been resolved. Disputes with respect to invoiced amounts will be waived unless the invoiced amounts are either paid or the disputes are raised in writing as provided in this Section. If KYHC withholds payment of any amount due under an invoice without following the procedures set forth above, or if KYHC withholds payment of more than ten percent (10%) of any invoice, CGI may suspend performance under the Statements of Work with respect to which payment has been withheld. CGI will provide KYHC with fifteen (15) days prior written notice before suspending performance. CGI will resume performance within a reasonable period of time after the payment dispute is resolved, and all aspects of the Statements of Work (including without limitation the project timetable and budget) will be equitably adjusted.

Late Payment Interest. If KYHC does not pay an invoice when due, CGI may add an interest charge of one and one-half percent (1 1/2%) per month, or the maximum rate allowed by law if less; this interest will begin to accrue on the day after the payment due date and will accumulate on the outstanding balance on a daily basis until paid in full.

EXHIBIT 2

CLAIMS ADMINISTRATION SERVICES

CGI shall perform the Claims Delegated Function in accordance with Agreement and the terms of this Exhibit 2.

1. CGI Obligations.

- 1.1 Financial Guaranty. CGI shall provide any financial guarantee required to obtain certification as a Third Party Administrator.
- 1.2 Claim Payment. CGI shall accurately process and pay claims, as applicable, for Covered Services provided to Members by Participating Providers according to the payment terms (timeliness requirements and rates) in the Participating Provider Agreements. CGI shall process and pay claims for Covered Services provided to Members by Providers *other than* Participating Providers in accordance with the non-Participating Provider Payment Rates.
- 1.3 Claim Adjudication. CGI shall develop a method that must be approved in advance by KYHC and in accordance with Applicable Law for:
 - 1.3.1 Determining Covered Services, paying claims, and tracking utilization for KYHC's Benefit Plans;
 - 1.3.2 Identifying and processing clean and unclean claims (as those terms are defined in Applicable Law), and timely redirecting misdirected claims, if any, to the applicable payor; and drafting payment for clean claims, consistent with Applicable Law.
 - 1.3.3 Collecting and submitting to KYHC all encounter data in the format agreed between the Parties (including data from claims processed by and/or redirected to and/or processed by CGI) for Providers as required by Applicable Regulatory Agencies and/or Accreditation Agencies pertaining to Covered Services;
 - 1.3.4 Transmitting denial notifications to Members and Providers, explanations of benefits to Members, and explanations of payments to Providers in such formats and with such frequency as mutually agreed to in writing by the Parties;
 - 1.3.5 Transmitting initial authorizations and denial notifications, including notice of appeal rights timely to Members and Providers;
 - 1.3.6 Tracking and reporting on its performance of the Claim Administration function using agreed upon reporting formats, not limited to those metrics identified in the Service Level Credits section of Exhibit 1 of the Claims Administration function, using agreed-upon formats; and

1.3.7 Tracking, reporting, and reconciling with a Payor's records Member deductible usage and benefit accumulators.

- 1.4 Claim Monitoring. If any Participating Providers are paid on other than a fee-for-service basis, CGI shall assist KYHC to correct encounter under-reporting, incomplete and/or inaccurate encounter reporting by Participating Providers. CGI shall provide KYHC with documentation of results of monitoring activities and all corrective actions taken to address such under-reporting incomplete and/or inaccurate encounter reporting.
 - 1.5 Submission of Claims. CGI shall establish a mailing address for providers to submit claims directly to the delegated entity for covered services and communicate this address to participating providers. CGI shall also communicate to Participating Providers that claims for Covered Services provided to Members are required to be submitted directly to CGI. CGI shall provide KYHC with a monthly management report regarding misdirected claims and documenting its process for identifying misdirected claims.
 - 1.6 Interest on Late Paid Claims. If CGI fails to pay claims within time frames required by Applicable Law, CGI shall be responsible for paying any required interest penalty to Providers, with the following exception: Any interest penalty paid to Providers from claims for Kentucky members paid by June 30, 2014 and interest penalties associated with claims that are pending KYHC review and approval as of the end of day June 26, 2014 so long as the pending claims are approved to pay, will be the responsibility of CGI in the amount of 50% of the interest penalty only. However, to the extent that such interest penalty is due, in whole or in part, to the actions or failure to act of KYHC or a Payor (including failure to timely fund claims), then as between CGI and KYHC, KYHC shall be responsible for paying that portion of the interest penalty.
 - 1.7 Claims Administration Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to any denial or appeal of claim payment in all communications made to Members, and use only language that has been reviewed and approved by KYHC.
2. Current Coding. CGI's claims processes shall be compliant with the most current versions of the American Medical Association's Current Procedural Terminology ("CPT") codes the Healthcare Common Procedure Coding System ("HCPCS") code sets, the International Classification of Diseases, 9th edition or 10th edition, when effective ("ICD9" or "ICD10") code sets, Centers for Medicare & Medicaid Services ("CMS") guidelines and national coverage determinations and the CMS Correct Coding Initiative ("NCCT").
 3. KYHC Obligations

- 3.1.If KYHC receives claims from Participating Providers for services to Members, KYHC shall timely transmit them to CGI for processing and payment. KYHC and CGI shall create a management report regarding misdirected claims, document the process to identify misdirected claims, and shall provide said report to CGI monthly and work cooperatively with CGI to minimize incorrect claim submissions.
- 3.2.KYHC shall provide CGI with Access to the payment provisions of KYHC contracts with Participating Providers and other provisions necessary to ensure CGI's compliance with all legal, regulatory, and contractual requirements, which shall be considered Confidential Information in accordance with Section 3.15 of the Agreement.
- 3.3.KYHC shall provide CGI with information on Member eligibility, including changes to Member eligibility, through its Member Services Center and will provide information on Member eligibility changes from internal electronic sources (website, brokers, etc.) when received.
4. Claims Data. CGI shall transfer "claims paid" data and reports for claims paid for Covered Services to Members by Providers occurring in the previous week to KYHC by the Tuesday of each week, or other mutually agreed date. Such claim data shall be in a mutually agreed upon format and shall include, but not be limited to, claims received, ratio of clean to non-clean claims, claims adjusted, claims paid, claims denied, claims suspended, errant claims submissions, interest owed, claims paid to non-Participating Providers, and average time between receipt and adjudication of clean and non-clean claims. Within ten (10) Days of receipt of a transmission from KYHC of claims for services to Members which were incorrectly submitted, CGI shall provide KYHC with a confirming list acknowledging receipt and processing of all such claims.
5. Encounter Data. On request, CGI shall transfer encounter data and reports for encounter activity to KYHC according to mutually agreed schedules and formats.6.0 Aged Claim Reports. CGI shall, by the fifteenth (15th) Day of each month for monthly reports and within ten (10) Days following the end of each quarter, transmit to KYHC aged claim reports that detail at a minimum the following data: the number of claims received, processed, approved, denied, or pending, as well as the average time for processing claims (*i.e.*, number and percent of claims processed and paid or unprocessed within 30, 60, 90, 120 and 120+ Days).
6. Benefit and Deductible and Out-of-Pocket Accumulators. On request, CGI shall cooperate with KYHC efforts to determine and track historical accumulator information. CGI shall track accumulator data associated with Members, which information shall be shared between KYHC and CGI on a mutually agreed upon schedule and format.
7. Maintenance of Information on Member Eligibility, Covered Services, Provider Participation. CGI shall receive, retain, and apply weekly reports updating Member eligibility for Covered Services as well as changes to the Covered Services and Participating Providers, and shall integrate this information into its claims processing function.
8. Payor Fund Files. The Parties shall agree to establish an Account at a mutually agreed upon financial institution. The Parties further agree to establish mutually agreed upon payment

terms, timelines, and procedures to meet all prompt payment requirements and other related Applicable Laws. CGI shall maintain information on the balances in Payor funding files by Payor name, and shall communicate daily funding requirements, fund balances, fund expenditures, etc., to KYHC as requested. CGI shall notify KYHC's CFO of any Payor's failure to adequately and timely fund claims. KYHC shall have Remote Access to CGI Payor Fund Files. On request, at any time KYHC administers Administrative Service Only ("ASO") Benefit Plans for other payors, the Parties shall agree to establish the respective Account, payment terms, timelines, and procedures to meet all prompt payment requirements and other related Applicable Laws. The Parties, and any prospective ASO Client representative, shall meet to finalize the operational flow of funding for the ASO payor to the applicable account in order to ensure timely payment. KYHC shall maintain information on the balances in the ASO Payor funding files by ASO Payor name, and work with the ASO Payor to ensure all daily funding requirements, fund balances, fund expenditures, etc. are adequate for ongoing operations. KYHC and ASO Payor shall also ensure that CGI will be provided Remote View Access to ASO Payor Fund File Accounts as needed. CGI shall notify KYHC's CFO of any ASO Payor's failure to adequately and timely fund claims.

9. Ad Hoc Reporting. CGI agrees to provide up to 500 hours annually of additional ad hoc reporting as reasonably requested by KYHC in order to complete oversight of claims processing and/or denial activity and any other reporting required by CMS, or another Applicable Regulatory Agency or body or to meet Accreditation Agency standards.
10. Capturing Payor Override Information. On request, CGI shall have a system for capturing information concerning all claims paid by a Payor, which system shall, at a minimum, deduct the amount paid from the proper account, report on the level, amount, and type of Payor claim payments, as well ensure that the data is included appropriately in its cumulative utilization and claim payment statistics.
11. Payor Payments. CGI acknowledges that KYHC and any payor for whom KYHC is providing administrative services retains the right and final authority to pay any claim for their respective Members, regardless of the delegation of such claim adjudication function to CGI. CGI shall pay such claim upon notice.
12. EOBs, Notices of Appeal Rights. CGI shall ensure that each paid claim is accompanied by the appropriate notice, containing all information required by Applicable Law and Accreditation Agency standards and guidelines, including a description of the applicable appeal process, availability of external review, and the correct addresses for notifying state insurance department contacts and federal Department of Labor contacts and other contacts, as applicable.
13. Handling of Appeals. CGI acknowledges that appeals by Members or others, including Providers acting as a Member's authorized representative (collectively referred to hereinafter as the "Claimant") relating to an organization determination must be directed to KYHC or its designee as soon as reasonably possible for processing. CGI acknowledges that expedited appeals must be processed within 48 hours or as soon as the Member's condition requires. Upon receipt of a Member appeal, CGI shall, as required to meet the expedited time frame, provide KYHC with all records regarding such appeal and all necessary information required

to process such appeal including, without limitation, any supporting documentation, such as review by persons of the same medical specialty as the physician ordering the care. For urgent appeals, this information shall be transmitted to KYHC or its designee no later than twelve (12) hours following receipt of the information reasonably indicating that an appealable dispute exists. For standard appeals, this information shall be transmitted to KYHC or its designee no later than one Day following receipt of the information reasonably indicating that an appealable dispute exists. KYHC shall inform CGI of the outcome of the appeal within one Day of the rendering of a decision. CGI shall comply with any full or partial reversal of payment above, or by an external appeals agency.

14. Coordination of Benefits (COB). CGI will be responsible for providing full COB services. The necessary information concerning primary coverage for members and their dependents and other coverage or benefits must be encoded on CGI's claims processing system and tracked and managed. To administer the coordination of benefits, CGI must exchange information with other plans involved in benefits administration and request that the member/provider furnish any necessary COB information, reimburse any plan that made payments that KYHC should have made, and recover any overpayment from health care providers and other insurance companies as necessary. If KYHC should have paid benefits that were paid by any other plan, CGI, on behalf of KYHC, will pay the plan that made the other payments in the amount the Plan determines to be proper under COB provisions. COB provisions are to be administered according to Applicable Law.
15. To support KYHC's fraud and abuse prevention program, CGI shall provide the following:
 - Cross-reference family deductible accumulations when married employees are both participants of the Plan;
 - Compare total charges against total payments; identify duplicate charges; compare number of inpatient hospital days on each claim against admission and discharge dates;
 - Verify services are provided within the employee's eligibility date and maintain breaks in active service; recognize historical benefit maximums;
 - Identify excess "usual, customary and reasonable" charges for all procedures;
 - Identify potential pre-existing conditions; verify provider license to the type of procedure billed;
 - Reconcile the diagnosis code to the procedure and sex code for consistency;
 - Compute benefit year deductibles;
 - Integrate in-network deductible accumulations with out-of-network deductibles requirements;
 - Identify and maintain information on potential coordination of benefits, subrogation, and other party liability situations;
 - CGI will provide the standard Aldera X12 837 extract file for KYHC or its third-party subrogation partner;
 - Verify out-of-pocket amounts; review age limits for eligibility or coverage limits;
 - Determine coinsurance levels;
 - Identify unbundling of services, up coding of services, obsolete or invalid codes;
 - Identify ineligible services;
 - Apply multiple surgery guidelines;

- Receive and process claims from Medicare for secondary coverage payments;
- Track and process network provider fee schedules to include percentage of charge (POC), per diem rates, Ambulatory Payment Group (APG), Ambulatory Payment Classification (APC), and DRG reimbursements. (e.g. – overpayment of claims to providers, members utilizing services inappropriately; and
- Perform additional other processes to ensure KYHC meets or exceeds federal and state requirements related to fraud, waste and abuse

Exhibit 3 CGI Information Technology Security Plan *To be supplied by CGI by May 31, 2013.*

Exhibit 4 CGI Business Continuity Plan *To be supplied by CGI by May 31, 2013.*

Exhibit 5 Business Associate Agreement *To be executed within 30 days of contract execution.*

Exhibit 8
Software Configuration and IT Related Services

CGI shall provide software configuration and IT related services in accordance with the Agreement and this Exhibit 8. CGI will be responsible for the setup, configuration, and administration of all functions of the Aldera software system with KYHC approval.

Appropriate setup and configuration of the software is expected in order to allow the following business functions to be effectively performed:

- Enrollment census management
- Online consolidated invoicing
- Collections
- Agent management and agent commission accounting
- Open enrollment & renewal processing
- Edi (electronic data interchange) for claims, enrollment and other file transfers
- Eligibility file transfer to claims administrator and other vendor and service providers
- Claim processing and auto-adjudication.
- Inbound/outbound transactions and interfaces from state or federal insurance exchanges
- Cobra administration and processing (generation of letters, invoices, etc.)
- Role based security
- Provide information to call center for billing and commissions questions and support
- Provide information to call center to support enrollment/eligibility/claim questions
- Monthly invoice distribution services
- Late notice and termination notice distribution services
- Premium collection and cash processing
- Premium and other fee remittance to all parties
- Reconciliation of commissions and other payments with third parties
- Reconciliation of eligibility with other carriers
- Report generation
- KYHC Access to data

CGI will provide the reporting referenced in the Aldera Core Administrative System Catalog of Reports to KYHC and access to the Aldera Data Warehouse utilizing Microsoft SQL Reporting Services (SSRS), Microsoft SQL Analysis Services (SSAS), and Analyzer™ by Strategy Companion for use by KYHC for development/support of custom or ad-hoc reporting. CGI shall provide data collection and reporting as appropriate for the KYHC delegated functions.

CGI will provide an Edge Server, a physical server used to store de-identified enrollee, medical, and pharmacy claims information that supports the Health Insurance Marketplace reinsurance and risk adjustment programs. As mandated within the Affordable Care Act, Edge Servers will use software provided by the Department of Health and Human Services.

CGI will provide a secure provider service website where routine provider service inquiries can be handled. Information available through this website must include, but is not limited to,

eligibility and benefits information, deductible accumulation, claim status, and on-line viewing of provider vouchers or payments.

CGI will provide a secure Member website/portal allowing Access to information such as benefit review, plan summary, out-of-pocket and deductible balances, and claims activity

CGI will assure that System availability and business continuity is a priority for the delegated services. System availability must meet at least 99.75% availability during a calendar month and all cause of outage incidents must be reported to KYHC. CGI shall propose a plan to KYHC outlining its strategies and approaches for implementation of Disaster Recovery and Business Continuity for KYHC. CGI should outline the merits of that strategy including tradeoffs that apply to an appropriate balance between cost, operational efficiency, and risk mitigation. Production infrastructure shall be architected for recovery to an alternate site. In the event of a disaster to the primary physical hosting site, CGI shall have the ability to recover and be fully operational in an alternate site. CGI will assure that KYHC shall not be subject to loss of data. The system must provide for daily incremental backups and interval full backups. Recovery Point Objective (RPO) of no more than 6 hours and Recovery Time Objective (RTO) of 24 hours shall be the standard for CGI.

CGI's Business Continuity / Disaster Recovery Plan shall address how CGI shall safely recover KYHC information or data in the event of a disaster without compromising the integrity of any required or dependent synchronizations between dependent systems. CGI shall submit the Disaster Recovery Plan to KYHC at the agreed upon time and prior to the implementation of any disaster recovery site.

CGI shall notify KYHC 48 hours in advance for scheduled outages unless otherwise agreed upon in a given instance.

All web portals, IVRs, and call centers shall comply with Applicable Laws, including NCQA standards.

CGI will provide training to KYHC employees on the chosen software platform.

CGI/Aldera system will support the integration of, and data exchanges with, KYHC and/or any party vendors that KYHC has retained to provide services on behalf of KYHC. (i.e. a pharmacy benefits manager or medical management vendor). Any new integrations after initial implementation, as defined in a mutually agreed-upon detailed implementation plan as specified in Section 3.5.2, will be addressed via the change control process.

These information exchanges can be performed via:

- Web services
- HIPAA Transactions
- Custom Extracts or API's

All new interfaces to third parties will utilize CGI/Aldera's standard format. All effort to implement a new interface, regardless if mapping the CGI/Aldera interface to a third party's or participating in the testing of a third-party interface to the CGI/Aldera standard interface, will be

charged using hours from the pool of hours or at time and material hourly rates through the change control process. In addition, any effort to support a change in interfaces with a third party will be additional and, through the change control process, will be charged using available hours from the pool of hours if available, or at the time and material rate.

CGI/Aldera system will comply with Exhibit 3.

Software Configuration and IT Related Services Performance Standards. In addition to the requirements in the Agreement, CGI shall meet the performance standards in Exhibit 1. CGI shall comply with all Applicable Law and Accreditation Organization requirements to which KYHC is subject with respect to the services provided in this Exhibit 8.

Ad Hoc Reporting. CGI agrees to provide up to 500 hours annually of additional ad hoc reporting as reasonably requested by KYHC.

CGI will provide KYHC information on the platform and access to the reporting infrastructure for KYHC technical staff to have the ability to run reports specific to KYHC data.

EXHIBIT 11
PARTICIPANTS IN CLIENT GROUP

- 1) Kentucky Health Cooperative, Inc.