



## CONTRACT AMENDMENT COVER SHEET

<b>Agency Tracking #</b> 31786-00125	<b>Edison ID</b>	<b>Contract #</b> 47419	<b>Amendment #</b> 1		
<b>Contractor Legal Entity Name</b> BlueCross BlueShield of Tennessee			<b>Edison Vendor ID</b> 91649		
<b>Amendment Purpose &amp; Effect(s)</b> One year extension to the contract					
<b>Amendment Changes Contract End Date:</b> <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO			<b>End Date:</b> 6/30/2023		
<b>TOTAL Contract Amount INCREASE or DECREASE per this Amendment</b> (zero if N/A):			<b>\$25,633,400</b>		
<b>Funding —</b>					
<b>FY</b>	<b>State</b>	<b>Federal</b>	<b>Interdepartmental</b>	<b>Other</b>	<b>TOTAL Contract Amount</b>
2016			\$6,430,000		\$6,430,000
2017			\$13,680,000		\$13,680,000
2018			\$14,415,000		\$14,415,000
2019			\$15,140,000		\$15,140,000
2020			\$15,990,000		\$15,990,000
2021			\$16,805,000		\$16,805,000
2022			\$8,540,000		\$8,540,000
<b>TOTAL:</b>					<b>\$91,000,000.00</b>
<b>American Recovery and Reinvestment Act (ARRA) Funding:</b> <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
<b>Budget Officer Confirmation:</b> There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.				<i>CPO USE</i>	
<b>Speed Chart</b> (optional)		<b>Account Code</b> (optional)			

**AMENDMENT ONE  
OF CONTRACT #47419**

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and Local Government Insurance Committee, hereinafter referred to as the "State" and BlueCross BlueShield of Tennessee hereinafter referred to as the "Contractor". For good and valuable consideration, the sufficiency of which is hereby acknowledged, it is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

**1. Contract section A.9.mm is deleted in its entirety and replaced with the following:**

Upon conclusion of the service delivery period (1/1/16-12/31/21) of this Contract, or in the event of its termination or cancellation for any reason, the Contractor shall be responsible for the processing of all claims incurred for medical services rendered and medical supplies purchased during the period of this Contract as well as provider reimbursement or recoupment attributable to claims incurred during the period of this Contract with no additional administrative cost to the State. The claims run out period shall extend through the final day of the eighteenth (18th) month following 12/31/21. In addition, in the event of termination of this Contract, the Contractor shall continue to provide and pay claims for services to any member who is hospitalized on the effective date of termination. Said coverage shall discontinue when the member is discharged from the hospital.

**2. Contract section B is deleted in its entirety and replaced with the following:**

**B. TERM OF CONTRACT:**

This Contract shall be effective on September 1, 2015 ("Effective Date") and extend for a period of ninety-four (94) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

**3. Contract section C.1 is deleted in its entirety and replaced with the following:**

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Ninety-One Million Dollars (\$91,000,000.00) ("Maximum Liability"). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.

**4. Contract section D.31 is deleted in its entirety and replaced with the following:**

D.31 Iran Divestment Act. The requirements of Tenn. Code Ann. § 12-12-101 et. seq., addressing contracting with persons as defined at T.C.A. §12-12-103(5) that engage in investment activities in Iran, shall be a material provision of this Contract. The Contractor certifies, under penalty of perjury, that to the best of its knowledge and belief that it is not on the list created pursuant to Tenn. Code Ann. § 12-12-106.

**5. Contract section C.3.b. is deleted in its entirety and replaced with the following:**

The Contractor shall be compensated based upon the following payment methodology:

- (1) Total Enrollment Level-Based Fee.

TOTAL	FEE PER EMPLOYEE PER MONTH (PEPM) BY CONTRACT PERIOD
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ENROLLMENT * LEVELS ( <b>all</b> members, not just employees)	January 1 – December 31, 2016	January 1 – December 31, 2017	January 1 – December 31, 2018	January 1 – December 31, 2019	January 1 – December 31, 2020	January 1 – December 31, 2021
Below 10,000	\$32.44	\$33.42	\$34.42	\$35.45	\$36.52	\$36.52
10,000 – 29,999	\$31.89	\$32.84	\$33.83	\$34.85	\$35.89	\$35.89
30,000 – 49,000	\$31.06	\$31.99	\$32.95	\$33.94	\$34.96	\$34.96
50,000 – 74,999	\$30.23	\$31.13	\$32.07	\$33.03	\$35.04	\$35.04
75,000 – 99,999	\$28.56	\$29.42	\$30.30	\$31.21	\$32.15	\$32.15
100,000 and above	\$27.73	\$28.56	\$29.42	\$30.30	\$31.21	\$31.21
* “Total enrollment levels” reflects all members (i.e., all employees, retirees, and dependents) covered in all regions by the Contractor. January enrollment will be used to determine the enrollment-based fee level annually, and the fee level set in January of each year shall remain constant for the remainder of the calendar year. The sum of the PEPM and the number of employees (or heads of contract), not total enrollment levels, will generate the Contractor’s total payment.						

The Contractor shall be compensated based upon the following payment rates for optional Telemedicine/TeleHealth services implemented at the direction of the State:

(1) Total Enrollment Level Based Fee.

TOTAL ENROLLMENT * LEVELS ( <b>all</b> members, not just employees)	FEE PER EMPLOYEE PER MONTH (PEPM) BY CONTRACT PERIOD					
	January 1 – December 31, 2016	January 1 – December 31, 2017	January 1 – December 31, 2018	January 1 – December 31, 2019	January 1 – December 31, 2020	January 1 – December 31, 2021
Below 10,000	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
10,000 – 29,999	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
30,000 – 49,000	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
50,000 – 74,999	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
75,000 – 99,999	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
100,000 and above	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40	\$0.40
* “Total enrollment levels” reflects all members (i.e., all employees, retirees, and dependents) covered in all regions by the Contractor. January enrollment will be used to determine the enrollment-based fee level annually, and the fee level set in January of each year shall remain constant for the remainder of the calendar year. The sum of the PEPM and the number of employees (or heads of contract), not total enrollment levels; will generate the Contractor’s total payment.						

Carriers will invoice the State based on enrollment as approved by the State.

**6. Contract section C.3.c. is deleted in its entirety and replaced with the following:**

The Contractor shall maintain an annual medical trend rate at or below six percent (6%). During any plan year, if the trend rises above six percent (6%) as calculated using allowed amounts for in-network claims incurred, the Contractor guarantees to reimburse the State or have withheld the percentage of administrative fees detailed in the table below.

	PERCENTAGE OF ADMINISTRATIVE FEES AT RISK				
	1/1/17 – 12/31/17	1/1/18 – 12/31/18	1/1/19 – 12/31/19	1/1/2020 – 12/31/2020	1/1/2021 – 12/31/2021
<b>REGIONAL NETWORK TREND GUARANTEE</b>	15%	15%	15%	15%	15%

**7. Contract section C.3.g. is deleted in its entirety and replaced with the following:**

During the term of this contract the average, aggregate reimbursement for all specialty drugs dispensed in a physician’s office, hospital setting (outpatient), or any other setting (including but not limited to oncology clinics) shall not exceed:

CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
ASP + 38%	ASP + 38%	ASP + 36%	ASP + 36%	ASP + 33%	ASP + 33%

ASP = Average Sales Price as defined in A.25.

Compliance with the aggregate ASP+ percentage standard for the previous calendar year will be reconciled annually using the ASP drug pricing files from CMS and reported to the State in the ASP reconciliation report (see Contract Sections A.6.f and Contract Attachment C, Reporting Requirements). The reconciliation shall be validated by the State’s consulting actuary and all monies exceeding the above limits will be payable to the State by the Contractor within thirty (30) days of state notification.

Required Approvals. The State is not bound by this Amendment until it is signed by the contract parties and approved by appropriate officials in accordance with applicable Tennessee laws and regulations (depending upon the specifics of this contract, said officials may include, but are not limited to, the Commissioner of Finance and Administration, the Commissioner of Human Resources, and the Comptroller of the Treasury).

Amendment Effective Date. The revisions set forth herein shall be effective March 1, 2020. All other terms and conditions of this Contract not expressly amended herein shall remain in full force and effect.

**IN WITNESS WHEREOF,**

**BLUECROSS BLUESHIELD OF TENNESSEE:**



2/12/2020

**SIGNATURE**

**DATE**

G. Henry Smith, SVP and CMO

**PRINTED NAME AND TITLE OF SIGNATORY (above)**

**STATE INSURANCE COMMITTEE,  
LOCAL EDUCATION INSURANCE COMMITTEE,  
LOCAL GOVERNMENT INSURANCE COMMITTEE:**

**STUART C. MCWHORTER, CHAIRMAN**

**DATE**