

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

August 11, 2009

**CHANGE NOTICE NO. 5**  
**TO**  
**CONTRACT NO. 071B5200355**  
**between**  
**THE STATE OF MICHIGAN**  
**and**

NAME & ADDRESS OF CONTRACTOR		TELEPHONE Tom Holden (313) 875-6000
<b>RX America, L.L.C.</b> <b>221 North Charles Lindbergh Drive</b> <b>Salt Lake City, UT 84116</b> <a href="mailto:Tom.holden@rxamerica.com">Tom.holden@rxamerica.com</a>		
		BUYER/CA (517) 241-4225 <b>Kevin Dunn</b>
CONTRACT COMPLIANCE INSPECTOR: Shirley Martin <b>Pharmacy Benefits Management Drug Assistance Program – HIV Division - DCH</b>		
CONTRACT PERIOD: From: <b>July 19, 2005</b> To: <b>September 19, 2010</b>		
TERMS	<b>N/A</b>	SHIPMENT <b>N/A</b>
F.O.B.	<b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE (S):**

Effective August 1, 2009, the attached price schedule is hereby incorporated into this Contract. All other terms, conditions, specifications, and pricing remain unchanged.

**AUTHORITY/REASON:**

Per agency request, vendor agreement and DMB/Purchasing Operations' approval.

**CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$200,000.00**



## Pricing Implementation Document Michigan Drug Assistance Program

<b>MAIL</b>	
<b>BRAND</b>	AWP - 22% + \$0.00 dispensing fee
<b>GENERIC</b>	AWP - 69% + \$0.00 dispensing fee
<b>ADMINISTRATION FEE</b>	\$0.27 per claim
<b>RETAIL</b>	
<b>BRAND</b>	Lower of U\$C or AWP - 16% + \$1.75 dispensing fee
<b>GENERIC</b>	Lower of U&C or AWP - 16% + \$1.75 dispensing fee or Caremark MAC + \$1.75 dispensing fee
	<b>Generic effective rate guarantee of AWP - 67% (MAC and non-MAC combined) + \$1.75 dispensing fee</b>
<b>ELECTRONIC CLAIM FEE</b>	\$0.27 per claim
<b>MANUAL CLAIM ADMINISTRATION FEE</b>	\$0.00 per paper claim
<b>REBATES</b>	
	<b>Closed Formulary (True Track only)</b>
	Michigan Drug Assistance Program will receive 90% of the rebates.
<b>SPECIALTY DRUGS</b>	
	AWP - 16% + \$0.00 dispensing fee
<b>ELECTRONIC CLAIM FEE</b>	\$.27 per claim

**The pricing set forth above is contingent upon the following conditions:**

- An effective date of August 1, 2009.
- Execution of a 1-year agreement.
- Caremark shall be the exclusive provider of each of the prescription management services. Client acknowledges and agrees that it will not provide, directly or indirectly, or engage any prescription benefit manager or other third party, to provide to Client or plan any service that is similar to one of the services provided by Caremark, including without limitation and to the extent such services are provided by Caremark, retail pharmacy network contracting, pharmacy claims processing, mail and specialty pharmacy services, and formulary and rebate administration services.
- Generic products represented on the MAC drug list for Caremark's generic pricing program applicable to Client are established at a generic class level because not all generics will price at MAC to establish a consistent price regardless of manufacturer. Caremark accomplishes this by continually surveying the market for price changes, performing timely and regular updates to the generic pricing program, and validating product availability through pharmacy and wholesaler communications. This generic pricing program is monitored based on Client's utilization, and prices are adjusted to meet Caremark's Client commitments.
- The MAC drug list applicable to Client is being transmitted to Client under separate cover.
- Participating retail pharmacy rates may vary and the amount paid by Caremark to the participating retail pharmacy may not be equal to the amount billed to Client and Caremark shall retain any difference.
- Caremark may exclude the following from any retail guarantee:
  - Specialty drugs
  - 100% member-paid plans, or claims, at the point of sale, inclusive of indemnification plans, or health savings accounts
  - Generics that enter the market with supply limitations or restrictions that limit marketplace competition.
  - Compound drugs



## Pricing Implementation Document Michigan Drug Assistance Program

- “Rebates” means the rebates, including base and market share rebates, collected by Caremark in its capacity as a group purchasing organization for the Plan from various pharmaceutical companies that are attributable to prescriptions dispensed to Plan Participants, but specifically excluding any rebates paid with respect to utilization of Specialty Drugs which shall be retained by Caremark.
- Client authorizes Caremark or its affiliate to contract with pharmaceutical companies for Rebates as a group purchasing organization for the plan. Caremark or its affiliates may hold contracts with pharmaceutical companies relating to products covered under the agreement. In connection with such contracts, Caremark or its affiliates may have a financial relationship with such pharmaceutical companies and may receive and retain fees or other compensation from pharmaceutical companies for services rendered and property provided to pharmaceutical companies, including, without limitation, administrative fees not exceeding three (3) percent of the AWP of the products dispensed across Caremark’s book of business. In addition, Caremark or its affiliates may receive discounts or rebates from pharmaceutical companies which are attributable to or based on products purchased by Caremark affiliated dispensing pharmacies. The fees, compensation, discounts and rebates described in this paragraph belong exclusively to Caremark or its affiliates.
- With the exception to the Non-True Track Product Rebates, Client represents and warrants that, as of the effective date of this document, Client does not have any direct or indirect agreements, arrangements and/or contracts with any pharmaceutical company or other third party related to any Rebates or discounts.

### Pricing Assumptions

- (a) Caremark reserves the right to modify or amend the financial provisions in the event of:
  - A change in the scope of services to be performed by Caremark or the assumptions upon which the financial provisions included in this document are based and/or any government imposed or industry wide change that would impede Caremark’s ability to provide the pricing described in this document, including any prohibition or restriction on the ability to receive Rebates or discounts for pharmaceutical products;
  - A change in Client’s alignment with Caremark’s performance drug list and prescribing guide;
  - Implementation or addition of a high deductible health plan/consumer-driven health plan option;
  - Implementation or addition of a member paid plan;
  - A greater than twenty percent (20%) change in the total number of plan participants from the number provided during pricing negotiations;
  - A change in the coverage of Medicare eligible plan participants, irrespective of the resulting change in total number of plan participants, as defined above; or
  - A change in any of the conditions set forth above.
- (b) Pricing Benchmarks. In the event First DataBank, Medi-Span or other nationally available AWP reporting source discontinues the reporting of AWP or changes the manner in which AWP is calculated, then Caremark reserves the right to modify the pricing terms of this document, to be effective as of the date of such discontinuation or change, so as to maintain the parties’ relative economic positions as existed immediately before the effective date of such discontinuation in reporting or change in the calculation of AWP, as measured across all products on an aggregate basis. Such modifications may include the utilization of alternate pricing benchmarks.



## **Pricing Implementation Document Michigan Drug Assistance Program**

Caremark and Client each certify that it shall not violate the federal anti-kickback statute, set forth at 42 U.S.C § 1320a-7b(b) ("Anti-Kickback Statute"), or the federal "Stark Law," set forth at 42 U.S.C § 1395nn ("Stark Law"), with respect to the performance of its obligations under this Agreement. Further, Caremark shall ensure that individuals meeting the definition of "Covered Persons" (as such term is defined in the Corporate Integrity Agreement between the Office of Inspector General of the Department of Health and Human Services and AdvancePCS) shall comply with Caremark's Compliance Program, including training related to the Anti-Kickback Statute and the Stark Law. Caremark's Code of Conduct and policies and procedures on the Anti-Kickback Statute and Stark Law may be accessed at [http://www.caremark.com/wps/portal/\\_s.155/3370?cms=CMS-2-007764](http://www.caremark.com/wps/portal/_s.155/3370?cms=CMS-2-007764)."

The pricing and terms within this document shall govern Caremark's relationship with Client. Any existing pricing or term of any existing agreement between the parties relating to the Pharmacy Benefits Management Drug Assistance Program Contract ("Agreement") between RxAmerica and Client and in conflict with the terms herein are hereby rendered null and void. Caremark and Client agree to work together to negotiate an Amendment to the Agreement by the effective date.

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

July 7, 2007

CHANGE NOTICE NO. 4  
 TO  
 CONTRACT NO. 071B5200355  
 between  
 THE STATE OF MICHIGAN  
 and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE Tom Holden (313) 875-6000
RX America, L.L.C. 221 North Charles Lindbergh Drive Salt Lake City, UT 84116 <a href="mailto:Tom.holden@rxamerica.com">Tom.holden@rxamerica.com</a>		
CONTRACT COMPLIANCE INSPECTOR: Shirley Martin Pharmacy Benefits Management Drug Assistance Program – HIV Division - DCH		BUYER/CA (517) 241-4225 Kevin Dunn
CONTRACT PERIOD: From: July 19, 2005		To: September 19, 2010
TERMS	N/A	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS		
N/A		

NATURE OF CHANGE (S):

Effective immediately, this Contract is hereby EXTENDED through September 19, 2010.  
 All other terms, conditions, specifications, and pricing remain unchanged.

AUTHORITY/REASON:

Per agency request (PRF dated 5/27/09, and DMB/Purchasing Operations' approval.

CURRENT AUTHORIZED SPEND LIMIT REMAINS: \$200,000.00

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

August 22, 2008

CHANGE NOTICE NO. 3  
 TO  
 CONTRACT NO. 071B5200355  
 between  
 THE STATE OF MICHIGAN  
 and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE Tom Holden (313) 875-6000
RX America, L.L.C. 221 North Charles Lindbergh Drive Salt Lake City, UT 84116 <a href="mailto:Tom.holden@rxamerica.com">Tom.holden@rxamerica.com</a>		
		BUYER/CA (517) 241-4225 Kevin Dunn
CONTRACT COMPLIANCE INSPECTOR: Shirley Martin <b>Pharmacy Benefits Management Drug Assistance Program – HIV Division - DCH</b>		
CONTRACT PERIOD: From: July 19, 2005 To: July 19, 2009		
TERMS	N/A	SHIPMENT N/A
F.O.B.	N/A	SHIPPED FROM N/A
MINIMUM DELIVERY REQUIREMENTS N/A		

**NATURE OF CHANGE (S):**

Effective immediately, this Contract is hereby EXTENDED through July 19, 2009, and INCREASED by \$50,000.00. All other terms, conditions, specifications, and pricing remain unchanged.

**AUTHORITY/REASON:**

Per agency request, Ad Board approval on 8/19/08, and DMB/Purchasing Operations' approval.

REVISED CURRENT AUTHORIZED SPEND LIMIT: \$200,000.00

STATE OF MICHIGAN  
 DEPARTMENT OF MANAGEMENT AND BUDGET  
 PURCHASING OPERATIONS  
 P.O. BOX 30026, LANSING, MI 48909  
 OR  
 530 W. ALLEGAN, LANSING, MI 48933

April 10, 2008

CHANGE NOTICE NO. 2  
 TO  
 CONTRACT NO. 071B5200355  
 between  
 THE STATE OF MICHIGAN  
 and

NAME & ADDRESS OF CONTRACTOR		TELEPHONE Tom Holden (313) 875-6000
<b>RX America, L.L.C.</b> <b>221 North Charles Lindbergh Drive</b> <b>Salt Lake City, UT 84116</b> <a href="mailto:Tom.holden@rxamerica.com">Tom.holden@rxamerica.com</a>		
		BUYER/CA (517) 241-1647 <b>Irene Pena</b>
CONTRACT COMPLIANCE INSPECTOR: Shirley Martin <b>Pharmacy Benefits Management Drug Assistance Program – HIV Division - DCH</b>		
CONTRACT PERIOD: From: <b>July 19, 2005</b> To: <b>July 19, 2008</b>		
TERMS	<b>N/A</b>	SHIPMENT <b>N/A</b>
F.O.B.	<b>N/A</b>	SHIPPED FROM <b>N/A</b>
MINIMUM DELIVERY REQUIREMENTS <b>N/A</b>		

**NATURE OF CHANGE (S):**

Please note the attached HIPPA Business Associate Addendum is hereby  
 Incorporated into this Contract.

**AUTHORITY/REASON:**

Per agency and vendor agreement.

**TOTAL ESTIMATED CONTRACT VALUE REMAINS: \$150,000.00**