



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2016-17**

**APPROVING THE AMENDED NOTICE OF REGULAR MEETINGS OF  
THE DETROIT FINANCIAL REVIEW COMMISSION FOR 2016**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the “Act”), allows for the creation of the Detroit Financial Review Commission (the “Commission”) within the Michigan Department of Treasury; and

WHEREAS, Section 5(7) of the Act provides that the Commission is subject to Public Act 267 of 1976, the Open Meetings Act, and the Commission members, in the interest of promoting transparency in the discharge of its duties, deems the Commission to be a “public body” as that term is used in Section 2(a) of the Open Meetings Act; and

WHEREAS, Section 5(2) of the Open Meetings Act provides that “[f]or regular meetings of a public body, there shall be posted within 10 days after the first meeting of the public body in each calendar or fiscal year a public notice stating the dates, times, and places of its regular meetings”; and

WHEREAS, Section 5(3) of the Open Meetings Act provides that “if there is a change in the schedule of regular meetings of a public body, there shall be posted within 3 days after the meeting at which the change is made, a public notice stating the new dates, times, and places of its regular meetings”; and

WHEREAS, on July, 25 2016, the Commission adopted a calendar year 2016 Regular Meeting Schedule pursuant to FRC Community District Resolution; and

WHEREAS, the Commission wishes to reschedule again its regular meetings for the months of November and December to the dates included in the amended Notice of Regular Meetings for calendar year 2016, attached as **Exhibit A** to this Resolution, in lieu of the previously scheduled regular meetings for those months.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the regular meetings for the months of November and December are hereby rescheduled to the dates included in the second amended Notice of Regular Meetings for calendar year 2016, attached as **Exhibit A** to this Resolution.
2. That the second amended Notice of Regular Meetings for calendar year 2016, attached as **Exhibit A** to this Resolution, is hereby approved and adopted.
3. That the persons designated in FRC Resolution 2014-2 are hereby directed to post the amended Notice of Regular Meetings within 3 days pursuant to Section 5(3) of Public Act 267 of 1976, the Open Meetings Act.
4. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
5. This Resolution shall have immediate effect.

# DETROIT FINANCIAL REVIEW COMMISSION

Cadillac Place ▪ 3062 West Grand Boulevard ▪ Detroit, MI 48202

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## 2016 NOTICE OF REGULAR MEETINGS

Amended October \_\_, 2016

The **Detroit Financial Review Commission** will hold its regular meetings during the calendar year ending December 31, 2016, on the following dates at the following times at Cadillac Place, 3062 West Grand Boulevard, Detroit, MI 48202:

| Date                       | Cadillac Place Room                              | City Meeting Time | School District Meeting Time |
|----------------------------|--|-------------------|------------------------------|
| Monday, January 25, 2016   | Suite L-150 (Lobby Floor)                        | 2:30 p.m.         | N/A                          |
| Monday, February 22, 2016  | Suite L-150 (Lobby Floor)                        | 2:30 p.m.         | N/A                          |
| Monday, March 28, 2016     | Suite L-150 (Lobby Floor)                        | 2:30 p.m.         | N/A                          |
| Monday, April 18, 2016     | Suite L-150 (Lobby Floor)                        | 2:30 p.m.         | N/A                          |
| Monday, May 23, 2016       | Suite L-150 (Lobby Floor)                        | 2:30 p.m.         | N/A                          |
| Monday, June 27, 2016      | Suite L-150 (Lobby Floor)                        | 2:30 p.m.         | No earlier than 3:30 p.m.    |
| Monday, July 25, 2016      | Suite L-150 (Lobby Floor)                        | 2:30 p.m.         | No earlier than 3:30 p.m.    |
| Monday, August 29, 2016    | Suite L-150 (Lobby Floor)                        | 2:30 p.m.         | No earlier than 3:30 p.m.    |
| Friday, September 16, 2016 | Suite L-150 (Lobby Floor)                        | 1:00 p.m.         | No earlier than 2:00 p.m.    |
| Monday, October 31, 2016   | Suite L-150 (Lobby Floor, Annex Gaming Control)  | 1:00 p.m.         | No earlier than 2:00 p.m.    |
| Monday, November 21, 2016  | Suite L-700 (Lobby Floor, Annex, Gaming Control) | 1:00 p.m.         | No earlier than 2:00 p.m.    |
| Monday, December 19, 2016  | Suite L-700 (Lobby Floor, Annex, Gaming Control) | 1:00 p.m.         | No earlier than 2:00 p.m.    |

The meeting is open to the public and this notice is provided under the Open Meetings Act, 1976 PA 267, MCL 15.261 to 15.275.

The meeting location is barrier-free and accessible to individuals with special needs. Individuals needing special accommodations or assistance to attend or address the Detroit Financial Review Commission should contact Beverly Greaves at (313) 456-4796 prior to the meeting to assure compliance with Subtitle A of Title II of the Americans with Disabilities Act of 1990, Public Law 101-336, 42 USC 12131 to 12134.

A copy of the proposed minutes of the meeting will be available for public inspection at the principal office of the Commission within 8 business days. A copy of the approved minutes of the meeting, including any corrections, will be available for public inspection at the principal office of the Commission within 5 business days after approval by the Commission.

The Commission may hold special meetings, in addition to the regular meetings above. Special meetings are also open to the public and separate notice will be posted in advance of special meetings.

# **Detroit Public Schools Community District**

*Discussion Document - Financial Review Commission*

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October 31, 2016

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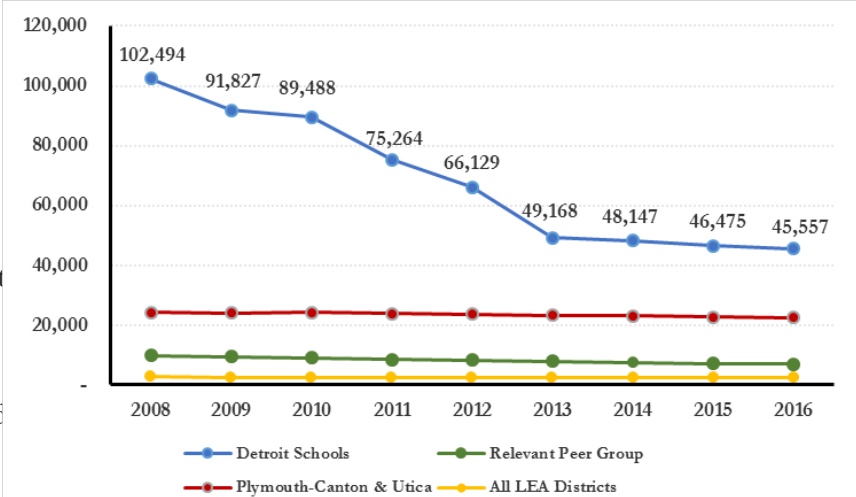
|   |   |
|---|---|
| 1 | <b>Benchmarking</b>                     |
| 2 | Financial Update                        |
| 3 | Healthcare contract update              |
| 4 | Requests for consideration and approval |
| 5 | Appendix                                |

# Benchmarking summary

- The FRC was presented with data that DPSCD was overspending and data was used from Plymouth Canton and Utica districts to draw comparisons. The following slides will provide several reasons.
- **Peer Group:** The data compared DPS Support Services expenditures to Plymouth-Canton and Utica on the basis that the two school districts combined have approximately the same amount of students as DPS. However there are more relevant factors that should be taken into consideration when comparing other school districts to DPS including the socio-economic status of a district and significant declines in student enrollment in recent years.
- **Grant Funding:** Most federal money to schools is targeted at helping meet the needs of children from low-income backgrounds. While DPS accounted for 3.5 percent of Michigan’s student population in 2014-15, DPS claimed 26 percent of the federal money sent to Michigan schools.
- **Support Services Expenditures:** Overall, DPS non-grant funded Support Services spend per student has declined since 2014, largely as a result of cost saving initiatives implemented by DPS. For the purposes of this analysis, we focused on the following 4 major categories of Support Services spend:
  1. School Administration
  2. Central/Other Support Services
  3. Operations & Maintenance
  4. Transportation
- **Conclusion:** DPSCD serves a population with higher poverty levels and due to that fact it qualifies for additional funding from federal sources which must be spent, DPSCD serves a much higher population of special needs children, it operates about 30 more buildings due to an environment of significant competition whereas school closures result in significant loss of enrollment and it is much more expensive to do business in the City of Detroit.

| School District         | Census Poverty Percentage | Total Students | District Square Miles | No. of Buildings |
|-------------------------|---------------------------|----------------|-----------------------|------------------|
| Detroit Public Schools  | 53.9%                     | 45,557         | 139                   | 93               |
| Flint Schools           | 53.2%                     | 5,360          | 36                    | 13               |
| Muskegon Public         | 52.0%                     | 3,885          | 17                    | 8                |
| Saginaw Schools         | 42.1%                     | 6,294          | 40                    | 18               |
| Pontiac Schools         | 40.7%                     | 4,158          | 26                    | 10               |
| Lansing Schools         | 39.5%                     | 11,014         | 52                    | 31               |
| Jackson Public          | 38.6%                     | 5,181          | 30                    | 14               |
| Grand Rapids Public     | 36.8%                     | 15,222         | 56                    | 48               |
| Battle Creek Public     | 36.6%                     | 4,413          | 26                    | 12               |
| Taylor Schools          | 31.0%                     | 6,574          | 40                    | 16               |
| Monroe Public           | 21.1%                     | 5,716          | 39                    | 9                |
| Southfield Schools      | 20.8%                     | 6,928          | 43                    | 16               |
| Van Buren Public        | 20.2%                     | 4,832          | 27                    | 7                |
| Waterford Schools       | 16.8%                     | 9,356          | 44                    | 18               |
| Utica Community Schools | 11.5%                     | 27,741         | 84                    | 40               |
| Plymouth-Canton         | 7.6%                      | 17,152         | 67                    | 25               |

DPS vs. Peers, Student Count Trends, 2008-2016



# Selecting a relevant peer group of districts with similar socio-economic status and trends in student enrollment

The following criteria were used to determine the relevant peer group:

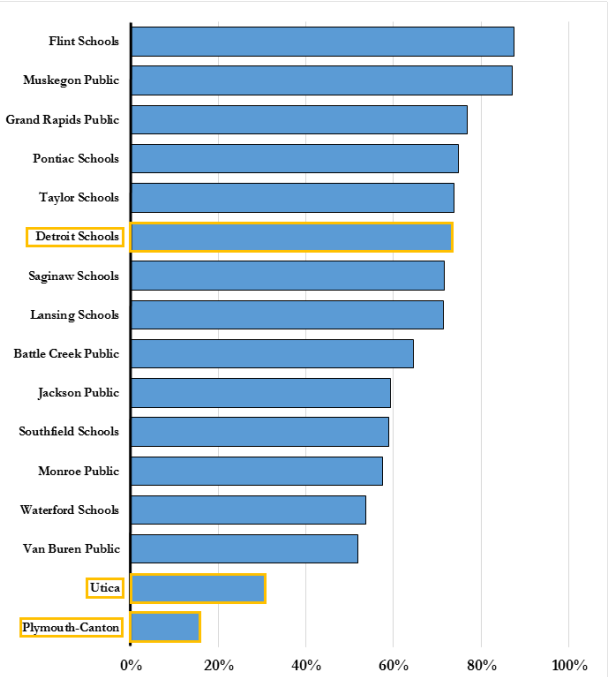
1. Student Count (2015-16) > 3,000
2. % Free and Reduced Lunch (2015-16) > 50%
3. % Decline in Student Count (2011 to 2016) > 10%
4. Area Size (2015-16) > 17 square miles

The resulting peer group comprised 13 school districts. Plymouth-Canton and Utica fell outside the relevant peer group but were included for demonstration purposes.

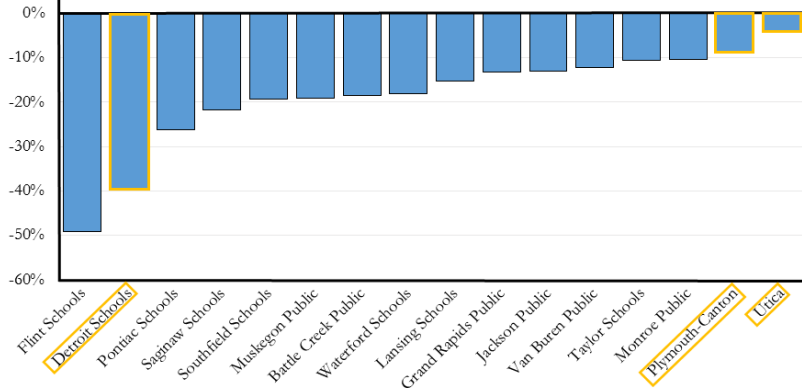
## Criteria 1 and 4: Student Count and Area Size by District

| School District         | Total Students | District Square Miles |
|-------------------------|----------------|-----------------------|
| Detroit Public Schools  | 45,557         | 139                   |
| Utica Community Schools | 27,741         | 84                    |
| Plymouth-Canton         | 17,152         | 67                    |
| Grand Rapids Public     | 15,222         | 56                    |
| Lansing Schools         | 11,014         | 52                    |
| Waterford Schools       | 9,356          | 44                    |
| Southfield Schools      | 6,928          | 43                    |
| Taylor Schools          | 6,574          | 40                    |
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| Flint Schools           | 5,360          | 36                    |
| Jackson Public          | 5,181          | 30                    |
| Van Buren Public        | 4,832          | 27                    |
| Battle Creek Public     | 4,413          | 26                    |
| Pontiac Schools         | 4,158          | 26                    |
| Muskegon Public         | 3,885          | 17                    |

## Criteria 2: % Free and Reduced Lunch by District



## Criteria 3: % Decline in Student Count by District



Source: Eidex data analytics

# DPS special education overview

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## Declining enrollment

- Since 1990, Detroit's population dropped 34 percent, but DPS's enrollment fell 73 percent. Over the same period, state policymakers enacted new laws that made it easier for students to move to a neighboring school district (inter-district choice), but also created a new type of public school (charter schools) to compete for students.

## Special education population

- The change in enrollment is most apparent in the number and share of special education students attending DPS:
  - For the current school year, nearly one out of every five DPS students (18 percent) has an Individualized Education Program (IEP), qualifying him or her to receive some amount of special education services.
  - Compared to the statewide average, DPS enrolls proportionately more children with disabilities. DPS's special education enrollment is more than twice the size of the total special education population in all surrounding traditional districts combined.

## Special education financial system

- DPS's per-pupil general fund subsidy was 53 percent larger than the average subsidy of all the other traditional public school districts and charter schools in the Wayne RESA district.
- However, the state's system for financing special education does not guarantee that the full costs of the required services are covered by dedicated revenue sources. As a result, district general fund resources serve as the "funder of last resort."
- For DPS with its large special education population, the use of general fund dollars to fund special education hampers the ability of the district to provide quality education to non-special education students.

## Why are DPS expenses high and how is DPS losing money compared to other school districts?

- Although other districts face the same challenge (i.e., inadequate special education funding), DPS is burdened by the following challenges:
  1. the general structure and operation of the special education financing system;
  2. its large special education population; and
  3. its overall enrollment which has been falling precipitously over the last 10 years, resulting in fewer general fund dollars and a greater share of these resources having to go towards meeting special education spending mandates.



# Revenue and cost components of DPS's special education

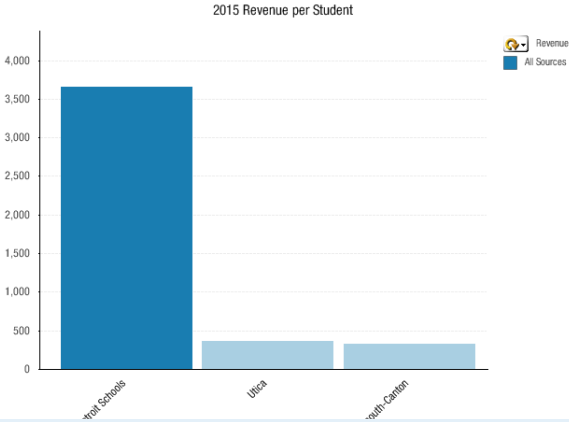
|  |           |                    |
|--|-----------|--------------------|
| <b><u>Revenues</u></b>                           |           |                    |
| Special education transportation reimbursement   | \$        | 9,258,835          |
| Special education program cost reimbursement     |           | 32,671,227         |
| <b>Total state special education revenue</b>     |           | <b>41,930,062</b>  |
|  |           |                    |
| Medicaid   |           | 1,976,380          |
| Act 18   |           | 38,907,299         |
| FTK Revenue                                      |           | 700,057            |
| IDEA Flowthrough (Federal)                       |           | 6,424,826          |
| IDEA ATTIC (Federal)                             |           | 525,000            |
| IDEA CPA (Federal)                               |           | 3,099,150          |
| IDEA Pre-School (Federal)                        |           | 416,494            |
|  |           |                    |
| <b>Total Revenue</b>                             | <b>\$</b> | <b>93,979,268</b>  |
|  |           |                    |
| <b><u>Expenditures</u></b>                       |           |                    |
| Special education transportation                 | \$        | 13,148,673         |
| Special education program cost (incl. indirect)  |           | 114,179,966        |
| IDEA Flowthrough including indirect              |           | 6,424,826          |
| IDEA ATTIC including indirect                    |           | 525,000            |
| IDEA CPA including indirect                      |           | 3,099,150          |
| IDEA Pre-School including indirect               |           | 416,494            |
|  |           |                    |
| <b>Total special education expenditures</b>      | <b>\$</b> | <b>137,794,109</b> |
|  |           |                    |
| <b>General Fund support of special education</b> | <b>\$</b> | <b>43,814,841</b>  |

# DPS had a significantly higher population of students from low-income backgrounds and special education than Plymouth-Canton and Utica, so DPS was eligible for higher grant funding per student given the additional costs of serving its population

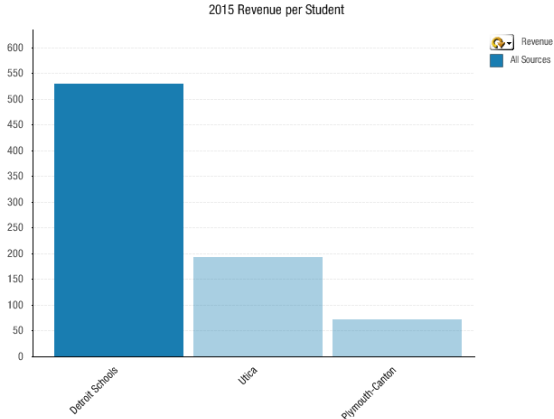
DPS vs. Plymouth Canton and Utica, Socio-Economic Indicators and Special Education, 2015

| School Name             | Total Students | Census Poverty Percentage | % Free and Reduced Lunch | Special Ed FTE Count | Special Ed Overall Spend | Special Ed Spend/FTE | Special Ed Transportation Spend | Special Ed Transportation Spend/FTE |
|-------------------------|----------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------|---------------------------------|-------------------------------------|
| Plymouth-Canton         | 17,152         | 7.6%                      | 15.6%                    | 454                  | \$ 22,921,949            | \$ 50,509            | \$ 3,659,486                    | \$ 8,064                            |
| Utica Community Schools | 27,741         | 11.5%                     | 30.8%                    | 945                  | 30,957,597               | 32,758               | 2,791,658                       | 2,954                               |
| Detroit Schools         | 45,557         | 53.9%                     | 73.3%                    | 3,980                | 114,179,966              | 28,690               | 13,148,675                      | 3,304                               |

DPS vs Plymouth-Canton and Utica, Federal Grant Revenue per student, 2015



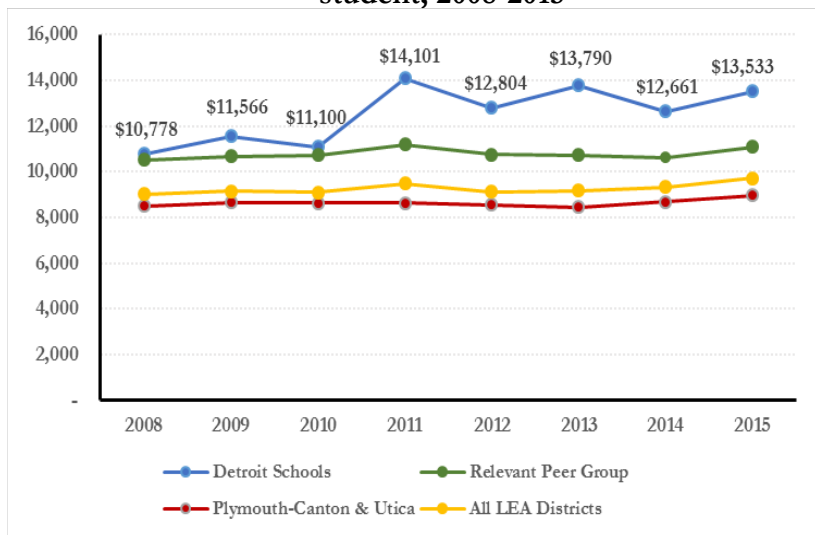
DPS vs Plymouth-Canton and Utica, At Risk Revenue per student, 2015



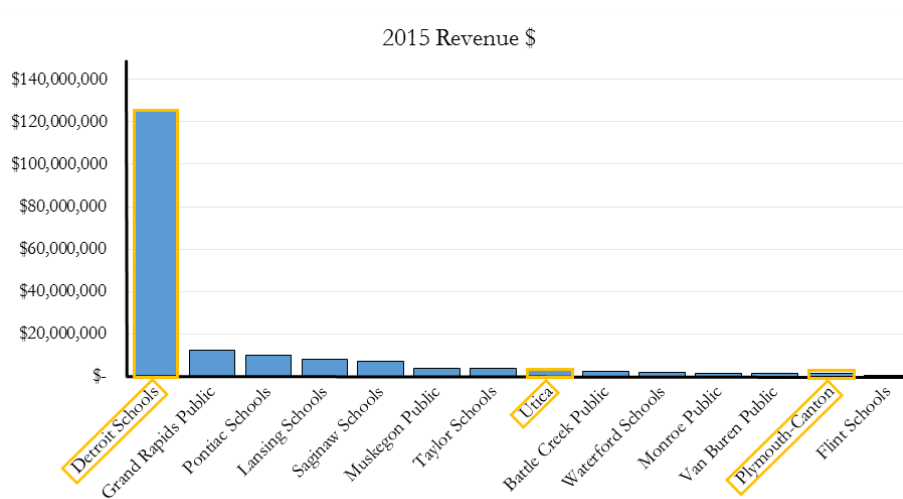
- The data compared DPS Support Services expenditures to Plymouth-Canton and Utica on the basis that the two school districts combined have approximately the same amount of students as DPS.
- DPS has a much higher population of students from a low-income background. This means that DPS is eligible for significantly higher federal and state funding. For example, in FY15, DPS received over 7x as much Federal grant funding, and almost 3x as much At Risk funding as Plymouth-Canton and Utica. DPS also has significantly higher special education population resulting in additional costs.
- Accordingly it was determined that more relevant factors should be taken into consideration when comparing other school districts to DPS including the socio-economic status of a district and significant declines in student count.

# Over the period 2008 to 2015, DPS received grant revenue from Federal, State and Local sources that was significantly higher than its peer group, predominately due to the high proportion of DPS students from low-income backgrounds

**DPS vs Peers, Grant Revenue Trends per student, 2008-2015**

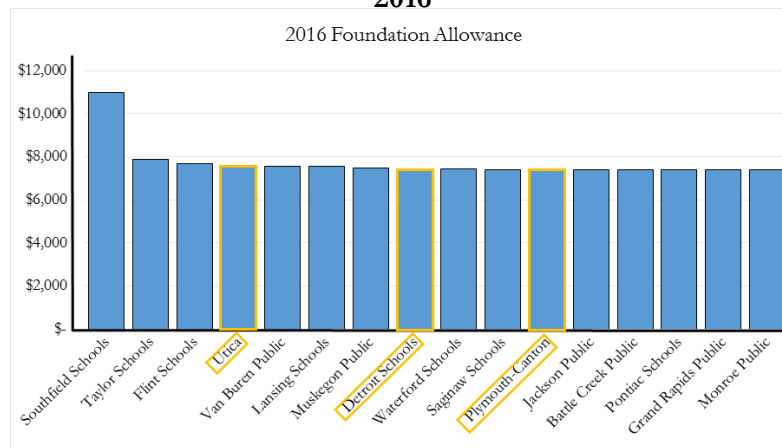


**DPS vs. Peers, Title 1 Part A Funding, 2015**



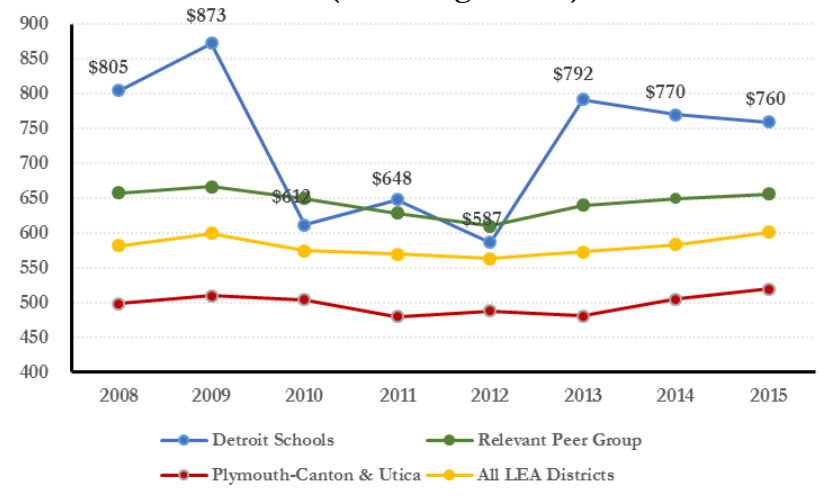
- Federal money is distributed largely on the basis of how many students come from low-income backgrounds. In the 2014-15 school year, DPS collected \$13,533 per pupil from all sources. The statewide average was \$9,730, whilst the Relevant Peer Group was \$11,091 per pupil and the Plymouth-Canton and Utica per pupil amount of \$8,984 was below the State average.
- Total federal funding for DPS in 2014-2015 accounted for 25 percent of DPS's operations budget, with the majority of this amount being Title I-Part A funding.
- Under Michigan's school funding distribution formula, all districts get a minimum per-pupil foundation allowance, with state tax dollars filling in for lower local property taxes in poorer school districts.

**DSP vs Peers, Foundation Allowance per student, 2016**

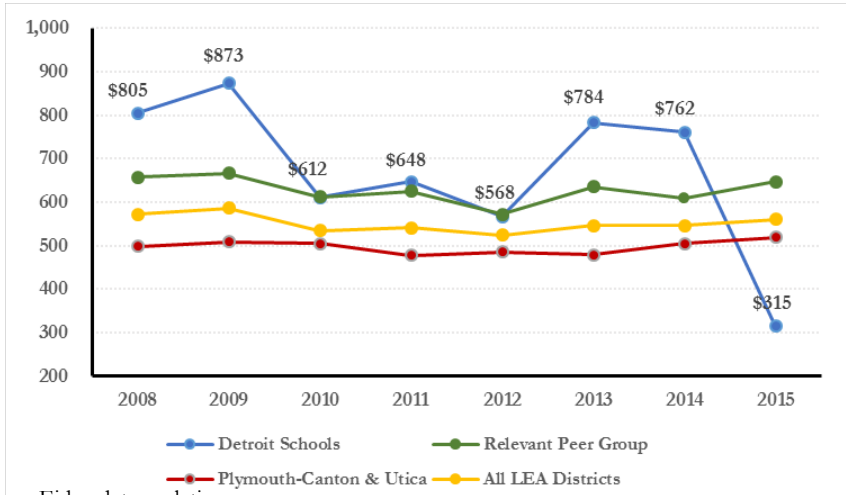


# As a result of DPS eliminating a number of Administrator positions, there is an overall downwards trend from 2013 in DPS School Administration Services spend per student

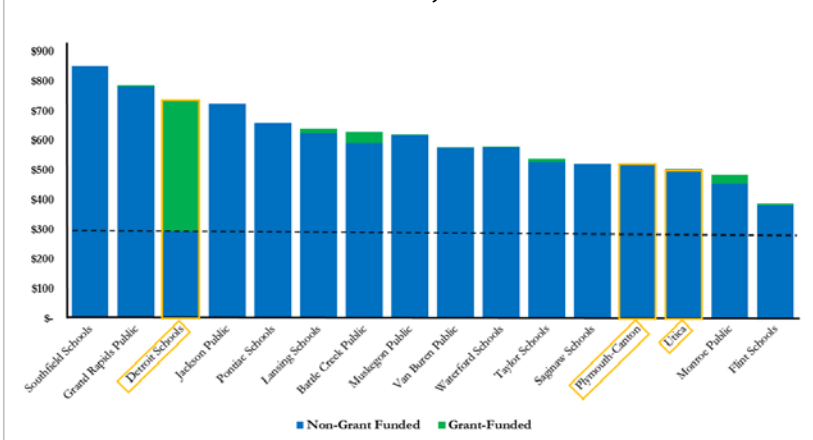
DPS vs. Peers, School Administration Expenses Trends, 2008-2015 (Including Grants)



DPS vs. Peers, School Administration Expenses Trends, 2008-2015 (Excluding Grants)



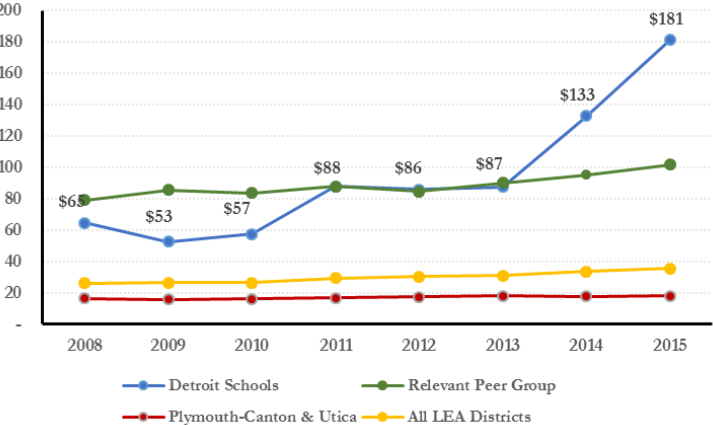
DPS vs. Peers, School Administrative Salaries & Employee Benefits Expenses per student, Grant vs. Non-Grant funded breakout, 2015



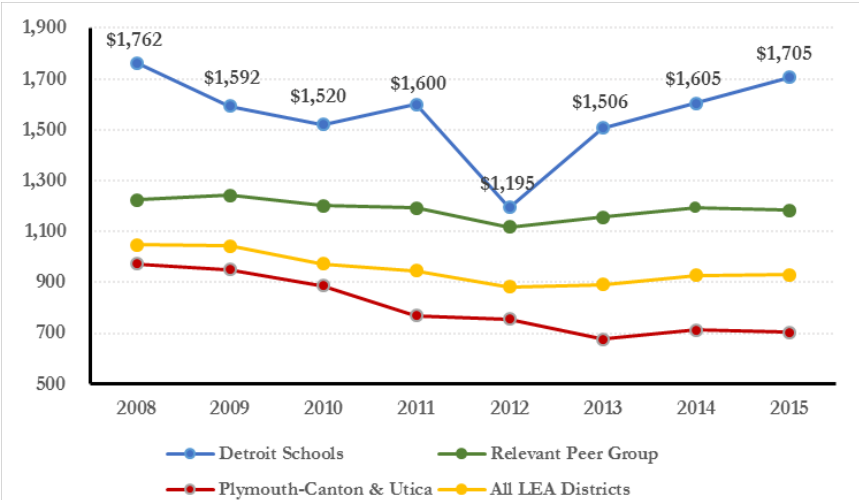
- The majority of School Administration expenditures for DPS relate to Administrative Salaries and Employee Benefits. Whilst in 2015 DPS had one of the highest school administrative salaries and employee benefits spends per student compared to its peers, this is largely as a result of significantly larger more school buildings, Title 1 Part A grant funding DPS received that year.
- In 2015 DPS was well below its peers in relation to non-grant funded school administration spend per student.
- Since FY16, DPSCD has eliminated over 42 official/administrator/manager positions whilst increasing the number of Classroom Teachers and Teacher Aides by 111. Additionally, of the 201 consultants/supervisors of instruction in FY17, around 150 of these are instructional specialists and are grant funded.

# DPS's higher spending on Operations & Maintenance Services on a per-student basis is due to its large number of buildings, City regulations and utility rates, and its Police Department

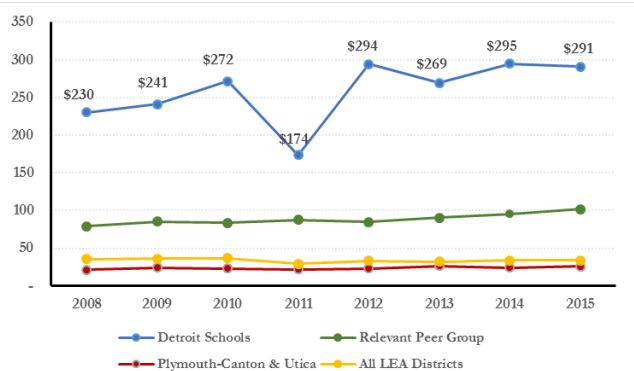
DPS vs. Peers, Utilities Spending Trends per student, 2008-2015



DPS vs. Peers, Operations & Maintenance Services Expenses Trends per student, 2008-2015



DPS vs. Peers, Security Services Spending Trends per student, 2008-2015



- The majority of DPS spending in this category relates to spending on repairs and maintenance services, custodial/engineering services, utility services and security services.
- DPS has 93 buildings versus Plymouth-Canton and Utica, which have a combined total of 60 buildings between them. Given that DPS has over 50% more buildings, this gives rise to higher costs for utilities, boilers, repairs and maintenance.
- DPS is required to comply with a number of City of Detroit regulations imposed in relation to boilers and air-conditioning units. DPSCD is currently in the process of replacing or retrofitting boilers in order to comply with City of Detroit Ordinance 705-G and thereby reduce the need for boiler operators.
- Sewer and water rates in Detroit are amongst the highest in Michigan, hence DPS's higher utilities spend compared to its peers.
- DPS is the only school district in Michigan to maintain a Police Department.

# DPS/DPSCD Actual FTEs: 2006, 2015-2017

| Category (FTE)                          | DPS             | DPS            | DPS            | DPSCD              | FY06 Actuals      | FY16 Actuals   |
|---|-----------------|----------------|----------------|--------------------|-------------------|----------------|
|   | FY 2006 FTE     | FY 2015 FTE    | FY 2016 FTE    | FY 2017 FTE        | vs. FY17          | vs. FY17       |
|   | Actuals         | Actuals        | Actuals        | Actuals<br>9/20/16 | Actuals           | Actuals        |
| Officials/ Administrators/ Managers     | 199.0           | 189.0          | 194.0          | 167.0              | (32.0)            | (27.0)         |
| Principals                              | 229.0           | 96.0           | 95.0           | 96.0               | (133.0)           | 1.0            |
| Assistant Principals                    | 173.0           | 48.0           | 48.0           | 50.0               | (123.0)           | 2.0            |
| Classroom Teachers                      | 7,628.2         | 2,808.8        | 2,644.0        | 2,599.0            | (5,029.2)         | (45.0)         |
| Guidance                                | 289.5           | 100.0          | 98.0           | 93.0               | (196.5)           | (5.0)          |
| Psychological                           | 100.5           | 52.8           | 37.2           | 36.0               | (64.5)            | (1.2)          |
| Librarians/ AudioVisual                 | 63.0            | 2.0            | 0.0            | 0.0                | (63.0)            | 0.0            |
| Consultants/ Supervisors of Instruction | 295.2           | 246.8          | 225.0          | 201.0              | (94.2)            | (24.0)         |
| Other Professional Staff                | 612.2           | 358.6          | 335.0          | 302.0              | (310.2)           | (33.0)         |
| Teacher Aides                           | 1,712.0         | 1,034.0        | 986.0          | 919.0              | (793.0)           | (67.0)         |
| Technicians                             | 21.0            | 8.0            | 7.0            | 6.0                | (15.0)            | (1.0)          |
| Clerical/ Secretarial Staff             | 910.0           | 319.0          | 275.0          | 252.0              | (658.0)           | (23.0)         |
| Service Workers                         | 2,259.0         | 753.0          | 753.0          | 686.0              | (1,573.0)         | (67.0)         |
| Skilled Crafts                          | 427.0           | 12.0           | 11.0           | 11.0               | (416.0)           | 0.0            |
| <b>Staff totals</b>                     | <b>14,918.6</b> | <b>6,028.0</b> | <b>5,708.2</b> | <b>5,418.0</b>     | <b>(9,500.6)</b>  | <b>(290.2)</b> |
| Part-Time staff                         | 2,318.0         | 442.0          | 355.0          | 325.0              | (1,993.0)         | (30.0)         |
| <b>Substitute staff:</b>                |                 |                |                |                    |                   |                |
| Instructional                           | 599.0           | 238.0          | 246.0          | 147.0              | (452.0)           | (99.0)         |
| Noninstructional support                | 1,074.0         | 9.0            | 11.0           | 10.0               | (1,064.0)         | (1.0)          |
| <b>Substitute staff totals</b>          | <b>1,673.0</b>  | <b>247.0</b>   | <b>257.0</b>   | <b>157.0</b>       | <b>(1,516.0)</b>  | <b>(100.0)</b> |
| <b>Grand Total</b>                      | <b>18,909.6</b> | <b>6,717.0</b> | <b>6,320.2</b> | <b>5,900.0</b>     | <b>(13,009.6)</b> | <b>(420.2)</b> |

## In Summary

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- DPSCD has the same enrollment as Utica and Plymouth Canton combined, this is the only similarity
- DPSCD serves a vastly different population than Utica and Plymouth Canton in regards to socio-economic factors
- DPSCD receives significant amount of federal funds that are reflected in the expenditure numbers
- DPSCD serves three times the number of special needs children
- DPSCD is the only district with its own police department
- DPSCD is the only district with a city ordinance for boiler engineers and air conditioning engineers
- DPSCD is the only district transporting elementary children .75 miles from their home school
- DPSCD has about 100 charter schools within or next to its borders which has caused tremendous loss of enrollment and to close over 150 schools since 2005.
- DPSCD serves the same amount of students as Utica and Plymouth Canton but uses 30 more buildings
  
- IT IS NOT FAIR TO COMPARE DPSCD WITH UTICA AND OR PLYMOUTH CANTON

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|          |  |
|----------|--|
| <b>1</b> | <b>Benchmarking</b>                            |
| <b>2</b> | <b>Financial update</b>                        |
| <b>3</b> | <b>Healthcare contract update</b>              |
| <b>4</b> | <b>Requests for consideration and approval</b> |
| <b>5</b> | <b>Appendix</b>                                |



## Executive Summary – Financial Update

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- DPSCD has prepared a monthly spread of the amended budget, which will be used to measure performance going forward. This monthly spread will continue to be evaluated with subsequent budget amendments.
- DPSCD has recorded a surplus of revenues over expenditures of \$59M through August 2016. The surplus is primary due to higher revenue resulting from one-time transfers in related to the new District legislation and low expenditures in July and August, which are customary with school being out.
- YTD revenues were higher than prior year (\$26M) because of the one-time transfers in, but lower than budget by \$23M since some transfers were not recorded until after August
- YTD expenses were lower than both prior year (\$14M) and budget (\$7M) due to lower summer school participation, lower headcount, and unfilled vacancies. These favorable variances were concentrated in personnel and benefits
- YTD net cash flow through August was \$38M, again primarily due to one-time transfers in and low summer expenditures
- Net cash flow (\$38M) was lower than the revenue surplus (\$59M) due to timing differences between cash and accruals, most notable of which is State foundation allowance which is accrued but not received until October. These timing differences are expected to reverse
- DPSCD has also prepared monthly cash flow projections based on the amended budgeted revenues and expenditures. The monthly spread estimates adequate cash balance throughout FY17 and will be used to measure performance going forward. This cash forecast will continue to be evaluated with subsequent budget amendments and other circumstances.

## Enrollment Trends and variances

- DPSCD has 45 days (Mid-November) to cleanse data before FTE count is finalized

|                        | Actual 2016 | Budget 2017 | Actual 2017 |
|------------------------|-------------|-------------|-------------|
| FTE Student Count      | 46,319      | 45,511      | 45,140      |
| Variance to PY         | -           | (808)       | (1,179)     |
| Variance to PY (%)     | -           | -1.8%       | -2.5%       |
| Variance to Budget     | -           | -           | (371)       |
| Variance to Budget (%) | -           | -           | (0.8%)      |

### Total Impact (estimated)

| Description                           | Amount          |
|---------------------------------------|-----------------|
| Per-student FTE reimbursement         | \$7,552         |
| Other variable revenues per student + | \$500           |
| Total FTE reimbursement               | \$8,052         |
| Est. FTE loss below budget ×          | 371             |
| <b>Est. total loss of funding</b>     | <b>~\$3.0m*</b> |

*\*Impact before vacancy eliminations*

# DPSCD FY17 monthly budget spread

|  | Jul-16               | Aug-16               | Sep-16               | Oct-16                | Nov-16               | Dec-16                 | Jan-17                | Feb-17               | Mar-17                | Apr-17               | May-17                 | Jun-17                | FY 17 Total          |
|--|----------------------|----------------------|----------------------|-----------------------|----------------------|------------------------|-----------------------|----------------------|-----------------------|----------------------|------------------------|-----------------------|----------------------|
| <b>Revenues</b>                        |                      |                      |                      |                       |                      |                        |                       |                      |                       |                      |                        |                       |                      |
| Local Sources                          | \$ 150,459           | \$ 181,364           | \$ 150,359           | \$ 1,341,884          | \$ 251,473           | \$ 407,423             | \$ 950,276            | \$ 1,135,898         | \$ 255,062            | \$ 413,981           | \$ 364,962             | \$ 3,696,189          | \$ 9,299,330         |
| State Sources                          | 34,313,118           | 34,094,809           | 36,324,692           | 37,643,697            | 35,960,389           | 35,015,967             | 35,866,037            | 38,633,778           | 36,500,304            | 36,257,039           | 38,811,732             | 41,898,663            | 441,320,225          |
| Federal Sources                        | 7,431,528            | 3,576,237            | 9,001,660            | 15,374,504            | 12,616,615           | 9,525,877              | 19,537,628            | 10,908,804           | 14,895,395            | 11,095,706           | 14,500,096             | 13,734,064            | 142,198,114          |
| Inderdistrict Sources                  | 3,610,350            | 3,610,350            | 3,610,350            | 3,950,530             | 3,652,491            | 3,610,350              | 3,610,350             | 3,660,341            | 3,610,350             | 3,610,350            | 3,610,350              | 3,610,342             | 43,756,504           |
| Other sources                          | 43,050,000           | 750,000              | 750,000              | 815,780               | 2,793,394            | 750,000                | 896,884               | 750,000              | 750,000               | 750,000              | 750,000                | 750,000               | 53,556,058           |
| <b>Total Revenues</b>                  | <b>88,555,455</b>    | <b>42,212,760</b>    | <b>49,837,061</b>    | <b>59,126,395</b>     | <b>55,274,362</b>    | <b>49,309,617</b>      | <b>60,861,175</b>     | <b>55,088,821</b>    | <b>56,011,111</b>     | <b>52,127,076</b>    | <b>58,037,140</b>      | <b>63,689,258</b>     | <b>690,130,231</b>   |
| <b>Expenditures</b>                    |                      |                      |                      |                       |                      |                        |                       |                      |                       |                      |                        |                       |                      |
| Instruction                            | 10,548,061           | 5,323,219            | 28,952,043           | 33,788,159            | 31,655,395           | 34,596,987             | 31,202,858            | 27,504,132           | 32,559,253            | 27,661,252           | 43,249,611             | 34,510,278            | 341,551,248          |
| Support Services                       |                      |                      |                      |                       |                      |                        |                       |                      |                       |                      |                        |                       |                      |
| Pupil                                  | 1,450,349            | 893,971              | 4,873,496            | 6,174,013             | 5,078,150            | 7,708,520              | 5,277,924             | 5,013,895            | 7,404,456             | 3,923,599            | 8,246,256              | 5,988,880             | 62,033,509           |
| Instructional Staff                    | 3,572,242            | 1,989,796            | 4,096,132            | 6,815,531             | 3,852,737            | 4,072,994              | 5,228,455             | 4,899,175            | 4,712,895             | 2,250,599            | 7,903,354              | 4,573,542             | 53,967,452           |
| General Administration                 | 241,405              | 239,951              | 290,374              | 705,392               | 289,955              | 285,304                | 301,711               | 172,909              | 162,158               | 448,136              | 502,908                | 196,771               | 3,836,974            |
| School Administration                  | 2,421,409            | 1,895,686            | 3,416,444            | 3,699,027             | 3,438,411            | 4,249,400              | 1,801,439             | 2,835,011            | 3,557,180             | 2,828,554            | 5,223,977              | 3,120,996             | 38,487,534           |
| Business                               | 507,683              | 909,255              | 547,667              | 340,157               | 195,314              | 215,659                | 215,659               | 446,414              | 1,465,301             | 1,818,606            | 1,818,606              | 1,000,902             | 9,481,223            |
| Operation & Maintenance                | 7,797,692            | 5,574,584            | 4,373,714            | 9,608,136             | 4,225,692            | 9,459,627              | 12,616,951            | 6,303,222            | 6,700,144             | 7,659,745            | 7,659,745              | 2,875,354             | 84,854,606           |
| Transportation                         | 2,915,108            | 2,571,184            | 930,449              | 930,449               | 1,328,598            | 1,328,598              | 6,153,351             | 3,877,039            | 4,274,335             | 1,939,373            | 1,360,931              | 7,421,897             | 35,031,312           |
| Central                                | 2,564,615            | 3,885,196            | 1,696,164            | 974,881               | 805,120              | 1,386,704              | 3,489,731             | 2,168,651            | 2,690,752             | 61,032               | 3,853,754              | 4,762,779             | 28,339,379           |
| Other                                  | 14,834               | 39,064               | 50,964               | 62,545                | 146,688              | 51,056                 | 51,056                | 41,601               | 193,938               | 3,880                | 86,897                 | 100,053               | 842,576              |
| Total Support Services                 | 21,485,337           | 17,998,687           | 20,275,404           | 29,310,131            | 19,360,665           | 28,757,862             | 35,136,277            | 25,757,917           | 31,161,159            | 20,933,524           | 36,656,428             | 30,041,174            | 316,874,565          |
| Community Services                     | 29,810               | 24,623               | 57,654               | 103,783               | 1,921,351            | 99,739                 | 1,425,168             | 45,590               | 321,791               | 38,495               | 40,749                 | 148,650               | 4,257,403            |
| Facilities Acquisition and Improvement | 50,567               | 50,567               | 50,567               | 50,567                | 50,567               | 50,567                 | 50,567                | 50,567               | 50,567                | 50,567               | 50,567                 | 50,572                | 606,809              |
| Debt service                           | -                    | -                    | -                    | -                     | -                    | -                      | -                     | -                    | -                     | -                    | -                      | -                     | -                    |
| Other uses                             | -                    | -                    | -                    | -                     | -                    | -                      | -                     | -                    | -                     | -                    | -                      | -                     | -                    |
| <b>Net Surplus/ (Deficit)</b>          | <b>\$ 56,441,680</b> | <b>\$ 18,815,664</b> | <b>\$ 501,393</b>    | <b>\$ (4,126,245)</b> | <b>\$ 2,286,384</b>  | <b>\$ (14,195,538)</b> | <b>\$ (6,953,695)</b> | <b>\$ 1,730,615</b>  | <b>\$ (8,081,659)</b> | <b>\$ 3,443,238</b>  | <b>\$ (21,960,215)</b> | <b>\$ (1,061,416)</b> | <b>\$ 26,840,206</b> |
| <b>Fund Balance</b>                    |                      |                      |                      |                       |                      |                        |                       |                      |                       |                      |                        |                       |                      |
| Designated for future investment       | 12,343,524           | 12,343,524           | 12,343,524           | 12,343,524            | 12,343,524           | 12,343,524             | 12,343,524            | 12,343,524           | 12,343,524            | 12,343,524           | 12,343,524             | 12,343,524            | 12,343,524           |
| Undesignated fund balance              | 44,098,156           | 62,913,820           | 63,415,213           | 59,288,968            | 61,575,352           | 47,379,814             | 40,426,119            | 42,156,734           | 34,075,075            | 37,518,313           | 15,558,098             | 14,496,682            | 14,496,682           |
| <b>Ending Fund Balance</b>             | <b>\$ 56,441,680</b> | <b>\$ 75,257,344</b> | <b>\$ 75,758,737</b> | <b>\$ 71,632,492</b>  | <b>\$ 73,918,876</b> | <b>\$ 59,723,338</b>   | <b>\$ 52,769,643</b>  | <b>\$ 54,500,258</b> | <b>\$ 46,418,599</b>  | <b>\$ 49,861,837</b> | <b>\$ 27,901,622</b>   | <b>\$ 26,840,206</b>  | <b>\$ 26,840,206</b> |

# DPSCD summary statement of revenues and expenditures – year-over-year comparison

|   | Year-over-Year Comparison Current Month |                     |                       |              | Year-over-Year Comparison YTD |                      |                      |              |
|---|---|---------------------|-----------------------|--------------|-------------------------------|----------------------|----------------------|--------------|
|   | Actual                                  | Actual              | Variance              |              | Actual                        | Actual               | Variance             |              |
|   | Month of                                | Month of            |                       |              | YTD                           | YTD                  |                      |              |
|   | Aug-15                                  | Aug-16              | \$                    | %            | Aug-15                        | Aug-16               | \$                   | %            |
| <b>Revenues</b>                         |   |                     |                       |              |                               |                      |                      |              |
| Local sources                           | \$ 5,788,631                            | \$ 17,804           | \$ (5,770,827)        | (100%)       | \$ 11,757,404                 | \$ 15,017,849        | \$ 3,260,445         | 28%          |
| State sources                           | 27,399,896                              | 31,827,347          | 4,427,451             | 16%          | 57,877,570                    | 63,150,949           | 5,273,379            | 9%           |
| Federal sources                         | 3,120,121                               | 996,134             | (2,123,987)           | (68%)        | 11,924,845                    | 4,216,161            | (7,708,684)          | (65%)        |
| Interdistrict sources                   | -                                       | -                   | -                     | -            | -                             | -                    | -                    | -            |
| Other sources                           | -                                       | -                   | -                     | -            | -                             | 25,000,000           | 25,000,000           | -            |
| <b>Total Revenues</b>                   | <b>36,308,648</b>                       | <b>32,841,284</b>   | <b>(3,467,364)</b>    | <b>(11%)</b> | <b>81,559,819</b>             | <b>107,384,958</b>   | <b>25,825,139</b>    | <b>24%</b>   |
| <b>Expenditures</b>                     |   |                     |                       |              |                               |                      |                      |              |
| Instruction                             | 4,902,642                               | 4,102,010           | (800,632)             | (16%)        | 14,784,900                    | 9,511,834            | (5,273,066)          | (36%)        |
| Support services                        | 18,031,041                              | 21,460,281          | 3,429,240             | 19%          | 38,914,398                    | 38,797,574           | (116,824)            | (0%)         |
| Community service                       | 27,792                                  | 8,127               | (19,665)              | (71%)        | 61,439                        | 34,145               | (27,294)             | (44%)        |
| Facilities acquisitions and improvement | -                                       | -                   | -                     | -            | -                             | -                    | -                    | -            |
| Debt service                            | 4,416,841                               | -                   | (4,416,841)           | (100%)       | 8,833,682                     | -                    | (8,833,682)          | (100%)       |
| Other uses                              | -                                       | -                   | -                     | -            | -                             | -                    | -                    | -            |
| <b>Total Expenditures</b>               | <b>27,378,316</b>                       | <b>25,570,418</b>   | <b>(1,807,898)</b>    | <b>(7%)</b>  | <b>62,594,419</b>             | <b>48,343,553</b>    | <b>(14,250,866)</b>  | <b>(29%)</b> |
| <b>Surplus (Deficit)</b>                | <b>\$ 8,930,332</b>                     | <b>\$ 7,270,867</b> | <b>\$ (1,659,465)</b> | <b>(23%)</b> | <b>\$ 18,965,400</b>          | <b>\$ 59,041,406</b> | <b>\$ 40,076,006</b> | <b>68%</b>   |

# DPSCD summary statement of revenues and expenditures – budget to actuals comparison

|   | Budget to Actual comparison August '16 |                     |                        |               | Budget to Actual comparison YTD August '16 |                      |                        |              |
|---|--|---------------------|------------------------|---------------|--|----------------------|------------------------|--------------|
|   | Budget                                 | Actual              | Variance               |               | Budget                                     | Actual               | Variance               |              |
|   | Month of<br>Aug-16                     | Month of<br>Aug-16  | \$                     | %             | YTD<br>Aug-16                              | YTD<br>Aug-16        | \$                     | %            |
| <b>Revenues</b>                         |  |                     |                        |               |  |                      |                        |              |
| Local sources                           | \$ 181,364                             | \$ 17,804           | \$ (163,560)           | (90%)         | \$ 331,823                                 | \$ 15,017,849        | \$ 14,686,026          | 4426%        |
| State sources                           | 34,094,806                             | 31,827,347          | (2,267,459)            | (7%)          | 68,407,927                                 | 63,150,949           | (5,256,978)            | (8%)         |
| Federal sources                         | 3,576,237                              | 996,134             | (2,580,103)            | (72%)         | 11,007,765                                 | 4,216,161            | (6,791,604)            | (62%)        |
| Interdistrict sources                   | 3,610,350                              | -                   | (3,610,350)            | (100%)        | 7,220,700                                  | -                    | (7,220,700)            | (100%)       |
| Other sources                           | 750,000                                | -                   | (750,000)              | (100%)        | 43,800,000                                 | 25,000,000           | (18,800,000)           | (43%)        |
| <b>Total revenues</b>                   | <b>42,212,757</b>                      | <b>32,841,284</b>   | <b>(9,371,473)</b>     | <b>(29%)</b>  | <b>130,768,215</b>                         | <b>107,384,958</b>   | <b>(23,383,257)</b>    | <b>(22%)</b> |
| <b>Expenditures</b>                     |  |                     |                        |               |  |                      |                        |              |
| Instruction                             | 5,323,219                              | 4,102,010           | (1,221,209)            | (23%)         | 15,871,280                                 | 9,511,834            | (6,359,446)            | (40%)        |
| Support services                        | 17,998,687                             | 21,460,281          | 3,461,594              | 19%           | 39,484,024                                 | 38,797,574           | (686,450)              | (2%)         |
| Community service                       | 24,623                                 | 8,127               | (16,496)               | (67%)         | 54,433                                     | 34,145               | (20,288)               | (37%)        |
| Facilities acquisitions and improvement | 50,567                                 | -                   | (50,567)               | (100%)        | 101,134                                    | -                    | (101,134)              | (100%)       |
| Debt service                            | -                                      | -                   | -                      | -             | -  | -                    | -                      | -            |
| Other uses                              | -                                      | -                   | -                      | -             | -  | -                    | -                      | -            |
| <b>Total expenditures</b>               | <b>23,397,096</b>                      | <b>25,570,418</b>   | <b>2,173,322</b>       | <b>8%</b>     | <b>55,510,871</b>                          | <b>48,343,553</b>    | <b>(7,167,318)</b>     | <b>(15%)</b> |
| <b>Surplus (Deficit)</b>                | <b>\$ 18,815,661</b>                   | <b>\$ 7,270,867</b> | <b>\$ (11,544,794)</b> | <b>(159%)</b> | <b>\$ 75,257,344</b>                       | <b>\$ 59,041,406</b> | <b>\$ (16,215,938)</b> | <b>(27%)</b> |

# DPSCD detail statement of expenditures by object level – year-over-year comparison

|                           | Year-over-Year Comparison Current Month |                      |                       |             | Year-over-Year Comparison YTD |                      |                        |              |
|---------------------------|---|----------------------|-----------------------|-------------|-------------------------------|----------------------|------------------------|--------------|
|                           | Actual                                  | Actual               | Variance              |             | Actual                        | Actual               | Variance               |              |
|                           | Month of                                | Month of             | \$                    | %           | YTD                           | YTD                  | \$                     | %            |
|                           | Aug-15                                  | Aug-16               |                       |             | Aug-15                        | Aug-16               |                        |              |
| Personnel (5xxxxx)        | \$ 5,928,376                            | \$ 6,333,760         | \$ 405,384            | 7%          | \$ 18,578,799                 | \$ 13,328,120        | \$ (5,250,679)         | (28%)        |
| Benefits (6xxxxx)         | 5,270,820                               | 5,863,000            | 592,180               | 11%         | 12,188,987                    | 10,812,033           | (1,376,954)            | (11%)        |
| Purchased Services        | 9,737,461                               | 11,106,402           | 1,368,941             | 14%         | 18,259,964                    | 19,703,044           | 1,443,080              | 8%           |
| Supplies & Textbooks      | 906,164                                 | 100,386              | (805,778)             | (89%)       | 994,820                       | 100,386              | (894,434)              | (90%)        |
| Equipment & Capital       | -                                       | -                    | -                     | -           | -                             | -                    | -                      | -            |
| Utilities                 | 1,501,420                               | 2,166,870            | 665,450               | 44%         | 3,918,420                     | 4,399,970            | 481,550                | 12%          |
| Other                     | 4,034,075                               | -                    | (4,034,075)           | (100%)      | 8,653,429                     | -                    | (8,653,429)            | (100%)       |
| <b>Total Expenditures</b> | <b>\$ 27,378,316</b>                    | <b>\$ 25,570,418</b> | <b>\$ (1,807,899)</b> | <b>(7%)</b> | <b>\$ 62,594,419</b>          | <b>\$ 48,343,553</b> | <b>\$ (14,250,866)</b> | <b>(29%)</b> |

# DPSCD detail statement of expenditures by object level – budget to actuals comparison

|                           | Budget to Actual comparison August '16 |                      |                     |           | Budget to Actual comparison YTD August '16 |                      |                       |              |
|---------------------------|--|----------------------|---------------------|-----------|--|----------------------|-----------------------|--------------|
|                           | Budget                                 | Actual               | Variance            |           | Budget                                     | Actual               | Variance              |              |
|                           | Month of                               | Month of             |                     |           | YTD  | YTD                  |                       |              |
|                           | Aug-16                                 | Aug-16               | \$                  | %         | Aug-16                                     | Aug-16               | \$                    | %            |
| Personnel (5xxxxx)        | \$ 6,253,479                           | \$ 6,333,760         | \$ 80,281           | 1%        | \$ 18,836,791                              | \$ 13,328,120        | \$ (5,508,671)        | (29%)        |
| Benefits (6xxxxx)         | 3,883,192                              | 5,863,000            | 1,979,808           | 51%       | 11,518,016                                 | 10,812,033           | (705,983)             | (6%)         |
| Purchased Services        | 10,610,946                             | 11,106,402           | 495,456             | 5%        | 19,995,695                                 | 19,703,044           | (292,651)             | (1%)         |
| Supplies & Textbooks      | 979,536                                | 100,386              | (879,150)           | (90%)     | 1,076,379                                  | 100,386              | (975,993)             | (91%)        |
| Equipment & Capital       | -                                      | -                    | -                   | -         | -  | -                    | -                     | -            |
| Utilities                 | 1,266,594                              | 2,166,870            | 900,276             | 71%       | 3,327,028                                  | 4,399,970            | 1,072,942             | 32%          |
| Other                     | 403,349                                | -                    | (403,349)           | (100%)    | 756,962                                    | -                    | (756,962)             | (100%)       |
| <b>Total Expenditures</b> | <b>\$ 23,397,096</b>                   | <b>\$ 25,570,418</b> | <b>\$ 2,173,322</b> | <b>8%</b> | <b>\$ 55,510,871</b>                       | <b>\$ 48,343,553</b> | <b>\$ (7,167,318)</b> | <b>(15%)</b> |

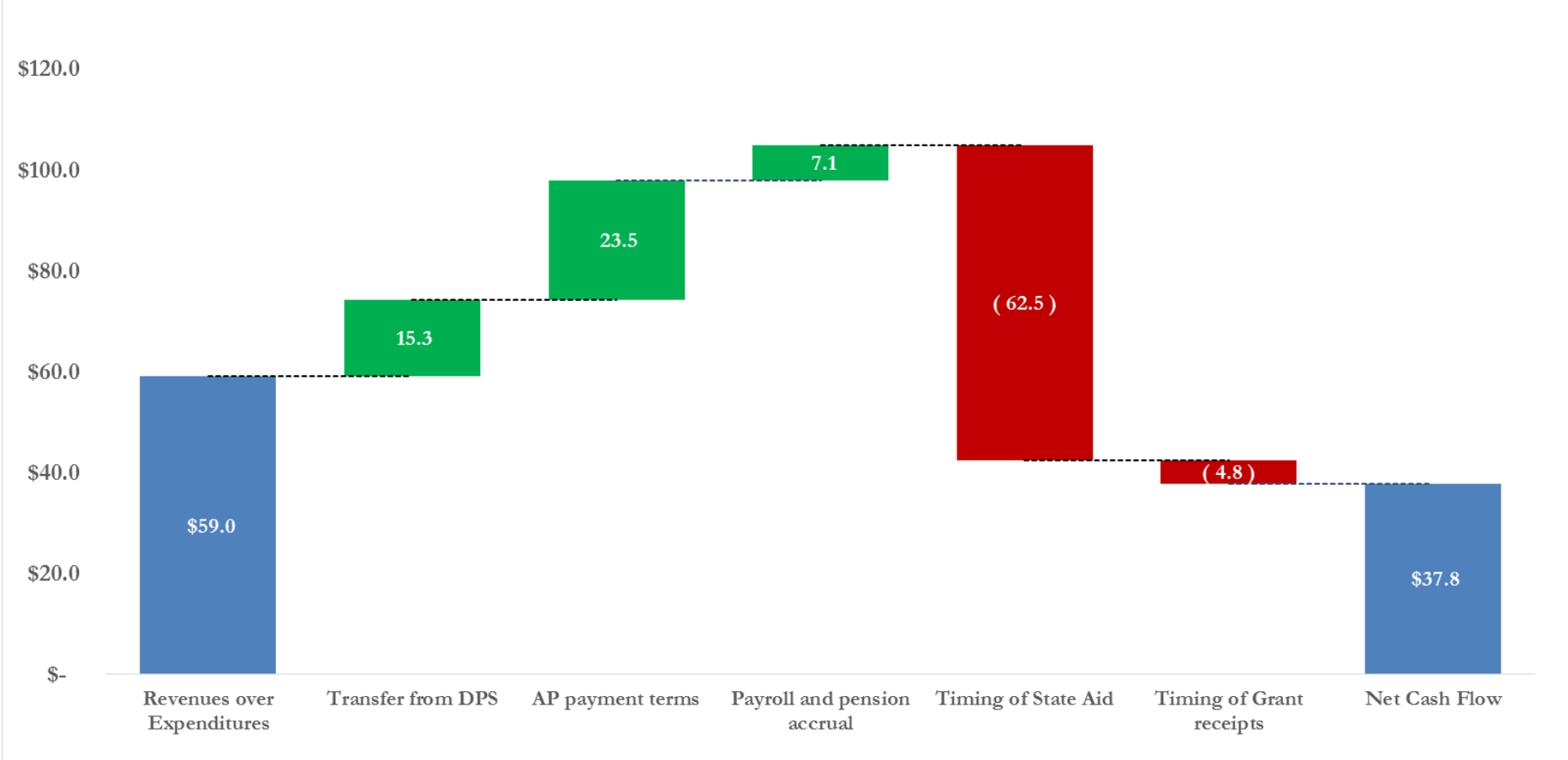
# DPSCD FY17 August year to date cash flows

| <i>\$ in thousands</i>          | July             | August           | YTD Actuals      |
|---------------------------------|------------------|------------------|------------------|
|                                 | Actuals          | Actuals          |                  |
| <b>Cash Receipts</b>            |                  |                  |                  |
| State Aid                       | \$ -             | \$ -             | \$ -             |
| Additional State Aid            | -                | -                | -                |
| MPSERS (State Funded)           | -                | -                | -                |
| Grants                          | -                | -                | -                |
| Transfer from DPS               | 25,000           | 15,269           | 40,269           |
| WCRESA                          | 15,000           | -                | 15,000           |
| Food Service Reimbursement      | -                | -                | -                |
| Capital Asset Sales             | -                | -                | -                |
| Miscellaneous                   | 25               | 110              | 135              |
| <b>Total Cash Receipts</b>      | <b>40,025</b>    | <b>15,380</b>    | <b>55,404</b>    |
| <b>Cash Disbursements</b>       |                  |                  |                  |
| MPSERS (Pass through)           | \$ -             | \$ -             | \$ -             |
| Payroll Direct Deposit          | (2,396)          | (3,424)          | (5,820)          |
| Taxes                           | (27)             | (1,397)          | (1,424)          |
| FICA                            | -                | (629)            | (629)            |
| Accounts Payable                | (1)              | (580)            | (581)            |
| Pension (employee portion)      | (36)             | (428)            | (465)            |
| Pension (employer portion)      | -                | (1,700)          | (1,700)          |
| Health                          | (28)             | (6,965)          | (6,993)          |
| Fringe Benefits                 | -                | (6)              | (6)              |
| Food Service                    | -                | -                | -                |
| Transfer to DPS                 | -                | -                | -                |
| Other                           | -                | (0)              | (0)              |
| <b>Total Cash Disbursements</b> | <b>(2,488)</b>   | <b>(15,131)</b>  | <b>(17,618)</b>  |
| Beginning Cash Balance          | -                | 37,537           | -                |
| Net Cash Flow                   | 37,537           | 249              | 37,786           |
| <b>Ending Cash Balance</b>      | <b>\$ 37,537</b> | <b>\$ 37,786</b> | <b>\$ 37,786</b> |



# Reconciliation of YTD general ledger surplus to actual net cash flow

(\$ in million)



# DPSCD FY17 monthly cash flow forecast

\$ in thousands

|                                 | ----- 2016 ----- |                  |                 |                  |                  |                  | ----- 2017 ----- |                  |                  |                  |                  |                  | FY 17 Total      |
|---------------------------------|------------------|------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                                 | July             | August           | September       | October          | November         | December         | January          | February         | March            | April            | May              | June             |                  |
|                                 | Actuals          | Actuals          | Actuals         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         |                  |
| <b>Cash Receipts</b>            |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| State Aid                       | \$ -             | \$ -             | \$ -            | \$ 28,777        | \$ 28,777        | \$ 28,777        | \$ 28,777        | \$ 28,777        | \$ 28,777        | \$ 28,777        | \$ 28,777        | \$ 28,777        | \$ 258,994       |
| Additional State Aid            | -                | -                | -               | 6,545            | 6,545            | 6,545            | 6,545            | 6,545            | 6,545            | 6,545            | 6,545            | 6,545            | 58,909           |
| MPSERS (State Funded)           | -                | -                | -               | -                | 6,132            | 3,066            | 3,066            | 3,066            | 3,066            | 3,066            | 3,066            | 3,066            | 27,593           |
| Grants                          | -                | -                | 2,407           | 9,480            | 11,000           | 29,970           | 17,470           | 12,470           | 17,705           | 12,470           | 12,470           | 16,970           | 142,412          |
| Transfer from DPS               | 25,000           | 15,269           | -               | 23,504           | -                | -                | -                | -                | -                | -                | -                | -                | 63,773           |
| WCRESA                          | 15,000           | -                | 2,498           | 2,254            | 2,254            | 2,254            | 2,254            | 2,254            | 2,254            | 2,254            | 2,254            | 2,254            | 37,784           |
| Food Service Reimbursement      | -                | -                | -               | 459              | 3,086            | 3,421            | 5,132            | 3,421            | 3,421            | 3,421            | 3,421            | 3,421            | 29,203           |
| Capital Asset Sales             | -                | -                | -               | -                | -                | 9,000            | -                | -                | -                | -                | -                | -                | 9,000            |
| Miscellaneous                   | 25               | 110              | 198             | 1,150            | 1,150            | 1,150            | 1,150            | 1,150            | 1,150            | 1,150            | 1,150            | 1,150            | 10,683           |
| <b>Total Cash Receipts</b>      | <b>40,025</b>    | <b>15,380</b>    | <b>5,103</b>    | <b>72,170</b>    | <b>58,944</b>    | <b>84,184</b>    | <b>64,394</b>    | <b>57,684</b>    | <b>62,919</b>    | <b>57,684</b>    | <b>57,684</b>    | <b>62,184</b>    | <b>638,351</b>   |
| <b>Cash Disbursements</b>       |                  |                  |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| MPSERS (Pass through)           | \$ -             | \$ -             | \$ -            | \$ -             | \$ -             | \$ (6,132)       | \$ (3,066)       | \$ (3,066)       | \$ (3,066)       | \$ (3,066)       | \$ (3,066)       | \$ (3,066)       | \$ (24,527)      |
| Payroll Direct Deposit          | (2,396)          | (3,424)          | (14,038)        | (14,121)         | (14,145)         | (19,668)         | (14,145)         | (14,145)         | (21,218)         | (14,145)         | (14,145)         | (14,145)         | (159,736)        |
| Taxes                           | (27)             | (1,397)          | (2,966)         | (5,346)          | (5,585)          | (8,800)          | (5,585)          | (5,585)          | (5,585)          | (5,585)          | (5,585)          | (8,678)          | (60,724)         |
| FICA                            | -                | (629)            | (882)           | (1,589)          | (1,673)          | (2,510)          | (1,673)          | (1,673)          | (1,673)          | (1,673)          | (1,673)          | (2,510)          | (18,160)         |
| Accounts Payable                | (1)              | (580)            | (8,545)         | (18,268)         | (15,500)         | (15,500)         | (14,000)         | (14,000)         | (15,500)         | (14,000)         | (14,000)         | (15,500)         | (145,394)        |
| Pension (employee portion)      | (36)             | (428)            | (692)           | (1,768)          | (1,913)          | (2,869)          | (1,913)          | (1,913)          | (1,913)          | (1,913)          | (1,913)          | (2,869)          | (20,141)         |
| Pension (employer portion)      | -                | (1,700)          | (429)           | (5,644)          | (5,922)          | (8,883)          | (5,922)          | (5,922)          | (5,922)          | (5,922)          | (5,922)          | (8,883)          | (61,072)         |
| Health                          | (28)             | (6,965)          | (5,818)         | (886)            | (4,153)          | (4,272)          | (4,153)          | (4,960)          | (5,126)          | (4,984)          | (4,984)          | (6,084)          | (52,413)         |
| Fringe Benefits                 | -                | (6)              | (13)            | (502)            | (586)            | (682)            | (586)            | (586)            | (795)            | (586)            | (586)            | (879)            | (5,807)          |
| Food Service                    | -                | -                | -               | (1,200)          | (2,600)          | (3,900)          | (2,600)          | (2,600)          | (2,600)          | (2,600)          | (2,600)          | (3,900)          | (24,600)         |
| Transfer to DPS                 | -                | -                | -               | -                | -                | -                | (15,739)         | (7,765)          | -                | -                | -                | -                | (23,504)         |
| Other                           | -                | (0)              | -               | (320)            | (150)            | (150)            | (150)            | (150)            | (150)            | (150)            | (150)            | (150)            | (1,520)          |
| <b>Total Cash Disbursements</b> | <b>(2,488)</b>   | <b>(15,131)</b>  | <b>(33,383)</b> | <b>(49,644)</b>  | <b>(52,228)</b>  | <b>(73,367)</b>  | <b>(69,533)</b>  | <b>(62,366)</b>  | <b>(63,548)</b>  | <b>(54,624)</b>  | <b>(54,624)</b>  | <b>(66,664)</b>  | <b>(597,599)</b> |
| Beginning Cash Balance          | -                | 37,537           | 37,786          | 9,506            | 32,032           | 38,748           | 49,565           | 44,426           | 39,744           | 39,114           | 42,174           | 45,233           | -                |
| Net Cash Flow                   | 37,537           | 249              | (28,280)        | 22,525           | 6,716            | 10,817           | (5,139)          | (4,682)          | (630)            | 3,059            | 3,059            | (4,480)          | 40,752           |
| <b>Ending Cash Balance</b>      | <b>\$ 37,537</b> | <b>\$ 37,786</b> | <b>\$ 9,506</b> | <b>\$ 32,032</b> | <b>\$ 38,748</b> | <b>\$ 49,565</b> | <b>\$ 44,426</b> | <b>\$ 39,744</b> | <b>\$ 39,114</b> | <b>\$ 42,174</b> | <b>\$ 45,233</b> | <b>\$ 40,752</b> | <b>\$ 40,752</b> |

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| <b>1</b> | <b>Benchmarking</b>                            |
| <b>2</b> | <b>Financial update</b>                        |
| <b>3</b> | <b>Healthcare contract update</b>              |
| <b>4</b> | <b>Requests for consideration and approval</b> |
| <b>5</b> | <b>Appendix</b>                                |



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2016-21**

**APPROVING THE COMMUNITY DISTRICT'S PROPOSAL TO ALLOW  
OPT-OUT PAYMENTS ON MEDICAL INSURANCE NOT TO EXCEED A  
TOTAL OF \$850,000**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, the Act provides that during the period of oversight, the Commission approve all Community District amendments or modifications of any collective bargaining agreement; and

WHEREAS, at the Commission meeting on October 31, 2016, the Community District presented a proposal that allows members of its unions to opt-out of health insurance coverage and be compensated for opting out, provided the total amount spent on opt-outs by the Community District will not exceed \$850,000 for the current fiscal year only, and in exchange the unions will accept a dental insurance policy with benefits different than that currently proposed, which policy will cost the Community District \$850,000 less than a policy with the currently negotiated benefits. The explanation of the current proposal as explained in an exchange of emails that is attached as Exhibit A.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's request as outlined in **Exhibit A** to this Resolution and as set forth above is hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

# Healthcare contract summary

- DPSCD plans to switch providers from HAP to BCN with a self-insured prescription drug carve-out administered by EHIM and stop-gap coverage (together the “New Plan”)
- The New Plan will have much greater network access than the current HAP plan as summarized below, especially under the “Core” plan, making the Core plan much more attractive under the New Plan
- The district’s health care contracts are based on a calendar year, starting in January and ending in December.
- The New Plan is estimated to cost \$31.2M for calendar year 2017, which is an increase of \$3.9M (or 14%) from the current plan’s cost of \$27.3M in calendar year 2016.
- The FY2017 Budget provided for a 20% increase in healthcare cost starting in January 2017 and impacting only the second half of the fiscal year (i.e. a 10% increase for the total year). The budgeted increase for FY2017 was \$2.75M, the actual negotiated increase is \$1.85M, resulting in savings of approximately \$800K compared to the budget.
- The FY2018 budget, once completed, will also benefit from these favorable terms. In addition, the new plan includes an 11% cap on the increase for calendar year 2018 (i.e. the increase in FY2018 over FY2017 is capped at 5.5%)

|                    | HAP             |           | BCN             |           |
|--------------------|-----------------|-----------|-----------------|-----------|
|                    | (core)/(core +) | (premium) | (core)/(core +) | (premium) |
| <b>PCPs</b>        | 445             | 4,026     | 2,550           | 5,230     |
| <b>Specialists</b> | 1,298           | 11,869    | 14,116          | 14,116    |
| <b>Total</b>       | 1,743           | 15,895    | 16,666          | 19,346    |
| <b>Hospitals</b>   | 4               | 62        | 117             | 125       |

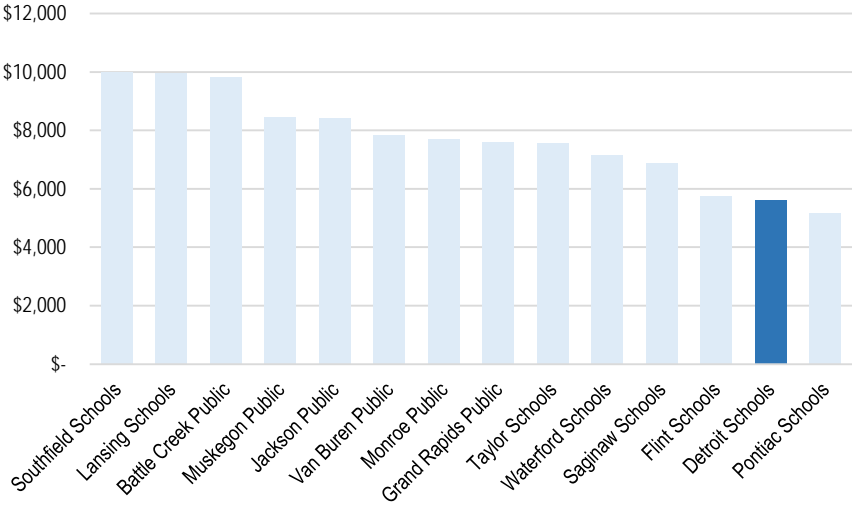
# Healthcare contract summary (continued)

- While employee premiums will be slightly higher in 2017 under the New Plan than under the current HAP plan in 2016, the structure of benefits under the New Plan will be exactly the same as the current HAP plan in terms of deductibles, co-pays, coinsurance, and out-of-pocket max
- In addition, participants will have access to the much improved network under the New Plan without needing to upgrade to the Core+ or Premium option

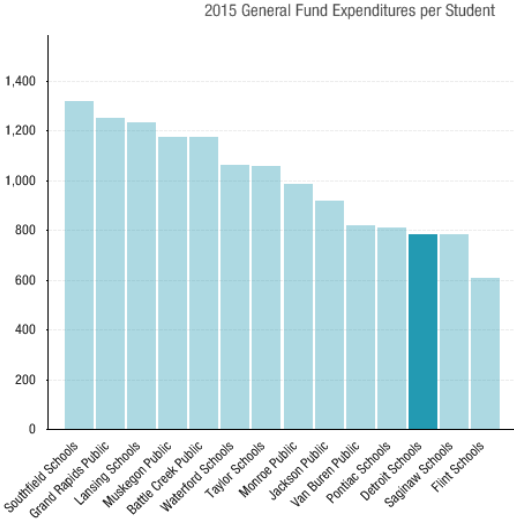
|                    | HAP – “Current Plan”<br>(2016 rates) |         |           | BCN – “New Plan”<br>(2017 rates) |         |           |
|--------------------|--------------------------------------|---------|-----------|----------------------------------|---------|-----------|
|                    | (core)                               | (core+) | (premium) | (core)                           | (core+) | (premium) |
| EE only            | \$74                                 | \$95    | \$210     | \$83                             | \$208   | \$304     |
| EE + spouse        | \$205                                | \$248   | \$495     | \$228                            | \$490   | \$693     |
| EE + child         | \$155                                | \$198   | \$445     | \$178                            | \$440   | \$643     |
| EE + children      | \$194                                | \$248   | \$469     | \$222                            | \$536   | \$803     |
| EE + sp + children | \$244                                | \$298   | \$519     | \$272                            | \$586   | \$853     |

# Healthcare benchmarks

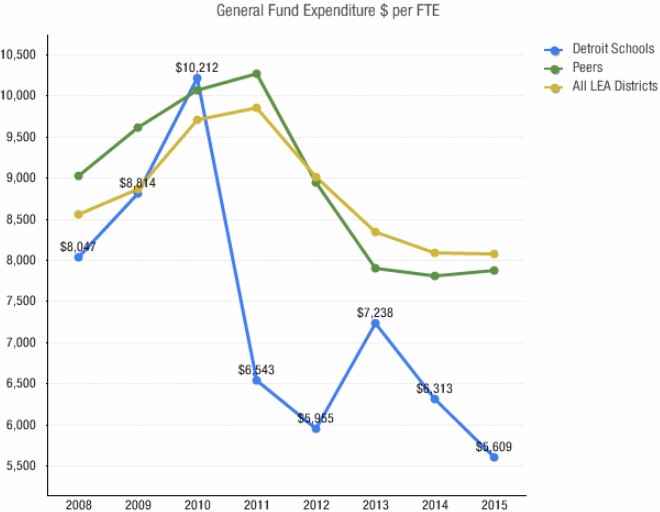
FY15 Employee Insurance Expenditure \$ per employee (FTE)



FY15 Employee Insurance Expenditure \$ per student



FY15 Employee Insurance Expenditure \$ per employee (FTE)



- The district's insurance costs rank among the lowest on a per student and per employee basis when compared to a peer group of similar districts
- Historically DPS/CD has been able to negotiate favorable insurance premiums even when compared to all school districts in Michigan



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| <b>1</b> | <b>Benchmarking</b>                            |
| <b>2</b> | <b>Financial update</b>                        |
| <b>3</b> | <b>Healthcare contract update</b>              |
| <b>4</b> | <b>Requests for consideration and approval</b> |
| <b>5</b> | <b>Appendix</b>                                |

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**a**

**Contract Requests**

**b**

**Out of State Travel Requests**

**c**

**Tentative Agreements**



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2016-18**

**APPROVING THE COMMUNITY DISTRICT'S OCTOBER 2016  
CONTRACT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, Section 6(6) of the Act provides that during the period of oversight, the Commission review and approve the Community District's applicable contracts, as defined by Section 3(a) of the Act, and that an applicable contract does not take effect unless approved by the Commission; and

WHEREAS, at the Commission meeting on October 31, 2016, the Community District presented applicable contracts, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's October 2016 contract requests, attached as **Exhibit A** to this Resolution but excluding any contracts a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

# DPSCD Contract Requests

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

|   | Department                      | Contract Number | Description   | Contract Request Type | Competitively Bid? If not a New contract, was the original contract competitively bid? | Lowest Bid? If not a New Contract, was the original contract the lowest bid? | DPSCD Approval Date             | Comments  |
|---|---------------------------------|-----------------|---|-----------------------|--|--|---------------------------------|---|
| 1 | Parent and Community Engagement | 16-0448-C       | <p><b>Contract Amount:</b> \$2,533,440.00 for the first year, \$7,600,320.00 over a three year period if renewal options are exercised</p> <p><b>Contract Period:</b> November 1, 2016 – September 30, 2017 with two (2) one year renewal options</p> <p><b>Source:</b> Title I</p> <p><b>Purpose:</b> Recruit, manage, provide oversight and reporting of Community School Coordinators (CSC) for each Community School. The CSC serves as the school Principal's primary manager of all Community School activities and services in support of the school's educational plan.</p> <p><b>Contractor:</b> Communities in Schools of Metro Detroit</p> <p><b>Location:</b> 5575 Conner Suite 205 Detroit, MI 48213</p> | New                   | Yes  | Yes  | Anticipated Approval 10/28/2016 | <p>Business Unit Contact: Monica Johnson, Executive Director, Parent and Community Engagement</p> <p>Communities in Schools will be allocated up to 29 of the schools for the program (63).</p>         |
| 2 | Parent and Community Engagement | 16-0447-C       | <p><b>Contract Amount:</b> \$2,970,240.00 for the first year, \$8,910,720.00 over a three year period if renewal options are exercised</p> <p><b>Contract Period:</b> November 1, 2016 – September 30, 2017 with two (2) one year renewal options</p> <p><b>Source:</b> Title I</p> <p><b>Purpose:</b> Recruit, manage, provide oversight and reporting of Community School Coordinators (CSC) for each Community School. The CSC serves as the school Principal's primary manager of all Community School activities and services in support of the school's educational plan.</p> <p><b>Contractor:</b> Southwest Counseling Solutions</p> <p><b>Location:</b> 5716 Michigan Ave. Suite 3000 Detroit, MI 48210</p>  | New                   | Yes  | Yes  | Anticipated Approval 10/28/2016 | <p>Business Unit Contact: Monica Johnson, Executive Director, Parent and Community Engagement</p> <p>Southwest Counseling Solutions will be allocated up to 34 of the schools for the program (63).</p> |

# DPSCD Contract Requests

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

|   | Department       | Contract Number | Description   | Contract Request Type | Competitively Bid? If not a New contract, was the original contract competitively bid? | Lowest Bid? If not a New Contract, was the original contract the lowest bid? | DPSCD Approval Date             | Comments              |
|---|------------------|-----------------|---|-----------------------|--|--|---------------------------------|-----------------------|
| 3 | Operations       | 13-0422-2       | <b>Contract Amount:</b> \$2.5M<br><b>Contract Period:</b> Upon FRC Approval through 9/30/17<br><b>Source:</b> General Funding<br><b>Purpose:</b> To Provide natural gas supply and delivery<br><b>Contractor:</b> Constellation New Energy-Gas Div., LLC<br><b>Location:</b> 9960 Corp Campus Dr., Stu 2000, Louisville KY, 04223   | Renewal               | Yes  | Yes  | Anticipated Approval 10/28/2016 |                       |
| 4 | Operations       | 17-0032         | <b>Contract Original Amt.:</b> \$1,639,130.00<br><b>Contract Period:</b> October 14, 2016 through October 30, 2017 with Two one year renewal options<br><b>Source:</b> Grant and General<br><b>Purpose:</b> Fresh fruit and vegetable program<br><b>Contractor:</b> LoPiccolo Brothers Produce, Inc.<br><b>Location:</b> 3110 Rivard, Detroit, MI 48207   | New                   | Yes  | Yes  | Anticipated Approval 10/28/2016 | One bid was received. |
| 5 | Nursing Services | 16-0438-C       | <b>Contract Original Amt.:</b> \$2,532,230.00 for the first year, \$7,596,690.00 over a three year period if renewal options are exercised<br><b>Contract Period:</b> November 1, 2016 through June 30, 2017 with Three (3) one year renewal options<br><b>Source:</b> Fund 22 Special Education and General<br><b>Purpose:</b> To provide skilled nursing care to students<br><b>Contractor:</b> CareerStaff Unlimited, LLC.<br><b>Location:</b> 30100 Telegraph Road, Bingham Farms, MI 48025 | New                   | Yes  | Yes  | Anticipated Approval 10/28/2016 |                       |

# DPSCD Contract Requests

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

|   | Department                   | Contract Number | Description  | Contract Request Type | Competitively Bid? If not a New contract, was the original contract competitively bid? | Lowest Bid? If not a New Contract, was the original contract the lowest bid? | DPSCD Approval Date             | Comments |
|---|------------------------------|-----------------|--|-----------------------|--|--|---------------------------------|----------|
| 6 | Specialized Student Services | 16-0439-C       | <p><b>Contract Original Amt.:</b> \$1,371,222.00 for the first year, \$4,113,666.00 over a three year period if renewal options are exercised</p> <p><b>Contract Period:</b> November 1, 2016 through June 30, 2017 with Three (3) one year renewal options</p> <p><b>Source:</b> Fund 22 Special Education</p> <p><b>Purpose:</b> To provide skilled Speech-Language Pathologists, Occupational Therapists, Physical Therapists, Psychologist and Social Workers for DPSCD students.</p> <p><b>Contractor:</b> EBS (Educational Based Services)</p> <p><b>Location:</b> 3430 East Jefferson Avenue, #130, Detroit, MI 21204</p> | New                   | Yes  | Yes  | Anticipated Approval 10/31/2016 |          |
| 7 | Specialized Student Services | 17-0033-C       | <p><b>Contract Original Amt.:</b> \$1,695,141.00 for the first year, \$5,085,432.00 over a three year period if renewal options are exercised</p> <p><b>Contract Period:</b> November 1, 2016 through June 30, 2017 with Three (3) one year renewal options</p> <p><b>Source:</b> Fund 22 Special Education</p> <p><b>Purpose:</b> To provide skilled Speech-Language Pathologists, Occupational Therapists, Physical Therapists, Psychologist and Social Workers for DPSCD students.</p> <p><b>Contractor:</b> Therapy Staff, LLC</p> <p><b>Location:</b> 801 W. Ann Arbor Trail, Plymouth, MI 48170</p>                        | New                   | Yes  | Yes  | Anticipated Approval 10/31/2016 |          |

# DPSCD Contract Requests

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

|   | Department                   | Contract Number | Description  | Contract Request Type | Competitively Bid? If not a New contract, was the original contract competitively bid? | Lowest Bid? If not a New Contract, was the original contract the lowest bid? | DPSCD Approval Date             | Comments |
|---|------------------------------|-----------------|--|-----------------------|--|--|---------------------------------|----------|
| 8 | Specialized Student Services | 17-0034-C       | <p><b>Contract Original Amt.:</b> \$990,360.00 for the first year, \$2,971,080.00 over a three year period if renewal options are exercised</p> <p><b>Contract Period:</b> November 1, 2016 through June 30, 2017 with Three (3) one year renewal options</p> <p><b>Source:</b> Fund 22 Special Education and General</p> <p><b>Purpose:</b> To provide skilled Speech-Language Pathologists, Occupational Therapists, Physical Therapists, Psychologist and Social Workers for DPSCD students</p> <p><b>Contractor:</b> CareerStaff Unlimited, LLC.</p> <p><b>Location:</b> 30100 Telegraph Road, Bingham Farms, MI 48025</p> | New                   | Yes  | Yes  | Anticipated Approval 10/31/2016 |          |



# DPSCD Contract Requests

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

|    | Department        | Contract Number | Description  | Contract Request Type | Competitively Bid? If not a New contract, was the original contract competitively bid? | Lowest Bid? If not a New Contract, was the original contract the lowest bid? | DPSCD Approval Date             | Comments   |
|----|-------------------|-----------------|--|-----------------------|--|--|---------------------------------|--|
| 9  | Medical Insurance | 17-0046-C       | <p><b>Contract Original Amt.:</b> Gross premium is estimated to be \$42.8M for 2017, assuming enrollment of 4520 employees with no migration from current enrollment distribution across plan designs. Migration will impact the gross premium cost. This represents the total cost, the net cost to the district would be reduced by employee contributions. The rates are not final and are subject to change based on additional fee discussions. Gross premium will be \$49.8M in year 2 year period if 11% rate cap guarantee option is exercised.</p> <p><b>Contract Period:</b> January 1, 2017 through December 31, 2017 with additional one year rate cap option</p> <p><b>Source:</b> Fund 88</p> <p><b>Purpose:</b> To provide fully-insured medical benefits for DPSCD employees</p> <p><b>Contractor:</b> Blue Care Network</p> <p><b>Location:</b> 600 E. Lafayette Blvd. Detroit, MI 48226-2998</p> | New                   | Yes  | No   | Anticipated Approval 10/28/2016 | Final rates will be determined depend upon the final determination regarding Great Lakes Benefits (the Coalition of Unions consultant) compensation. |
| 10 | Pharmacy          | 17-0047-C       | <p><b>Contract Original Amt.:</b> Budgeted cost of \$7M for the first year (2017), which assumes using the stop loss attachment point as the claims estimate. The cost estimate assumes 4,520 employees. This is a gross cost and would be shared between the district and employees via employee contributions.</p> <p><b>Contract Period:</b> January 1, 2017 through December 31, 2017 with option to renew.</p> <p><b>Source:</b> Fund 88</p> <p><b>Purpose:</b> To provide self-funded prescription drug benefits for DPSCD employees</p> <p><b>Contractor:</b> Employee Health Insurance Management</p> <p><b>Location:</b> 26711 Northwestern Hwy #400, Southfield, MI 48033</p>  | New                   | Yes  | Yes.   | Anticipated Approval 10/28/2016 | EHIM was sourced by the Coalition of Unions  |

# DPSCD Executive Summary for Contracts

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The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 1

### **PARENT AND COMMUNITY ENGAGEMENT**

**16-0448-C** Title I Grant : Recruit, manage, provide oversight and reporting of Community School Coordinators (CSC) for each Community School. The CSC serves as the school Principal's primary manager of all Community School activities and services in support of the school's educational plan.

Contractor: Communities in Schools of Metro Detroit

Location: 5575 Conner Suite 205 Detroit, MI 48213

Contract Period: November 1, 2016 – September 30, 2017 with two (2) one year renewal options

Contract Amount: \$2,533,440.00 for the first year, \$7,600,320.00 over a three year period if renewal options are exercised

- In April of 2013, the District adopted a 5-year strategic plan called Neighborhood Centered, Quality Schools, which identified 12 major initiatives. One of the key components of the plan was the development of Community Schools. A critical component of all Community School plans is the role of a Community School Coordinator (CSC). The CSC serves as the school Principal's primary manager of all Community School activities and services in support of the school's educational plan.
- The Office of Parent and Community Engagement requests continuation of the Community School Program. The program has achieved some of the following milestones; Increased active partners and student activities, health fairs, healthy cooking classes for parents and community, Community resource fairs, assisted parents with payment of electric and gas bills, increased the number of parents attending parent-teacher conferences, increased the number of immigration workshops and services.
- Request for Proposal 16-0419-C was issued to obtain suppliers that could Recruit, manage, provide oversight and reporting of Community School Coordinators (CSC) for each Community School. Five proposals were received; Entrepreneur Works, SW Counseling Solutions, Communities in Schools, Detroit Parent Network, and Special Education and Behavior Connection.
- The evaluation committee reviewed five supplier proposals based upon criteria which encompassed supplier Experience, Capability, and Cost. The team selected two suppliers who, based on their proposal strongly fit the needs of the program. SW Counseling Solutions and Communities in Schools are being recommended for contract award. Communities in Schools will be allocated up to 29 of the schools for the program (63).

# DPSCD Executive Summary for Contracts

The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 2

### **PARENT AND COMMUNITY ENGAGEMENT**

#### **16-0447-C**

Title I Grant: Recruit, manage, provide oversight and reporting of Community School Coordinators (CSC) for each Community School. The CSC serves as the school Principal's primary manager of all Community School activities and services in support of the school's educational plan.

Contractor: Southwest Counseling Solutions

Location: 5716 Michigan Ave. Detroit, MI 48210

Contract Period: November 1, 2016 – September 30, 2017 with two (2) one year renewal options

Contract Amount: \$2,970,240.00 for the first year, \$8,910,720.00 over a three year period if renewal options are exercised

- In April of 2013, the District adopted a 5-year strategic plan called Neighborhood Centered, Quality Schools, which identified 12 major initiatives. One of the key components of the plan was the development of Community Schools. A critical component of all Community School plans is the role of a Community School Coordinator (CSC). The CSC serves as the school Principal's primary manager of all Community School activities and services in support of the school's educational plan.
- The Office of Parent and Community Engagement requests continuation of the Community School Program. The program has achieved some of the following milestones; Increased active partners and student activities, health fairs, healthy cooking classes for parents and community, Community resource fairs, assisted parents with payment of electric and gas bills, increased the number of parents attending parent-teacher conferences, increased the number of immigration workshops and services.
- Request for Proposal 16-0419-C was issued to obtain suppliers that could Recruit, manage, provide oversight and reporting of Community School Coordinators (CSC) for each Community School. Five proposals were received; Entrepreneur Works, SW Counseling Solutions, Communities in Schools, Detroit Parent Network, and Special Education and Behavior Connection.
- The evaluation committee reviewed five supplier proposals based upon criteria which encompassed supplier Experience, Capability, and Cost. The team selected two suppliers who, based on their proposal strongly fit the needs of the program. SW Counseling Solutions and Communities in Schools are being recommended for contract award. Southwest Counseling Solutions will be allocated up to 34 of the schools for the program (63).

# DPSCD Executive Summary for Contracts

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The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 3

### OPERATIONS

**13-0422-2**      General Funding: to provide natural gas supply and delivery which will use to heat all the Schools in the District.  
Contractor: Constellation New Energy- Gas Div., LLC.  
Location: 9960 Corp Campus Dr., Stu 2000, Louisville  
KY, 04223  
Contract Period: October, 2017 through October 31, 2017  
Contract Amount: Costs budgeted to General Funds, \$2.5M.

- The original contracts were competitively bid as a three (3) year contract with two (2) one year renewal options. This will be the first renewal option.

## Item 4

### OPERATIONS

**17-0032**      Grant and Food Service Funding – To fresh fruit and vegetable program to select DPSCD schools.  
Contractor: LoPiccolo Brothers.  
Location: 3110 Rivard, Detroit, MI 48207  
Contract Period: October 14, 2016 through October 31, 2017  
Contract Amount: Costs budgeted to Grant and General Funds, \$2.4M

- This is a new contract that was competitively bid. One bid was received.

# DPSCD Executive Summary for Contracts

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The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 5

### **NURSING SERVICES**

**16-0438-C** Fund 22 Special Education and General Fund: Provides personal and skilled nursing care to students assigned by DPSCD personnel, in accordance with physician orders and established plan of care. Identifies factors affecting the students' health care, (physical, mental, emotional and social) as related to nursing diagnosis.

Contractor: CareerStaff Unlimited, LLC

Location: 30100 Telegraph Road, Suite 436, Bingham Farms, MI 48205

Contract Period: November 1, 2016 – June 30, 2017 with three (3) one year renewal options

Contract Amount: \$2,532,230.00 for the first year, \$7,596,690.00 over a three year period if renewal options are exercised

- Request for Proposal 16-0438-C was issued to obtain suppliers that could provide personal and skilled nursing services to students assigned by DPSCD personnel, in accordance with physician orders and the established plan of care. Eight proposals were received; Around the Clock (ATC) Healthcare Services, CareerStaff Unlimited, Cell Staff, Diamond Healthcare Staffing, Elite Medical Staffing, Maxim Healthcare Services, RCM Health Care Services and Therapy Staff.
- The evaluation committee reviewed 8 supplier proposals based upon criteria which encompassed supplier Background, Experience, Capability, and Cost. The team selected four suppliers who, based on their proposal strongly fit the needs of the District. CareerStaff Unlimited, LCC has been recommended for a contract award.

# DPSCD Executive Summary for Contracts

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The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 6

### **OFFICE OF SPECIALIZED STUDENT SERVICES**

**16-0439-C** Fund 22 Special Education: Provides personal and skilled Speech-Language Pathology, Occupational Therapy, Physical Therapy, Social Work and Physiological services to students assigned by DPSCD personnel, in accordance with physician orders and established plan of care.

Contractor: EBS (Educational Based Services)

Location: 3430 East Jefferson Avenue, #130, Detroit, MI 21204

Contract Period: November 1, 2016 – June 30, 2017 with three (3) one year renewal options

Contract Amount: \$1,371,222.00 for the first year, \$4,113,666.00 over a three year period if renewal options are exercised

- Request for Proposal 16-0439-C was issued to obtain suppliers that could provide Speech-Language Pathology, Physical Therapy, Occupational Therapy, Social Work and Physiological services to students assigned by DPSCD personnel, in accordance with physician orders and the established plan of care. Fourteen proposals were received; CareerStaff Unlimited, Cell Staff, Diamond Healthcare Staffing, Maxim Healthcare Services, Therapy Staff, EBS (Educational Based Services), Progressus Therapy, EDU Healthcare, Cumberland Therapy Services, E-Therapy, Stellar Therapy Services, Futures Education, Soliant Heath and Chitter Chatter.
- The evaluation committee reviewed 14 supplier proposals based upon criteria which encompassed supplier Background, Experience, Capability, and Cost. The team selected seven suppliers who, based on their proposal strongly fit the needs of the District. EBS, Educational Based Services has been recommended for a contract award.

# DPSCD Executive Summary for Contracts

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The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 7

### **OFFICE OF SPECIALIZED STUDENT SERVICES**

**17-0033-C** Fund 22 Special Education: Provides personal and skilled Speech-Language Pathology, Occupational Therapy, Physical Therapy, Social Work and Physiological services to students assigned by DPSCD personnel, in accordance with physician orders and established plan of care.

Contractor: Therapy Staff, LCC

Location: 801 W. Ann Arbor Trail, Plymouth, MI 48170

Contract Period: November 1, 2016 – June 30, 2017 with three (3) one year renewal options

Contract Amount: \$1,695,141.00 for the first year, \$5,085,432.00 over a three year period if renewal options are exercised

- Request for Proposal 17-0033-C was issued to obtain suppliers that could provide Speech-Language Pathology, Physical Therapy, Occupational Therapy, Social Work and Physiological services to students assigned by DPSCD personnel, in accordance with physician orders and the established plan of care. Fourteen proposals were received; CareerStaff Unlimited, Cell Staff, Diamond Healthcare Staffing, Maxim Healthcare Services, Therapy Staff, EBS (Educational Based Services), Progressus Therapy, EDU Healthcare, Cumberland Therapy Services, E-Therapy, Stellar Therapy Services, Futures Education, Soliant Heath and Chitter Chatter.
- The evaluation committee reviewed 14 supplier proposals based upon criteria which encompassed supplier Background, Experience, Capability, and Cost. The team selected seven suppliers who, based on their proposal strongly fit the needs of the District. Therapy Staff LLC has been recommended for a contract award.

# DPSCD Executive Summary for Contracts

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The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 8

### **OFFICE OF SPECIALIZED STUDENT SERVICES**

**17-0034-C** Fund 22 Special Education and General Fund: Provides personal and skilled Speech-Language Pathology, Occupational Therapy, Physical Therapy, Social Work and Physiological services to students assigned by DPSCD personnel, in accordance with physician orders and established plan of care.

Contractor: CareerStaff Unlimited, LCC

Location: 30100 Telegraph Road, Bingham Farms, MI 48025

Contract Period: November 1, 2016 – June 30, 2017 with three (3) one year renewal options

Contract Amount: \$990,360.00 for the first year, \$2,971,080.00 over a three year period if renewal options are exercised

- Request for Proposal 17-0034-C was issued to obtain suppliers that could provide Speech-Language Pathology, Physical Therapy, Occupational Therapy, Social Work and Physiological services to students assigned by DPSCD personnel, in accordance with physician orders and the established plan of care. Fourteen proposals were received; CareerStaff Unlimited, Cell Staff, Diamond Healthcare Staffing, Maxim Healthcare Services, Therapy Staff, EBS (Educational Based Services), Progressus Therapy, EDU Healthcare, Cumberland Therapy Services, E-Therapy, Stellar Therapy Services, Futures Education, Soliant Heath and Chitter Chatter.
- The evaluation committee reviewed 14 supplier proposals based upon criteria which encompassed supplier Background, Experience, Capability, and Cost. The team selected seven suppliers who, based on their proposal strongly fit the needs of the District. CareerStaff Unlimited, LLC has been recommended for a contract award.



# DPSCD Executive Summary for Contracts

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The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 9

### MEDICAL INSURANCE

Fund 88: To provide ACA compliant healthcare to all eligible employees as required by Federal law.

#### 17-0046-C

Contractor: Blue Care Network

Location: 600 E. Lafayette Blvd. Detroit, MI 48226-2998

Contract Period: January 1, 2017 through December 31, 2018

Contract Amount: Gross premium is estimated to be \$42.8M for 2017, assuming enrollment of 4520 employees with no migration from current enrollment distribution across plan designs. Migration will impact the gross premium cost. This represents the total cost, the net cost to the district would be reduced by employee contributions. The rates are not final and are subject to change based on additional fee discussions. The Districts net cost for 2017 is projected to be \$24,172,944. Gross premium will be \$49.8M in year 2, if 11% rate cap guarantee option is exercised.

- A formal request for proposal was conducted by Aon Hewitt, the District's consulting company for employee benefits. All seven (7) major health insurance providers were contacted of which four (4) refused to bid, three (3) stated they would not be competitive (over 50% increase compared to current spend) and one (1) due to their relationship with Health Alliance Plan. Companies that responded included Blue Care Network, Health Alliance Plan (HAP) and Total Healthcare.
- Through negotiations with the Coalition of Unions it has been determined that Blue Care Network (BCN) is the best provider for the employees of the District. The selection of BCN addressed issues related to physician accessibility which cause delays in employees obtaining treatment.

# DPSCD Executive Summary for Contracts

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The following contracts are being sent to the FRC for review and approval pursuant to section 6(6) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

## Item 10

### PHARMACY

**17-0047-C** To provide ACA compliant self-insured pharmacy coverage to all eligible employees with medical insurance through the District.

Contractor: EHiM

Location: 26711 Northwestern Hwy, Suite 400 Southfield, MI 48033

Contract Period: January 1, 2017 through December 31, 2017, with option to renew.

Contract Amount: Budgeted cost of \$7M for the first year (2017), which assumes using the stop loss attachment point as the claims estimate. The cost estimate assumes 4,520 employees. This is a gross cost and would be shared between the district and employees via employee contributions.

- The District was informed by the Coalition of Unions that its consultant, Great Lakes Benefits, conducted an RFP process regarding pharmacy benefit managers (PBM) and referred EHiM to the District as a potential cost savings. The District compared EHiM self-funded proposal against offers from other providers in making their decisions. Under EHiM the pharmacy coverage would change to self-funded from the current fully-insured model with a projected savings of approximately \$1,000,000.

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**a** **Contract Requests**

**b** **Out of State Travel Requests**

**c** **Tentative Agreements**



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**  
**SCHOOL DISTRICT RESOLUTION 2016-19**

**APPROVING THE COMMUNITY DISTRICT'S OCTOBER 2016 OUT-OF-STATE TRAVEL REIMBURSEMENT REQUESTS**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, Section 7(q) of the Act provides that during the period of oversight, the Commission approve all Community District reimbursements to school board members, officials, and employees for travel outside the state; and

WHEREAS, at the Commission meeting on October 31, 2016, the Community District presented out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution, for the Commission's review and approval.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's October 2016 out-of-state travel reimbursement requests, attached as **Exhibit A** to this Resolution but excluding any

reimbursements a majority of Commission members present has agreed to exclude as noted in the minutes, are hereby approved.

2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.
3. This Resolution shall have immediate effect.

## DPSCD Out-of-State Travel Reimbursement Requests

The following reimbursements to school board members, officials, and employees for travel outside the state will be sent to the FRC for review and approval pursuant to section 7(q) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting

| Number of Participants | Central Office | School-Based | School/ Department     | Trip Description                    | Location of Trip | Dates of Conference | Approved Request for Absence Dates | Funding Source    | Total Est. Cost | Approved  |
|------------------------|----------------|--------------|------------------------|-------------------------------------|------------------|---------------------|------------------------------------|-------------------|-----------------|---|
| 8                      | X              |              | Adult Education        | CTE Professionals                   | Las Vegas, NV    | 11/30/16 - 12/3/16  | 11/29/16 - 12/3/16                 | Grant             | \$17,451.60     | MDE   |
| 1                      | X              |              | Social Studies         | National Council for Social Studies | Washington, DC   | 12/1/16 - 12/4/16   | 12/1/16 - 12/4/16                  | Grant             | \$1,952.00      | MDE   |
| 2                      | X              |              | Food Service           | School Food Focus                   | Braselton, GA    | 12/5/16 - 12/9/16   | 12/4/16 - 12/9/16                  | Food Service Fund | \$5,804.00      | Deputy Superintendent of Finance and Operations |
| 2                      | X              |              | Food Service           | School Nutrition Association        | Orlando, FL      | 1/22/17 - 1/27/17   | 1/22/17 - 1/27/17                  | Food Service Fund | \$3,200.00      | Deputy Superintendent of Finance and Operations |
| 5                      | X              |              | Office of Literacy     | Literacy & Learning                 | New Orleans, LO  | 3/13/17 - 3/16/17   | 3/13/17 - 3/16/17                  | Grant             | \$8,530.80      | MDE   |
| 1                      |                | X            | Charles Wright Academy | National Alliance Black Educators   | Tampa, FL        | 11/15/16 - 11/19/16 | 11/14/16 - 11/19/16                | General Fund      | \$3,235.00      | Interim Superintendent                          |
| 2                      |                | X            | Charles Wright Academy | Success for All                     | New York, NY     | 1/23/17 - 1/25/17   | 1/22/17 - 1/25/17                  | General Fund      | \$5,198.00      | Interim Superintendent                          |

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**a** **Contract Requests**

**b** **Out of State Travel Requests**

**c** **Tentative Agreements**



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

**DETROIT FINANCIAL REVIEW COMMISSION**

**SCHOOL DISTRICT RESOLUTION 2016-20**

**APPROVING THE COMMUNITY DISTRICT'S NEW AND AMENDED  
COLLECTIVE BARGAINING AGREEMENT**

WHEREAS, Public Act 181 of 2014, the Michigan Financial Review Commission Act (the "Act"), allows for the creation of the Detroit Financial Review Commission (the "Commission") within the Michigan Department of Treasury; and

WHEREAS, Section 6(1) of the Act empowers the Commission to provide oversight for the Detroit Public Schools Community District (the "Community District") beginning on June 21, 2016; and

WHEREAS, Section 6(9) of the Act requires that during the period of oversight, the Community District shall submit new and amended collective bargaining agreements, to which it is a party, to the Commission for review and approval after approval by the Community District's governing body and chief executive officer; and

WHEREAS, Section 6(9) of the Act further requires the Commission to approve or reject collective bargaining agreements submitted to it within 45 days of submission; and

WHEREAS, under section 12b(3) of Public Act 451 of 1976 (the "Revised School Code"), the Community District's Transition Manager performs, among other things, the functions and satisfies the responsibilities of the school board of the Community District until the elected members of the school board of the Community District are elected and take office; and



WHEREAS, the Transition Manager has approved new and amended collective bargaining agreements between the Community District and the following bargaining units:

Teamsters Local 214 (Police LEIN Communications Operators);

Teamsters Local 214 (Police Officers)

Organization of School Administrators and Supervisors

AFSCME Local 345

International Union of Operating Engineers (Non-Instructional Supervisory Personnel)

Detroit Federation of Paraprofessionals local 2350 (School Service Assistants)

Detroit Federation of Paraprofessionals local 2350 (Food Service-Noon Hour Aides);

And

WHEREAS, Clark Hill PLC has provided permission for the Commission to rely on the opinion letter of Clark Hill PLC referred to in School District Resolution 2016-14 with regard to the amendments to collective bargaining agreements referred to in this Resolution.

WHEREAS, at the Commission meeting on October 31, 2016, the Community District presented the aforementioned new and amended collective bargaining agreements to the Commission.

NOW THEREFORE, be it resolved by the Detroit Financial Review Commission as follows:

1. That the Community District's new and amended collective bargaining agreements between the Community District and the aforementioned bargaining units, as presented to the Commission on October 31, 2016, are hereby approved.
2. That the minutes of the Detroit Financial Review Commission meeting at which this Resolution is adopted take notice of the adoption of this Resolution.

3. This Resolution shall have immediate effect.

## DPSCD Tentative Agreements Summary – Economic changes

The following new and amended collective bargaining agreements, to which DPSCD is a party, will be sent to the FRC for review and approval pursuant to section 6(9) of the Michigan Financial Review Commission Act for the October 31, 2016 FRC meeting. The FRC is to approve or reject collective bargaining agreements submitted to it within 45 days of submission.

| Union                        | # Employees         | Agreement  | \$ General Fund* | \$ Food Service* | \$ Total*         | \$/Employee              | Ratified? |
|------------------------------|---------------------|--|------------------|------------------|-------------------|--------------------------|-----------|
| AFSCME                       | FT – 633<br>PT – 65 | One-time off-schedule bonus equal amount per employee                        | \$705K           | \$30K            | \$735K            | FT- \$1,134<br>PT- \$269 | Yes       |
| DAEOE                        | 245                 | One-time off-schedule bonus equal amount per employee                        | \$222K           | \$7K             | \$229K            | \$935                    | Yes       |
| NISP                         | 22                  | One-time off-schedule bonus equal amount per employee                        | \$2K             | \$33K            | \$35K             | \$1,569                  | No        |
| OSAS                         | 187                 | One-step for all EE's on steps; one-time 3% bonus for all others             | \$506K           | \$23K            | \$529K            | \$2,829<br>(average)     | No        |
| Food Service/Noon Hour Aides | 707                 | One-time off-schedule bonus (\$350 for GF; \$250 for FS employees)           | \$57K            | \$150K           | \$244K            | \$345<br>(average)       | No        |
|                              |                     | Receive regular pay if school closed, max 4 hrs                              | \$9K             | \$28K            |                   |                          |           |
| School Service Assistants    | 376                 | One-time off-schedule bonus (\$500 if below top step; \$1000 if on top step) | \$262K           | \$0              | \$310K            | \$825<br>(average)       | No        |
|                              |                     | Receive regular pay if school closed   | \$48K            | \$0              |                   |                          |           |
| LEIN Operators               | 10                  | One-time off-schedule bonus equal amount per employee                        | \$10K            | \$0              | \$12K             | \$1,200<br>(average)     | Yes       |
|                              |                     | OT is for >40/wk (estimate)  | \$2K             | \$0              |                   |                          |           |
| Police Officers              | 67                  | One-time off-schedule bonus equal amount per employee                        | \$126K           | \$0              | \$138K            | \$2,059<br>(average)     | No        |
|                              |                     | OT is for >40/wk (estimate)  | \$12K            | \$0              |                   |                          |           |
| Non-union Employees          | 207                 | One-time off-schedule 3% bonus   | \$639K           | \$11K            | \$650K            | \$3,141<br>(average)     | No        |
| <b>TOTAL</b>                 | <b>2,519</b>        |  | <b>\$2,582K</b>  | <b>\$275K</b>    | <b>\$2,857K**</b> |                          |           |

\*Includes employer taxes and pension, where applicable

\*\*Previous estimate shared during DFT presentation was \$2,902K

# DPSCD Tentative Agreements Summary – additional changes

| Union                        | Veteran’s Day  | Insurance  | Other   |
|------------------------------|--|--|---|
| AFSCME                       | Veteran’s Day was formerly a holiday but is now traded with the day before Thanksgiving; members receive a full day pay (cost neutral) | Agreement on medical, prescription, life and disability reached; dental, vision and opt-out in process | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| DAEOE                        | Veteran’s Day was formerly a holiday but is now traded with the day before Thanksgiving; members receive a half day pay (cost neutral) |  | <ul style="list-style-type: none"> <li>Summer school rate - continue current rate of \$18/hr - to extent funding available, otherwise rate \$10.97/hr if grant funds not available</li> <li>Continue use of vacation days during winter break</li> <li>Security/door monitoring - clarified that bargain union member will not be responsible for validating ID of visitors</li> <li>Handling funds - agreed to training</li> </ul> |
| NISP                         |  |  | <ul style="list-style-type: none"> <li>Discipline - from arbitrary and capricious to just cause; typical and consistent with all others</li> </ul>  |
| OSAS                         |  |  | <ul style="list-style-type: none"> <li>Info request - formally agreed to give info requested on a timely basis</li> <li>Job postings - provide new positions to union prior to public posting</li> </ul>  |
| Food Service/Noon Hour Aides |  |  | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |
| School Service Assistants    |  |  | <ul style="list-style-type: none"> <li>Common prep time - clarifying language for performance of duties; no cost</li> </ul>   |
| LEIN Operators               |  |  | <ul style="list-style-type: none"> <li>Shift differential - updating language to be more clear</li> <li>Uniform vouchers - no cost change, just a commitment to work with vendor to ensure no delays in uniform delivery</li> </ul>   |
| Police Officers              |  |  | <ul style="list-style-type: none"> <li>Shift differential - updating language to be more clear</li> <li>Uniform vouchers - no cost change, just a commitment to work with vendor to ensure no delays in uniform delivery</li> <li>Vacation - scheduling had to be in 2-week blocks; now 1-week blocks</li> </ul>  |
| Non-union Employees          |  |  | <ul style="list-style-type: none"> <li>N/A</li> </ul>   |

**PHARMACY BENEFITS MANAGEMENT  
ADMINISTRATIVE SERVICES AGREEMENT**

This Agreement ("Agreement"), effective on January 01, 2017 ("Effective Date"), is entered into by and between Detroit Public Schools Community District, a Michigan public school district, acting on its own behalf and in its capacity as Plan Administrator and/or Plan Fiduciary on behalf of the Plan ("Client"), and Employee Health Insurance Management, Inc., d/b/a EHIM, a Michigan corporation ("EHIM") (individually, each a "Party" and collectively, the "Parties").

**RECITALS**

WHEREAS, the Client, an employer, provides a self-funded health plan providing prescription drug benefits for the benefit of its eligible current and former employees and their eligible spouses and/or dependents as defined under its plan ("Member");

WHEREAS, EHIM is a vendor that provides pharmacy managed care services and has established a proprietary network of licensed pharmacies ("Pharmacies") to provide prescription drugs and related services; and

WHEREAS, Client desires to make Covered Pharmacy Benefits available to Members from Pharmacies and desires to use EHIM's pharmacy managed care services network and claims administration capabilities in administering its plan.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, the Client and EHIM agree as follows:

**ARTICLE I  
DEFINITIONS**

1.1 Definitions. Unless the otherwise specified, the following words and phrases, wherever capitalized, have the following respective meanings. All capitalized words and phrases not defined in this Agreement will have the definitions given to them under the Plan.

(a) "Administrator" means the individual(s) and/or entity responsible for administering the Plan.

(b) "Anniversary Date" means that term as defined under the Plan.

(c) "Average Wholesale Price" ("AWP") means the list price for a pharmaceutical, as established by a pharmaceutical database supplier of EHIM's choosing including, but not limited to, First Data Bank, Medi-Span, Redbook or another nationally recognized source.

(d) "Brand" means a pharmaceutical with a proprietary name assigned to it by the manufacturer or distributor.

(e) "Business Day" means any day, Monday through Friday, not recognized as a holiday by the United States Post Office.

(f) "Business Associate Agreement" ("BAA") means the agreement executed between EHIM and Client, attached hereto and incorporated herein as Exhibit A, which provides assurances to Client that EHIM will protect protected health information received from Client as mandated by HIPAA.

(g) "Clean Eligibility" means accurate eligibility information in a format mutually agreed upon by Client and EHIM.

(h) "Confidential Information" means that term as defined under Article VIII of this Agreement.

(i) "Copayment" means the portion, as determined by the Client from time to time, of the charge for a Covered Pharmacy Service that must be paid to the Pharmacy by the Member when a prescription is dispensed.

(j) "Covered Drug(s)" means the prescription drugs and supplies that are covered under the Plan.

(k) "Covered Pharmacy Benefits" means the Pharmacy Benefits for which a Member is eligible as defined by and limited by the terms and conditions of the Plan.

(l) "Data Security" means information technology ("IT") and data security including, but not limited to anti-virus software, operating systems, network and firewall security and appropriate personnel policies.

(m) "Discloser" means the Party that discloses its Confidential Information to the other Party.

(n) "EHIM Systems" is including, but not limited to, the following: software, web-based applications, eligibility and adjudication systems, system formats and databanks owned and/or utilized by EHIM for the purposes of performing services under this Agreement.

(o) "Eligibility Files" means a list of Members, including current and newly-hired employees, eligible, or no longer eligible, for drug benefit coverage services under the Plan submitted by Client to EHIM in a format mutually agreed upon by both Parties.

(p) "Fiduciary" means the individual(s) named in the Plan, or identified pursuant to a procedure specified in the Plan, who jointly or severally have the authority to control and manage the operation and/or administration of the Plan.

(q) "Generic" means a drug which is bioequivalent to a Brand drug with respect to pharmacokinetic and pharmacodynamic properties. Generic medicines must contain the same active ingredient at the same strength as the "innovator" Brand drug, be bioequivalent, must meet the same pharmacopoeial requirements as the Brand drug for preparation, and are therefore assumed to be identical in dose, strength, route of administration, safety, efficacy, and intended use. Generic drugs may be available from one or more sources. Generic drugs are non-proprietary, *i.e.*, drugs that are no longer protected by a patent.

(r) "HIPAA/HITECH" means the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act of 2009 and regulations promulgated thereunder.

(s) "HIPAA Privacy Certification" means the document in which Client certifies that the Plan agrees to incorporate the provisions as defined under HIPAA, attached hereto and incorporated herein as Exhibit B.

(t) "Initial Term" means the date specified under Article IX of this Agreement.

(u) "Key Personnel" means owners, directors, officers, employees, representatives or agents that assist each respective Party in performing its obligations under this Agreement.

(v) "MAC List" means a list containing, generally, Generic drugs that EHIM maintains as part of its Generic drug program that bases reimbursement on the maximum allowable cost of the prescription product payable to the Pharmacy.

(w) “Non-Disclosure Agreement” (“NDA”) means EHIM’s non-disclosure agreement which must be signed by the party receiving EHIM’s proprietary and/or confidential information prior to receiving such information.

(x) “Prescription Plan” (“Plan”) means the Client’s current Prescription Benefits Plan for those Members as adopted by the Client and as may be amended from time to time, subject to the benefits and limitations therein. The Plan may be part of a more general health plan maintained by the Client or may be a stand-alone plan.

(y) “Recipient” means either EHIM, Client, Client and/or any other party that accesses or receives EHIM’s or Client’s Confidential Information.

(z) “Renewal Date” means the date specified under Article IX of this Agreement.

(aa) “Run-Off Period” means ninety (90) calendar days after the termination date or for such additional period as may be agreed to by EHIM and the Client.

(bb) “Set Up Document” means the document executed by EHIM, Client, and where applicable a third-party, describing the applicable services provided by EHIM, attached hereto and incorporated herein as Exhibit C.

(cc) “Specialty Drug” means pharmaceuticals and/or biotech, or biological drugs that are generally used for the treatment of complex or chronic conditions which are typically, but not always, injectable, infused, or taken orally and require special storage or handling and close monitoring of the Member’s therapy.

(dd) “Summary Plan Description” (“SPD”) means the summary of the terms as defined under the Plan.

(ee) “Termination Date” means the termination date of this Agreement as specified under Article IX of this Agreement.

(ff) “Termination Fee” means the term as defined under Article IX under this Agreement.

## **ARTICLE II** **RESPONSIBILITIES OF EHIM**

2.1 Maintaining Pharmacy Network. EHIM will maintain a national network of pharmacies to provide prescription drugs and related services to Members in the Plan. Any additions or deletions to the network will be in EHIM’s sole discretion and made available through an electronic medium. EHIM retains the right to ensure network Pharmacies are acting in accordance with EHIM’s pharmacy agreements.

2.2 Claim Handling. EHIM will have discretionary responsibility for the internal processing of claims under the Plan subject to the limitations under paragraph 2.11 of this Agreement.

2.3 Call Center. EHIM will provide customer service lines to assist Client, Members and pharmacies with eligibility and benefits verification, questions regarding reimbursement and/or other related concerns according to the plan benefit.

2.4 Industry Standards. EHIM will perform its obligations under this Agreement in a professional and workmanlike manner consistent with industry standards.

2.5 Payment Recovery. EHIM has the right, to be exercised in its sole discretion, but not the obligation, to recover on behalf of the Plan any payment made to a Member or on a Member’s behalf to

which the Member is not entitled under the terms of the Plan. EHIM may use any reasonable method to recover such overpayment or duplicate payment.

## 2.6 Managed Care Services.

(a) Standard. EHIM will provide standard medication management services, including, but not limited to:

- (i) A standard concurrent DUR analysis to aid the pharmacist in recognizing potential drug interactions, incorrect prescriptions or dosages, and anything else that may be indicative of inappropriate prescription drug usage for each prescription filled that is submitted for processing on-line by a pharmacy. EHIM's DUR processes are education programs designed to enhance information available to the pharmacist in filling prescriptions, and are based only on the current claim for prescription drugs and such Member information as has been previously provided to EHIM and is available in EHIM's on-line claims processing system. EHIM's DUR processes are not intended as a substitute for the professional judgment of the prescriber, the dispensing pharmacist or any other health care professional providing services to the Member;
- (ii) Formulary development, which includes, but is not limited to assisting Client in selecting one of EHIM's clinically approved formularies. Additional formulary options are available to Client for a mutually agreeable fee;
- (iii) Prior authorization, which includes, but is not limited to: vacation overrides; drug quantity management; plan limitations and other similar services that do not include physician and/or pharmacist intervention; and
- (iv) Step therapy, which includes, but is not limited to implementing first and second line protocols.

(b) Enhanced. EHIM will provide customized managed care services, for an additional fee as agreed to by EHIM and Client in writing, including, but not limited to: EHIM Cares Program; custom pharmacy networks; custom formularies; fraud and abuse detection; and controlled substance utilization.

2.7 Pharmacist Discretion. The pharmacist is legally required to always exercise independent professional judgment in determining whether to dispense a particular prescription drug. EHIM's claims determination relates to whether or not a prescription drug is, or will be, covered as a Plan benefit and does not preclude the pharmacist from dispensing the drug where a patient requests such dispensing and is willing to personally pay the entire charge or the difference between the cost of the drug and the covered amount for the drug.

2.8 Claims Data to Vendors. Upon Client's written request and for an additional fee as agreed to by EHIM and Client in writing, EHIM will provide prescription claims data in EHIM's standard format(s) to Client's vendors ("Vendors") for disease management, flexible savings account and other "payment," "treatment" and "healthcare operations" purposes (as defined under HIPAA/HITECH). However, in no case will EHIM be obligated to disclose Confidential Information and/or proprietary information to Vendors. All vendors will comply with the requirements of EHIM and HIPAA/HITECH and any change in the law, including but not limited to the execution of any EHIM written agreements and Vendor certification.

2.9 Appeals. EHIM will perform a first level of review of written requests for appeals from Members stating their claims were incorrectly adjudicated. EHIM's review will consist of the verification that the claim(s) in question were properly adjudicated in accordance with the Plan (including whether properly denied or covered) and the terms of this Agreement.



2.10 Additional Services. At the Client's request, additional services may be provided by EHIM for an additional fee as agreed to by EHIM and Client prior to performing the specified service.

2.11 EHIM Authority. As part of this Agreement, the Parties agree that EHIM will provide Covered Pharmacy Benefits to the Client's Members. However, EHIM will not have discretionary authority or control to interpret the terms of the Plan or to make independent discretionary decisions as to Plan policy, interpretations, practices or procedures. Client further acknowledges that all such discretionary authority and control with respect to the management of the Plan is retained by Client.

2.12 EHIM Not an Insurer. EHIM does not insure or underwrite any liabilities of the Client.

2.13 Limitation on EHIM's Responsibilities. The responsibilities of EHIM will be limited to those expressly imposed upon it by this Agreement or subsequently agreed upon in writing by the Parties.

### **ARTICLE III** **RESPONSIBILITIES OF THE CLIENT**

3.1 Copy of Plan. Client will provide EHIM with a copy of the Plan.

3.2 Changes in Plan. If the Plan is amended or terminated, Client will notify EHIM of the amendment or termination at least sixty (60) calendar days prior to the effective date of such modification, unless otherwise agreed to in writing by both Parties. No modification to the Plan will be effective for purposes of this Agreement unless: (a) EHIM has agreed in writing to the modification; and (b) EHIM and the Client have mutually agreed in writing to any additional fees, if any. Client acknowledges that: (a) Client is and will remain fully liable to reimburse EHIM for claims EHIM may have paid on the basis of the Plan until the events referenced in this section have occurred; and (b) Client is responsible for providing notice of any modification to its Members no later than the effective date of such modification or such other date as required by law.

3.3 Set Up. Client will work with EHIM to complete an accurate Set Up Document. Any modifications to the Set Up Document will be documented on EHIM's standard amendment forms.

3.4 Eligibility.

(a) Eligibility Files. Client will submit to EHIM all completed initial Eligibility Files thirty (30) days prior to the Effective Date, unless otherwise agreed to in writing by the Parties. Initial and updated Eligibility Files will be delivered in a medium acceptable to EHIM. Electronic updates to eligibility, including, but not limited to, additions, changes or terminations, will be processed by EHIM within one (1) business day of actual receipt of the Clean Eligibility file. Eligibility performed manually by EHIM for Client may be subject to additional fees and processing times.

(b) Claims Liability. Client will be responsible for all claims during the period of the Member's eligibility including for retroactively terminated Members, except in the event of EHIM's gross negligence and/or willful misconduct. If an individual ceases to be a Member under the Plan and claims are processed or adjudicated due to incomplete eligibility and/or untimely eligibility notification, Client, and not EHIM, will be liable for all such related claims.

3.5 Self-Funding Notice. If the Plan is self-funded, the Plan Document and its Summary Plan Description, if applicable, will state as such and will state that in the event the Client does not pay the claims that are entitled to and eligible for payment under the Plan, the Members will be liable for those expenses and/or may be denied those applicable benefits.

3.6 Compliance with Applicable Law. Client hereby represents and warrants that it has complied, and will continue to comply, with any and all federal and state laws and EHIM policies and procedures communicated to Client applicable to the services under this Agreement. If the Client fails to comply with such law, EHIM will have the right to immediately terminate this Agreement. Such termination

will not relieve the Client of the obligation to pay EHIM fees, costs and claims, or to reimburse EHIM's expenses for services rendered, through the date of termination.

3.7 Taxes. Client will reimburse EHIM for any taxes or other governmental charges or fees incurred by EHIM, in connection with, or assessed against EHIM with respect to, any benefit payments, reports, tax returns or similar filings made by EHIM under the Plan and/or this Agreement. Unless otherwise required by law, EHIM will not be responsible: (a) for payment of any taxes or penalties that may be charged against Client, or any person or entity other than EHIM itself; or (b) for filing and/or distributing notices and materials of any taxable or otherwise reportable events to any person or entity.

3.8 Notification to EHIM. Client agrees to assist EHIM with the following: (i) handling difficult or disgruntled Members; (ii) clarifying any unclear or inaccurate documentation and/or information; and (iii) completing any and all other tasks incidental to the services under this Agreement and within the authority and control of the Client.

3.9 Accurate Information. Client acknowledges that EHIM cannot properly perform its responsibilities under this Agreement unless EHIM is provided with timely and accurate information. Client and/or its designated third party will deliver to EHIM or upon EHIM's request, to its agents or representatives, all documentation, reports, records and other information that is necessary for EHIM to perform its services under this Agreement. The subsequent discovery by EHIM of material facts known by Client either not disclosed to EHIM or misrepresented by the Client and/or its designated third party may result in termination of this Agreement. Client acknowledges that EHIM will not be responsible for any errors, delays or additional costs resulting from the Client's and/or its designated third party's delivery of incomplete, inaccurate, or untimely information, and the Client covenants and agrees to pay all costs and expenses, including benefit, paid by EHIM in reliance on inaccurate, incomplete or incorrect information.

3.10 Best Practices. Client will maintain industry-standard best practices with regards to Data Security, including maintaining up-to-date Data Security. In the event EHIM's systems or data are compromised due to Client's failure to maintain industry-standard and up-to-date Data Security, Client agrees to reimburse EHIM for any and all costs and/or expenses related to restoring EHIM's systems and/or data to EHIM's original status prior to the compromise.

#### **ARTICLE IV** **RECORDS**

4.1 Maintaining Records. EHIM will maintain records, in a form convenient to EHIM of claims and payments made under the Plan.

4.2 Use of Records. All records and/or data, all of which will be de-identified in accordance with HIPAA, may be used, disclosed, reproduced or adapted by EHIM.

4.3 Accessibility. All papers, books, files, correspondence, data and records kept pursuant to this Agreement will remain accessible for examination by the Client throughout the calendar year in which they are established and for ten (10) calendar years thereafter. EHIM reserves the right to collect additional fees and/or costs from Client associated with accessing archived documentation.

4.4 Record Release. Upon termination of this Agreement, EHIM will deliver within forty-five (45) business days of Client's written request, in EHIM's standard format(s), copies of the Plan's records in EHIM's possession to Client or to any successor claims processor as may be named by the Client. However, in no event will EHIM be obligated to provide such information if any invoice remains unpaid or outstanding. For additional fees as mutually agreed upon by both parties, EHIM will provide additional copies of the records or records in a non-standard format requested by Client.

#### **ARTICLE V** **PAYMENT**

5.1 Fees. Client will pay EHIM all applicable fees, costs and claims as described in this Agreement and the Set Up Document. EHIM's fees are guaranteed for the Initial Term of this Agreement as defined under Article IX. Thereafter, EHIM will retain the right to change any of its fees annually at renewal upon sixty (60) calendar days' advance written notice to the Client.

5.2 Invoicing. EHIM will invoice the Client bi-weekly, or such other interval as agreed to by the Parties, for all applicable fees, costs and claims.

5.3 Payment. Client will pay EHIM by ACH debit.

5.4 Service Charge. Invoices not paid within ten (10) calendar days of Client's receipt of EHIM's invoice will be considered past-due and may be subject to a service charge of one and a half percent (1.5%) per month on the unpaid balance.

5.5 Claims Fund.

(a) Prior to EHIM's commencement of services under this Agreement, EHIM will collect from Client a monetary claims fund to compensate it for future expected claims. The claims fund amount will be equal to two (2) weeks' estimated claims utilization. EHIM will have the right to retain and apply part or all of Client's claims fund to satisfy delinquent invoices or run-off claims. However, use of any claims fund in accordance with this Agreement will not relieve the Client from its obligation to pay any and all additional amounts due to EHIM. EHIM may review the adequacy of the claims fund amount (or portion thereof remaining, as the case may be) to determine whether the amount is sufficient, based on actual claims experience. If EHIM determines that the claims fund amount (or portion thereof remaining) is insufficient to support the level of claims, EHIM may increase the required claims fund amount by submitting an invoice to the Client and requesting such additional funds as EHIM deems necessary to add to any existing claims fund. Section 5.2 will apply to each invoice submitted by EHIM to the Client with respect to any additional required claims fund.

(b) In the event Client fails to make any payments of fees, costs, and claims to EHIM, as described in this Article V, EHIM will have the right, to be exercised in its sole discretion, to require that Client increase the claims fund held by EHIM to an amount up to three (3) months' estimated claims utilization (based on average monthly claims and services) to cover future fees for services to be provided by EHIM.

(c) Upon termination of this Agreement, and provided Client has met all of its payment obligations under this Agreement, the original claims fund amount less any payments made from the fund will be refunded in accordance with EHIM policy. EHIM's current policy is to refund 80% of the claims fund (80%) after the run off period, with the remaining balance (minus any claims paid) a year after termination. EHIM will provide notice of changes in its policy and in no event will more than 25 be held back for the one year period.

5.6 Suspension of Services. In the event Client is past-due on any EHIM invoice, EHIM may immediately discontinue providing services under this Agreement upon two (2) business days' notice.

## **ARTICLE VI OBJECTIONS**

6.1 Inaccuracies and Errors.

(a) Invoices. If Client objects to any item on an invoice, Client will pay the full amount invoiced and will notify EHIM of the objection as described below.

(b) Timeliness of Objections. The Client must object in writing to any inaccuracies and/or errors reflected in any documents supplied by EHIM, including but not limited to reports, records, invoices and administrative materials within ten (10) business days following receipt of such documents

specifying the reasons for the inaccuracy. EHIM will supply the Client with documentation either remedying such inaccuracy or unacceptability or denying the request within twenty (20) business days after receipt of such objection.

6.2 Failure to Notify EHIM. Failure of Client to notify EHIM of possible objections within the timeframe and manner specified in section 6 will constitute a waiver of any possible objections. As such, EHIM will consider the documents to be correct and EHIM will have no liability for costs and/or damages claimed by Client.

## **ARTICLE VII** **AUDITS**

7.1 Client Audits. Client may audit the prescription benefits provided under this Agreement consistent with EHIM's written Audit Protocol, available upon Client's request. An audit may be conducted, provided, however: (a) this Agreement has been executed by both Parties; (b) Client's account does not reflect a delinquent balance at the commencement of or during an audit; (c) Client provides a sixty (60)-day advance written notice; and (d) Client bears its own costs associated with the audit. Client may use an independent auditor, so long as such auditor is not a competitor of EHIM and/or does not have a conflict of interest with EHIM, as reasonably determined by EHIM. Any Auditor will be required to execute EHIM's Non-Disclosure and Business Associate Agreements prior to the audit.

## **ARTICLE VIII** **CONFIDENTIAL INFORMATION AND INTELLECTUAL PROPERTY**

### 8.1 Confidential Information.

(a) Definition. Confidential Information means information or material which is disclosed, either directly or indirectly, in writing or orally to Recipient, is made known to Recipient or is inspected by Recipient, which is proprietary to Discloser or is not generally known in the industry in which Discloser is engaged, including, but not limited to:

- (1) accounting, advertising, algorithms, business plans, clinical trials, compilations, concepts, customer data, customer lists, customer names, data, design documents, development plans, drafts, drawings, employees, engineering information, financial analyses, financing strategies, forecasts, formulas, feasibility studies, hardware configuration information, know-how, ideas, inventions, inventory, investor presentations, legal matters, licensing, memoranda, methods, new facilities or markets, notes, patents, photographs, prices, processes, products, product plans, profit margins, projections, purchasing, records, reports, research, sales, scientific data, services, specifications, software, source code, strategies, studies, suppliers, tax matters, technical information or developments, technology, test results, timelines and information regarding the operation and administration of Discloser;
- (2) Discloser's marketing and client service materials and design elements thereof, copyrights, patents, trademarks, symbols, design elements, intellectual or industrial property of any kind or type, or any other materials, forms, information, etc. that Discloser treats as or considers to be proprietary or that is recognized within the industry in which Discloser is engaged as being used by or associated with Discloser and the services specifically provided by Discloser;
- (3) trade secrets of Discloser, including but not limited to customer lists, as well as any formula, pattern, device or compilation of information used in Discloser's business that gives Discloser an advantage over its competitors;

- (4) any information Discloser obtains from another party which Discloser treats as proprietary or designates as confidential, whether or not such information is owned by or was developed by Discloser; and
- (5) any other information which is designated as "confidential" or "proprietary" or words of similar effect.

(b) Exclusions. Confidential Information will not include any information that: (i) becomes publicly known and made generally available in the public domain prior to or after the time of disclosure by Discloser through no action or inaction of Recipient; (ii) is obtained by Recipient from a third party lawfully in possession of such information and without a breach of such third party's obligations of confidentiality; (iii) is independently developed by the Recipient without use of or reference to Discloser's Confidential Information, as shown by documents and other competent evidence in Recipient's possession; or (iv) is lawfully in the Recipient's possession without breach of any duty of confidentiality to Discloser prior to the Effective Date.

(c) Discloser Sole Owner. Recipient acknowledges and agrees that Discloser is the sole owner of all of the Confidential Information disclosed by Discloser to Recipient and/or is in the possession of Recipient, including any and all documents and tangible objects containing or representing Confidential Information and any and all copies or extracts thereof. Such Confidential information will remain the property of Discloser and Discloser will own all of the right, title, or interest in such Confidential Information, and in their results and proceeds, throughout the world—in perpetuity.

(d) Use of Confidential Information. Confidential Information will not be copied or reproduced by Recipient or be used other than as permitted by Discloser. Without limiting Discloser's causes of action and/or remedies, any use of Confidential Information other than as set forth herein will be considered an infringement upon Discloser's Confidential Information and thus, a violation of federal, state and local laws.

(e) Non-Disclosure. During or after any discussions between the Parties, Recipient will not disclose any Confidential Information without the prior written consent of Discloser and will at all times maintain the secrecy and confidentiality of the Confidential Information, subject to Client's obligations to comply with the Michigan Freedom of Information Act. Recipient will not, without the prior written consent of Discloser, use the Confidential Information for personal gain, personal benefit or any purpose other than that in connection with the transactions and services contemplated by this Agreement; provided, however, that Recipient may disclose the Confidential Information to its Key Personnel who have: (1) a bona fide and articulable need to have the information in order for Recipient to fulfill its obligations under this Agreement; (2) been expressly informed by Recipient of the confidential nature of the Confidential Information; and (3) agreed in writing to be bound by this Agreement or who are otherwise legally bound in writing to protect Confidential Information as provided for under this Agreement.

(f) PHI. To the extent that any Confidential Information constitutes PHI as defined under HIPAA, Recipient will comply with all of the requirements of HIPAA, including but not limited to the execution of any written agreements required by HIPAA, (i.e., BAAs) and the destruction or return of PHI to Discloser.

(g) Prohibited Use. Recipient will not: (i) reverse engineer, disassemble or decompile any prototypes, software or other tangible objects that embody the Confidential Information and that are provided to, inspected by or worked on by Recipient under this Agreement; (ii) attempt to or assist others to develop, produce, market or sell any products or provide any services based on or utilizing, in whole or in part, any such Confidential Information; or (iii) make copies, excerpts or summaries of any Confidential Information without first requesting and receiving Discloser's prior written consent to such action.

(h) Required Disclosure. If Recipient receives notice of a request enforceable by law requiring that it disclose or produce any Confidential Information to a court, other governmental Agent, private litigant or the like, Recipient will provide Discloser with prompt written notice, which shall not exceed two (2) business days, of such requirement. Recipient's notice of a request hereunder shall mean notice received by the Recipient's Office of the General Counsel, its Freedom Information Coordinator or its benefits manager as applicable. Recipient will provide such assistance as Discloser may reasonably request in obtaining such order or other relief. Subject to compliance with the foregoing sentence, Recipient may furnish that portion (and only that portion) of the Confidential Information that Recipient is legally compelled or is otherwise legally required to disclose.

(i) Key Personnel Access. Recipient agrees that it will protect the secrecy of and avoid disclosure and unauthorized use of any Confidential Information. Without limiting the foregoing, Recipient will take at least those measures to protect the Confidential Information as it takes to protect its own confidential information of a similar nature, but in no case less than reasonable care. Recipient will ensure that any Key Personnel who have access to the Confidential Information have agreed in writing to be bound by this Agreement or are otherwise legally bound in writing to protect Confidential Information as provided for under this Agreement, prior to any disclosure of Confidential Information. All Confidential Information must be retained by Recipient in a secure place with access limited to only such of Recipient's Key Personnel as have fulfilled the requirements specified under this Agreement. Recipient will reproduce Discloser's proprietary rights notices on any such authorized copies, in the same manner in which such notices were set forth in or on the original. Recipient will immediately notify Discloser of any use or disclosure of the Confidential Information in violation of this Agreement of which Recipient becomes aware.

(j) Retention of Confidential Information. Notwithstanding anything to the contrary in this Agreement, Recipient may retain copies of Confidential Information that is required to be retained by law and/or regulation.

(k) Return of Confidential Information. Within ten (10) business days following delivery by Discloser to Recipient of a written request that all or specified portions of the Confidential Information be returned to Discloser, Recipient will assemble and return to Discloser (or alternatively, with the consent of Discloser, will destroy) all such Confidential Information, including all copies, excerpts and/or summaries thereof that remains in Recipient's possession, custody or control at that time.

## 8.2 EHIM Systems.

(a) EHIM Sole Owner. EHIM Systems will remain the property of EHIM and EHIM will own all of the right, title, or interest, including, but not limited to, the intellectual property in such EHIM Systems, and in their results and proceeds, throughout the world—in perpetuity.

(b) Prohibited Use. EHIM Systems will not be copied or reproduced by Recipient. Recipient will not use such EHIM Systems for any purpose other than as permitted by EHIM.

(c) Infringement. Without limiting EHIM's causes of action and/or remedies, any use of the EHIM Systems other than as set forth herein will be considered an infringement upon EHIM Systems and thus, a violation of both federal and state laws.

**ARTICLE IX**  
**TERM, TERMINATION AND AMENDMENT**

9.1 Term of Agreement. This Agreement, including its attached Exhibits, will be effective as of the Effective Date stated in the heading of this Agreement and will be for an initial term of one (1) year ("Initial Term"). This Agreement will be subject to renewal for additional one (1) year periods on each succeeding Anniversary Date ("Renewal Term") upon the parties' written agreement to any changes in the fees as contemplated by Section 5.1 hereof. This Agreement will continue in full force and effect until it is terminated in writing by either Party.

9.2 Termination.

(a) Initial Term and Renewal Term. Either Party may terminate this Agreement prior to the expiration of the Initial Term or any Renewal Term, with or without cause, upon ninety (90) calendar days' prior written notice.

(b) Breach. In the event either Party is operating under this Agreement in a manner the other Party reasonably believes to be materially inconsistent with the Agreement, the non-breaching party will notify the breaching party in writing of such default and allow for the breaching party to cure any of the foregoing within ten (10) business days after receipt of written notice or such other time as agreed to by the parties in writing. In the event the breaching party fails to cure the breach, the non-breaching party may immediately terminate this Agreement.

(c) Automatic Termination. This Agreement will automatically terminate, unless the other Party agrees in writing to waive the termination, if:

- (1) either Party engages in activities that are illegal or otherwise in violation of the law;
- (2) either Party becomes insolvent or bankrupt or admits in a writing its inability to pay its debts as they mature;
- (3) proceedings for the appointment of a receiver, trustee, or liquidation of either Party of a substantial portion of its assets, being authorized or instituted by or against that Party; or
- (4) voluntary or involuntary proceedings under the United State Bankruptcy Code or other bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any other jurisdiction being authorized or instituted by or against either Party, provided, however, that if the bankruptcy or insolvency proceedings are involuntary, that Party will have thirty (30) calendar days from the filing of the involuntary petition to obtain an order dismissing the proceeding.

(e) Non-Payment. Notwithstanding anything to the contrary herein, this Agreement may be terminated by EHIM upon two (2) business days' written notice if Client fails to pay EHIM any invoice, or deposit if applicable, in accordance with the terms of this Agreement.

9.3 Fees and Costs. Termination of this Agreement by either Party will not terminate Client's obligation to pay the fees, costs, and claims to EHIM required hereunder, including, but not limited to, those accumulated during the Run-Off Period.

9.4 Unpaid Claims Upon Termination. Upon the written request of the Client, EHIM will continue to process claims for the Run-Off Period under the same terms and conditions set forth under this Agreement, provided, however, Client's account does not reflect a delinquent balance. EHIM may, in

its sole discretion, suspend the processing of claims during the Run-Off Period if the Client's account reflects a delinquent balance at any time during such period.

9.5 Post Termination Transactions. Client agrees to pay EHIM the transaction fee stated in the Client Set Up Document for any pharmacy transaction incurred prior to the termination date, provided, however, Client notified EHIM as specified under this Article, but submitted to EHIM after the date of termination. EHIM will deduct the transaction fee from Client's Claims Fund. In the event a Client Claims Fund is not held by EHIM or is insufficient, EHIM will invoice the Client.

9.6 Amendment. No alteration or modification of the terms and conditions under this Agreement will be valid unless signed by both Parties to this Agreement. The Parties agree to amend this Agreement, as appropriate, to conform with any new or revised legislation, rules and regulations to which the Parties are subject to now or in the future including, without limitation, the Privacy Rule, Security Standards or Transactions Standards. If within thirty (30) days of either Party first providing written notice to the other of the need to amend this Agreement to comply with any laws, the Parties, acting in good faith, are either: (a) unable to mutually agree upon and make amendments or alterations to this Agreement to meet the requirements in question; or (b) the Parties determine in good faith that amendments or alterations to the requirements are not feasible, then either Party may terminate this Agreement upon thirty (30) days' advance written notice.

## ARTICLE X BANKRUPTCY PROCEEDINGS

10.1 Executory Contract. The Client acknowledges and agrees that this Agreement is an executory contract and will be governed by the provisions in 11 U.S.C. § 365 of the United States Bankruptcy Code. The Client also agrees that it will assume or reject this Agreement under 11 U.S.C. § 365 within thirty (30) calendar days after the filing of the bankruptcy petition by filing the necessary documents with the bankruptcy court. The Client will also timely perform all of its obligations under this Agreement, arising from and after the filing of the bankruptcy petition, until this Agreement is assumed or rejected. If the Client fails to do any of the above requirements, the Client consents to (and will not oppose) an expedited hearing on the above issues.

10.2 Right to Set Off. The Client acknowledges and agrees that any retainer of the Client that EHIM has in its possession that was acquired prior to the filing of the bankruptcy petition may be used to set off against any allowed pre-petition claim of EHIM pursuant to 11 U.S.C. § 553. EHIM may set off its allowed pre-petition claim against the retainer immediately after the filing of the Client's bankruptcy petition. The Client also agrees to consent to (and not oppose) an expedited hearing seeking to lift the automatic stay (if necessary) to allow EHIM to set off its allowed pre-petition claim against the retainer.

10.3 Priority Claim. The Client acknowledges and agrees that any payments due and owing to EHIM under this Agreement are considered contributions to an employee benefit plan and are entitled to a priority claim status under 11 U.S.C. § 507(a)(4).

10.4 Necessary Pre-Petition Claims. The Client acknowledges and agrees that any pre-petition obligations owing under this Agreement to EHIM are necessary for the Client to continue to operate in a proceeding under Chapter 11 of the Bankruptcy Code. The Client will seek immediate Court authority to allow payment of EHIM's pre-petition claims under the necessity of payment doctrine and will use its best efforts to include these claims to be paid in any of its budgets attached to motions for the use of cash collateral or authority to obtain post-petition financing.

## ARTICLE XI MISCELLANEOUS

11.1 Assignment. Neither Party may assign this Agreement without the prior written consent of the other Party, for which consent will not be unreasonably withheld. Client warrants and represents that it will not engage in any sale of its assets or stock without first bringing all EHIM accounts current or

EHIM Pharmacy Benefits Management Administrative Services Agreement v.4\_3.10.2015

Notice of requests to disclose agreement or EHIM information received in connection with this Agreement Must be  
Provided to EHIM within 2 business days



making satisfactory arrangements for the payment of all outstanding claims and fees due to EHIM prior to any transaction. Client further agrees to allow EHIM to notify any prospective asset or stock purchaser of any and all outstanding debts and EHIM's lien on any proceeds of a contemplated transaction. This Agreement will be binding upon, and inure to the benefit of and be enforceable by any successor entity.

11.2 Third Party Rights. This Agreement is neither a part of the Plan nor is a third party beneficiary contract. It is a contractual agreement solely between EHIM and Client for services related to the non-discretionary operation of the Plan and does not grant any rights to any other parties or individuals.

11.3 Counterparts and Facsimiles. This Agreement may be executed in multiple counterparts, each of which will constitute an original, and all of which, taken together, constitute one and the same original. Each Party will sign at least one counterpart, but is not required to sign every counterpart. This Agreement may be executed by facsimile signatures and delivered via facsimile transmission or any other form of electronic transmission, including e-mail, with such execution and delivery having the same legal force and effect as if the original Agreement had been executed and delivered by all Parties.

11.4 Governing Law. This Agreement will be governed by the laws of the State of Michigan, without reference to its conflict of law provisions, and Federal law where applicable.

11.5 No Waiver. Failure by either Party to insist upon compliance with any provisions of the Agreement at any time or under any set of circumstances will not operate to waive or modify that provision or in any manner render it unenforceable as to any other time or as to any other occurrence, whether the circumstances are or are not the same, and no waiver of any of the terms or conditions of this Agreement will be valid or of any force or effect unless contained in a written memorandum specifically expressing such waiver and signed by a person duly authorized by the respective Party to sign such waiver.

11.6 Exclusivity. EHIM will be the exclusive provider to Client and the Plan for each of the services described in this Agreement and/or any other pharmacy benefit management services provided by EHIM. Client agrees it will not provide, directly or indirectly, or engage any prescription benefit manager, other third party and/or any other entity, to provide to Client or Plan any service that is similar to the services provided by EHIM, including without limitation, retail pharmacy network contracting and management, pharmacy claims processing and handling, mail and specialty pharmacy services, medication management and formulary administration services and/or any other service that may limit or impair claims received by EHIM.

11.7 Severability. The invalidity or unenforceability of any provision in this Agreement will in no way affect the validity or enforceability of any other provision, and this Agreement will be construed in all respects as if such invalid, void or unenforceable provisions, etc. were omitted.

11.8 Corporate Obligations. The obligations of EHIM under this Agreement are solely corporate obligations and no officer, director, employee, agent, shareholder or controlling person of EHIM will be subject to any personal liability whatsoever, unless expressly arising by operation of applicable law.

11.9 Appointment of Agents. EHIM may appoint any agents, independent contractors, administrators or other parties, including, but not limited to, service providers and data processors, to assist it in the administration of this Agreement.

11.10 Rules of Construction. The headings contained in this Agreement are inserted for purposes of reference only, constitute no part of this Agreement and are not to be considered in the construction thereof. Wherever in this Agreement words are used in the masculine, feminine or neuter gender, they will be read and be construed as in the masculine, feminine or neuter gender wherever they would so apply, and vice versa. Wherever words appear in the singular or plural, they will be read and construed as in the plural or singular, respectively, wherever they would so apply. This Agreement is being entered into by and among competent and sophisticated Parties who are experienced in business

matters and represented by counsel and other advisors, and has been reviewed by the Parties and their counsel and other advisors. Therefore, any ambiguous language in this Agreement will not be construed against any particular Party as the drafter of the language.

11.11 Independent Parties. No provision of this Agreement is intended to create or will be construed to create any relationship between EHIM and Client other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement. Neither Party, nor any of their respective representatives, will be construed to be the partner, agent, fiduciary, employee, or representative of the other and neither Party will have the right to make any representations concerning the duties, obligations or services of the other except as consistent with the express terms of this Agreement or as otherwise authorized in writing by the Party about which such representation is asserted.

11.12 Survival of Obligations. The various covenants, agreements, representations, promises, warranties, rights, obligations and restrictions which accrue or come into existence pursuant to this Agreement and/or during the term of this Agreement will survive any termination of this Agreement and be fully enforceable against the responsible Party.

11.13 Force Majeure. Neither Party will be liable for, nor will either Party be considered in breach of this Agreement due to any failure or delay in performance of its obligations under this Agreement as a result of a cause beyond its reasonable control including but not limited to any act of God or public enemy, act of any military, civil or regulatory authority, change in any law or regulation, fire, flood, tornado, hurricane, earthquake, storm or other like event, labor strikes and/or disruption or outage of computers or communications, equipment failure, power or other utility failure, unless such disruption, outage or failure is a result of the failure of a Party to update its Data Security in accordance with industry standards.

11.14 Inconsistencies. If there are any inconsistencies between this Agreement and any other agreements regarding the subject matter of this Agreement between the Parties, the language in this Agreement will control.

11.15 Entire Agreement. This Agreement, together with the Exhibits referenced in Section 11.16 constitutes the entire understanding of the Parties and supersedes any prior oral or written communication between the Parties with respect to the subject matter of this Agreement. No modification, alteration or waiver of any term, covenant, or condition of this Agreement will be valid unless in writing and signed by both Parties.

11.16 Exhibits. The following Exhibits are incorporated into and made part of this Agreement:

| <u>Exhibit</u> | <u>Description</u>                            |
|----------------|---|
| A              | Business Associate Agreement (" <u>BAA</u> ") |
| B              | HIPAA Privacy Certification                   |
| C              | Set Up Document                               |

11.17 Notice. Unless otherwise indicated by this Agreement, any notice required to be given by one Party to the other will be sent either by: (a) registered or certified mail; or (b) recognized overnight delivery service with confirmed receipt; or (c) facsimile with confirmed receipt; or (d) e-mail with confirmed receipt, in any case properly addressed to the other Party at such address as such Party will specify from time to time by written notice delivered in accordance with this section. Any such properly addressed and properly given notice will be deemed to be effective upon mailing, faxing, or emailing. Notices will be sent to the addressees indicated below unless written notification of change of address is given.

If to EHIM:

If to Client:

|   |  |
|---|--|
| <p>EHIM<br/>Attn: Legal Department<br/>26711 Northwestern Highway, Suite 400<br/>Southfield, MI 48033</p> | <p>Detroit Public Schools Community District<br/>3011 West Grand Blvd., 10<sup>th</sup> Floor<br/>Detroit, MI 48202<br/>Attention: Deputy Superintendent of Talent</p> <p>With copies to:<br/>Detroit Public Schools Community District<br/>3011 West Grand Blvd., 11<sup>th</sup> Floor<br/>Detroit, MI 48202<br/>Attention: Procurement Officer</p> <p>Detroit Public Schools Community District<br/>3011 West Grand Blvd., 10<sup>th</sup> Floor<br/>Detroit, MI 48202<br/>Attention: General Counsel</p> |
|---|--|

-SIGNATURE PAGE TO FOLLOW-

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates specified below, but effective as of the date first above written.

Employee Health Insurance Management, Inc.

Client

By: Mindi K. Fynke

By: Mario Demetrios

Print Name: Mindi K. Fynke

Print Name: Mario Demetrios

Title: Chief Executive Officer & President

Title: Deputy Superintendent

Date: 10/27/2016

Date: 10-27-16

**EXHIBIT A**  
**BUSINESS ASSOCIATE AGREEMENT**

This Business Associate Agreement ("BAA"), Exhibit A, is made part of the Pharmacy Benefits Management Administrative Services Agreement ("Administrative Services Agreement") by and between EHIM ("Business Associate" or "BA") and Client ("Covered Entity" or "CE") (individually, the "Party" and collectively, the "Parties").

WHEREAS, Business Associate performs services for or on behalf of Covered Entity, and in connection with those services, Covered Entity discloses to Business Associate and/or Business Associate creates, receives, maintains, discloses, accesses and/or uses certain health information of Covered Entity's Members ("PHI") that is subject to protection under the Health Insurance Portability and Accountability Act of 1996 and the Health Information Technology for Economic and Clinical Health Act of 2009, as amended from time to time ("HIPAA/HITECH");

WHEREAS, pursuant to HIPAA/HITECH, Business Associate has an obligation to protect the PHI it creates, receives, maintains, transmits or access from or on behalf of Covered Entity. As part of this obligation, Covered Entity must receive assurances from Business Associate that it will protect the PHI in the same way as Covered Entity;

WHEREAS, the Parties desire to comply with the HIPAA standards for the privacy and security of PHI;

NOW, THEREFORE, In consideration for Business Associate's access to and/or use of PHI for those purposes allowed by HIPAA/HITECH and consistent with the services described under the Administrative Services Agreement, and in consideration for the mutual promises and covenants set forth below, the Parties agree as follows:

**SECTION 1**  
**DEFINITIONS**

1.1 Definitions. Unless otherwise specified, the following words and phrases, wherever capitalized, have the following respective meanings. All capitalized words and phrases not defined in this BAA will have the definitions given to them under 45 CFR §§160.103 and 164.501:

(a) "Breach Notification Standards" means the HIPAA regulations governing notification in the case of breach of unsecured PHI as set forth at 45 CFR § Part 164, Subpart D, as they exist now or as they may be amended.

(b) "Designated Record Set" means a group of Records (defined below) maintained by or for Covered Entity that is:

(1) the medical records and billing records about individuals maintained by or for Covered Entity used, in whole or in part, by or for Covered Entity to make decisions about individuals; or

(2) the enrollment, payment, claims adjudication, and case or medical management record systems maintained by or for a health plan used, in whole or in part, by or for Covered Entity to make decisions about individuals.

(c) "Genetic Information" means that term as defined under 45 CFR § 160.103.

(d) "HIPAA" means the Health Insurance Portability and Accountability Act, Public Law 104-91, and any amendments thereto.

(e) "HIPAA Transaction" means Transactions as defined in 45 CFR § 160.103 of the Transaction Standards.

(f) “HITECH Act” means the Health Information Technology for Economic and Clinical Health Act, found in the American Recovery and Reinvestment Act of 2009 at Division A, title XIII and Division B, Title IV.

(g) “Individual” means that term as defined under 45 CFR § 160.103 and will include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

(h) “Minimum Necessary” means that term as defined under the Health Information Technology for Economic and Clinical Health Act, § 13405(b).

(i) “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information at 45 CFR § Part 160 and Part 164, as they exist now or as they may be amended.

(j) “Protected Health Information” (“PHI”) means that term as defined under 45 CFR § 160.103, limited to the information that Business Associate accesses, creates, maintains, retains, modifies, records, stores, destroys or otherwise holds, uses or discloses on behalf of Covered Entity.

(k) “Record” means any item, collection, or grouping of information that includes PHI and is maintained, collected, used, or disseminated by or for Covered Entity.

(l) “Required By Law” means that term defined under 45 CFR § 164.103.

(m) “Secretary” means the Secretary of the Department of Health and Human Services or his designee.

(n) “Security Standards” means that term as defined under 45 CFR § parts 160, 162 and 164, as they exist now or as they may be amended.

(o) “Subcontractor” means that term as defined under 45 CFR § 164.103.

(p) “Transaction Standards” means the Standards for Electronic Transactions as defined under 45 CFR § part 160 and part 162, as they exist now or as they may be amended.

## **SECTION 2**

### **RESPONSIBILITIES OF BUSINESS ASSOCIATE**

2.1 Compliance. Business Associate will comply with the HIPAA Security Rule.

2.2 Further Use and Disclosure. Business Associate will not use or further disclose PHI other than as permitted or required by this BAA or as Required By Law.

2.3 Appropriate Safeguards. Business Associate will use commercially appropriate safeguards, including compliance with HIPAA, to prevent use or disclosure of the PHI other than as provided for by this BAA.

2.4 Mitigation. Business Associate will mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this BAA.

2.5 Report to Covered Entity. Business Associate will report to Covered Entity any use or disclosure of the PHI not provided for by this BAA of which it becomes aware, or of any act or omission that violates the terms of this BAA, including breaches of unsecured PHI.

2.6 Subcontractors. Business Associate will ensure that any subcontractor that creates, receives, maintains or transmits PHI on behalf of Business Associate, agrees in writing to substantially similar

restrictions and conditions that apply through this BAA to Covered Entity with respect to such information.

2.7 Access to Designated Record Set. Upon the reasonable advanced written request by Covered Entity, and in a reasonable time and manner, Business Associate will provide access, to PHI in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under HIPAA/HITECH.

2.8 Amendments to PHI. Pursuant to the advanced written request of Covered Entity or an Individual, Business Associate will make any amendment(s) to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR § 164.526. If Business Associate provides Designated Record Sets to third parties, Business Associate will ensure such records are also amended.

2.9 Communication by Alternative Means. If Business Associate will communicate with any Individuals, Business Associate will implement procedures to give timely effect to an Individual's request to receive communications of PHI by alternative means or at alternative locations, pursuant to 45 CFR § 164.522(b), so as to ensure that PHI will only be communicated to those individuals designated in such a request as authorized to receive the PHI. If Business Associate provides records to subcontractors who may also communicate with the Individual, Business Associate will ensure that the Individual's request for communications by alternative means is provided to and given timely effect by such subcontractors.

2.10 Disclosure of PHI. Business Associate will document disclosures of PHI, and information related to such disclosures, as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528 and any additional regulations promulgated by the Secretary pursuant to HITECH Act § 13405(c).

2.11 Accounting of Disclosures. Business Associate will provide to Covered Entity or to an Individual, in the time and manner designated by Covered Entity, information collected in accordance with Section 2.10 of this BAA, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI during the six (6) years prior to the date on which the accounting was requested, in accordance with 45 CFR § 164.528.

2.12 Access to Secretary. Business Associate will make its internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of Covered Entity, available to the Secretary, for purposes of the Secretary determining Business Associate's or Covered Entity's compliance with the Privacy Rule.

2.13 Covered Entity's Obligations. To the extent Business Associate is carrying out Covered Entity's obligations as specified under HIPAA, Business Associate will comply with the requirements that apply to Covered Entity under HIPAA in the performance of such obligations.

2.14 Subpoenas and Court Orders. In the event Business Associate receives a subpoena, court or administrative order or other discovery request or mandate for release of PHI, Business Associate will respond as permitted by 45 CFR § 164.512(e) and (f) following consultation with Covered Entity. Business Associate will notify Covered Entity of the request as soon as reasonably practicable, but in any event within ten (10) business days of receipt of such request.

2.15 Marketing and Fundraising. If Business Associate performs marketing or fundraising services on behalf of Covered Entity and uses or discloses PHI in furtherance of those services, Business Associate will adopt and implement a policy and procedure for removing the names of all individuals who have expressly opted out of receiving future marketing or fundraising materials from Business Associate on Covered Entity's behalf. If Covered Entity receives information of an individual's request to opt out of future mailings, it agrees to notify Business Associate of such request as soon as reasonably practicable after receipt of the request. Additionally, Business Associate will not make any communications in violation of the restrictions on marketing as specified under 45 CFR § 164.514(f).

2.16 Genetic Information for Underwriting. Business Associate will not use or disclose PHI that is genetic information for underwriting purposes as specified under 45 CFR §§ 164.502(a) and 164.514(g).

2.17 Remuneration. Business Associate will not directly or indirectly receive or provide remuneration from, to or on behalf of the Covered Entity for any PHI in violation of 45 CFR § 164.502(a).

2.18 Audit. Upon reasonable advanced written request from Covered Entity, Business Associate will permit Covered Entity to review and audit Business Associate's policies, procedures and practices relating to the use and protection of PHI, including the right to audit contracts and relationships with subcontractors who have access to PHI and upon request will provide Covered Entity with copies of relevant documents.

2.19 Electronic Transactions. To the extent that Business Associate is electronically transmitting any of the HIPAA Transactions for Covered Entity, the format and structure of such transmissions will be in compliance with the Transaction Standards.

2.20 Electronic Data Security. To the extent that Business Associate creates, receives, maintains or transmits electronic PHI, Business Associate will:

(a) Implement and document administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that Business Associate creates, receives, maintains or transmits on behalf of Covered Entity consistent with the requirements at 45 CFR §§ 164.308, 164.310, 164.312 and 164.316;

(b) Ensure that any subcontractor to whom Business Associate provides electronic PHI agrees to implement reasonable and appropriate safeguards to protect the PHI; and

(c) Keep records of all security incidents involving PHI of which Business Associate becomes aware, and will report to Covered Entity all significant security incidents of which Business Associate becomes aware.

2.21 Minimum Necessary. Business Associate will request, access, use or disclose only that amount of information that is minimally necessary to perform the services described under the Administrative Services Agreement. Business Associate will determine the amount minimally necessary consistent with the requirements as specified under 45 CFR §§ 164.502(b) and 164.514(d) or under any other regulations promulgated by the Secretary of the Department of Health and Human Services.

2.22 Breach Notification. Business Associate warrants that it has in place policies and procedures that are designed to detect inappropriate acquisition, access, use or disclosure of PHI and that it adequately trains its work force, on these procedures. Business Associate will notify Covered Entity of an acquisition, access, use or disclosure of PHI in a manner or for a purpose not permitted by the HIPAA Privacy Rule within the timeframe permitted under HIPAA. Business Associate will also provide Covered Entity with the identification of each individual whose PHI has been or is reasonably believed by Business Associate to have been acquired, accessed, used or disclosed during such incident within the timeframe permitted under HIPAA. Business Associate will assist Covered Entity in assessing whether the impermissible acquisition, access, use or disclosure poses a low probability that the PHI has been compromised, as determined through a risk assessment as specified under 45 CFR § 164.402. If Covered Entity determines that Individuals whose data is affected by the impermissible acquisition, access, use or disclosure must be notified pursuant to the HIPAA Breach Notification Standards or other applicable law due to Business Associate's sole fault, Business Associate upon Covered Entity's request will either: (a) provide such notification at its own expense in a form acceptable to Covered Entity without unreasonable delay and in compliance with applicable law; or (b) reimburse Covered Entity's reasonable costs for providing such notification. Business Associate will bear all costs related to the issuance of notices by or on behalf of Covered Entity to Individuals, the Secretary and/or the media related to a Breach of Unsecured PHI due to Business Associate's sole unauthorized acquisition, access, use or disclosure of unsecured PHI.



**SECTION 3**  
**PERMITTED USES AND DISCLOSURES BY BUSINESS ASSOCIATE**

- 3.1 **General Use.** Except as otherwise limited in this BAA, Business Associate may use or disclose PHI on behalf of or to provide services to Covered Entity as described under the Administrative Services Agreement.
- 3.2 **Required by Law.** Business Associate may use or disclose PHI as permitted or Required by Law.
- 3.3 **Proper Management of BAA.** Except as otherwise limited in this BAA, Business Associate may use PHI for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that disclosures are Required by Law.
- 3.4 **Data Aggregation.** Business Associate may use PHI to provide Data Aggregation services to Covered Entity as permitted by 45 CFR § 164.504(e)(2)(i)(B).
- 3.5 **De-Identified Information.** Business Associate may de-identify the information or create a limited data set in accordance with 45 CFR § 164.514, which may be used and disclosed by Business Associate as permitted by law, including HIPAA/HITECH.
- 3.6 **Individual Authorization.** Business Associate may use and disclose PHI pursuant to a written authorization by the Individual in accordance with 45 CFR § 164.508.
- 3.7 **Covered Entity Authorization.** Business Associate may use and disclose PHI pursuant to a written authorization by the Covered Entity.
- 3.8 **Report of Violations.** Business may disclose PHI to report violations of law to appropriate local, state and federal authorities in accordance with 45 CFR § 164.502(j)(1).
- 3.9 **TPO Purposes.** Business Associate may use and disclose PHI for treatment, payment and health care operations ("TPO") in accordance with 45 CFR §164.506(c).

**SECTION 4**  
**RESPONSIBILITIES OF COVERED ENTITY**

- 4.1 **Notice of Privacy Practices.** Covered Entity will notify Business Associate of any limitation(s) in the notice of privacy practices of a Covered Entity in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI. Business Associate will give timely effect to such limitations.
- 4.2 **Changes or Revocations.** Covered Entity will notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI. Business Associate will give timely effect to such changes or revocations.
- 4.3 **Restrictions.** Covered Entity will notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI. Business Associate will give timely effect to such restrictions.
- 4.4 **Impermissible Requests to CE.** Covered Entity will not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by Covered Entity, except as specifically allowed by Section 3.2 of this BAA.

**SECTION 5**  
**RETURN OF PHI**

5.1 Return of PHI. Upon termination of this BAA in accordance with Article IX of the Administrative Services Agreement, for any reason, Business Associate will return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity.

5.2 Retention of PHI. Notwithstanding anything to the contrary in this BAA, Business Associate may retain copies of PHI that is required to be retained by law.

5.3 Extension of Protection. In the event that return or destruction of the PHI is infeasible, Business Associate will extend the protections of this BAA to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

## **SECTION 6** **MISCELLANEOUS**

6.1 Interpretation. Any ambiguity in this BAA will be resolved to permit the Parties to comply with the Breach Notification Standards, Privacy Rule, Security Standards, and Transaction Standards.

6.2 Indemnification. To the extent permitted by law, each Party will indemnify and hold harmless the other for any and all claims, inquiries, costs or damages, including but not limited to any monetary penalties and reasonable attorney's fees, that the non-breaching party incurs arising from a violation by the breaching party of its obligations under this BAA. This indemnity must not be construed as a waiver of any governmental immunity Client has as provided by Michigan statute or modified by court decisions.

**EXHIBIT B**  
**HIPAA PRIVACY CERTIFICATION**

This HIPAA Privacy Certification, Exhibit B, is made part of the Pharmacy Benefits Management Administrative Services Agreement ("Agreement") by and between EHIM and Client.

Client agrees to:

- not use or further disclose protected health information ("PHI"), as defined in the Privacy Rules, other than as permitted or required by the Plan or as required by law;
- ensure that any subcontractor, to whom it provides PHI received from the Plan agrees to the same restrictions and conditions that apply to Client with respect to that PHI;
- not use or disclose PHI for employment-related actions and decisions or in connection with any other benefit or any of its other employee benefit plans, unless authorized by the individual;
- report to the Plan any use or disclosure of PHI of which Client becomes aware that is inconsistent with the uses or disclosures allowed by the Plan;
- upon an individual's request, make available to the individual his or her own PHI so that the individual may inspect and copy such PHI (this does not include access to psychotherapy notes or information compiled in reasonable anticipation of, or for use in, a civil, criminal or administrative action or proceeding), in accordance with 45 CFR 164.524 of the Privacy Rules;
- upon an individual's request, make available to the individual his or her own PHI in order to amend such PHI, in accordance with 45 CFR 164.526 of the Privacy Rules;
- upon the individual's request, make available to the individual an accounting of disclosures of the individual's PHI made by the Plan (excluding disclosures made before the Effective Date or the date six (6) years prior to the date on which the individual requests the accounting), in accordance with 45 CFR 164.528 of the Privacy Rules. An individual's right to an accounting of disclosures does not apply to disclosures made:
  - to carry out treatment, payment, or health care operations as defined in the Privacy Rules;
  - to the individual;
  - incident to a use or disclosure otherwise permitted or required by the Privacy Rules;
  - pursuant to an authorization signed by the individual;
  - to persons involved in the individual's care or for other permitted notification purposes (e.g., following a natural disaster);
  - for national security or intelligence purposes; or
  - to correctional institutions or law enforcement officials.
- make its internal practices, books, and records relating to the use and disclosure of PHI received from the Plan available to the Secretary of Health and Human Services for purposes of determining the Plan's compliance with the Privacy Rules;

- if feasible, return or destroy all PHI received from the Plan that Client still maintains in any form and retain no copies of PHI when no longer needed for the purpose for which the disclosure was originally made. If such return or destruction is not feasible, Client must limit further uses and disclosures to those purposes that make the return or destruction of the PHI infeasible; and
- ensure that adequate separation between the Plan and Client is established. To ensure adequate separation, the Plan:
  - describes employees or classes of employees or other persons under Client's control who will be given access to the PHI that will be disclosed, as well as any employee or person who receives PHI relating to payment under the Plan, health care operations of the Plan, or other matters pertaining to the Plan in the ordinary course of business ("Authorized Employees");
  - restricts access to and use by Authorized Employees to the Plan administration functions that Client performs for the Plan; and
  - provides an effective mechanism for resolving issues of noncompliance by Authorized Employees with respect to the provisions contained in this certification.
- For purposes of compliance with the HIPAA security requirements, the Plan has provisions requiring that Client:
  - implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of the Plan;
  - ensure that adequate separation is maintained between the Plan and Client by use of reasonable and appropriate security measures;
  - ensure that any agent, including a subcontractor, to whom it provides protected health information agrees to implement reasonable and appropriate security measures to protect the information; and
  - report to the Plan any security incident of which it becomes aware.

**Individuals Authorized to Receive Protected Health Information from EHIM**

To ensure medical information is shared only with authorized individuals, EHIM will only provide information to the following individuals involved in the administration of the Plan (i.e., Plan/Benefits Administrator). Please complete in its entirety.

---

|      |          |                |
|------|----------|----------------|
| Name | Tel. No. | E-mail Address |
|------|----------|----------------|

---

|      |          |                |
|------|----------|----------------|
| Name | Tel. No. | E-mail Address |
|------|----------|----------------|

---

|      |          |                |
|------|----------|----------------|
| Name | Tel. No. | E-mail Address |
|------|----------|----------------|

**EXHIBIT C**  
**SET UP DOCUMENT**  
**(To Be Inserted Upon Execution)**

This Set Up Document, Exhibit C, is made part of the Pharmacy Benefits Management Administrative Services Agreement ("Agreement") by and between EHIM and Client.

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Rx Client Enrollment & Plan Set Up Document

|   |                              |  |   |
|---|------------------------------|--|---|
| EHIM Client Number<br>50002138-01   | Effective Date<br>01/01/2017 | EHIM Account Manager<br>Michelle Wheaton | EHIM Sales Representative<br>Donnovan Shaya |
| Programs Enrolled In: <input type="checkbox"/> WRAP <input checked="" type="checkbox"/> Self-Insured Pharmacy <input type="checkbox"/> Fully Insured Look Alike Pharmacy <input checked="" type="checkbox"/> Stop Loss Pharmacy |                              |  |   |

**SECTION A - CLIENT INFORMATION**

Please complete all sections accurately and in its entirety.

|   |   |
|---|---|
| <b>Client Details:</b>  |   |
| Client Legal Name:<br>Detroit Public Schools Community District   | Client d/b/a Name (if applicable):<br>Detroit Public Schools Community District |
| Parent or Affiliated Company:   |   |
| Physical Address: 3011 West Grand Blvd  |   |
| City: Detroit   | State: Michigan   |
| Phone Number: (313) 873-7152  | Zip Code: 48202   |
| Extension:  | Fax Number:   |
| Billing/Reporting Address: (Complete regardless if same as Physical Address): 3011 West Grand Blvd  |   |
| City: Detroit   | State: Michigan   |
| Federal Tax ID Number: 81-2847693   | Zip Code: 48202   |
| SIC Code: 8211  |   |
| Health Plan Identifier ("HPID") Number:<br>(An HPID is a ten (10)-digit health plan identifier to use in certain health care transactions with other covered entities effective November 5, 2014 for large plans and November 5, 2015 for small health plans. Information may be obtained on <a href="http://www.cms.gov">www.cms.gov</a> . EHIM highly encourages Client to consult its legal counsel to discuss the requirements regarding this mandate.) |   |
| Entity Type (Corporation, LLC, Partnership, Gov Entity, School): School District  | State of Organization: MI   |

**SECTION B - CLIENT CONTACTS ("CONTACTS")**

Please complete all sections accurately and in its entirety. EHIM will only communicate with only those individuals named below.

|   |  |
|---|--|
| <b>Executive Team Contact:</b>              |  |
| Name: James Baker                           | Title (i.e., CEO or President): Deputy Superintendent  |
| Email Address: james.baker@detroitk12.org   | Phone Number: 313-873-7071   |
|   | Extension:   |
| <b>Primary Contact:</b>                     |  |
| Name: William Bogle, Jr.                    | Entity Affiliation:<br><input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |
| Email Address: William.bogle@detroitk12.org | Phone Number: 313 873-7152   |
|   | Extension:   |
| <b>Secondary Contact:</b>                   |  |
| Name: Theresa Maxwell                       | Entity Affiliation:<br><input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |
| Email Address:                              | Phone Number: 313-870-5542   |
|   | Extension:   |

-SECTION CONTINUED ON NEXT PAGE-



Rx Client Enrollment & Plan Set Up Document

**Reporting Contact (Contact for Reporting Information on behalf of Client)**

|   |  |            |
|---|--|------------|
| Name: William Bogle, Jr.                    | Entity Affiliation:<br><input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |            |
| Email Address: William.bogle@detroitk12.org | Phone Number: 313 873-7152   | Extension: |
| Name: Theresa Maxwell                       | Entity Affiliation:<br><input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |            |
| Email Address:                              | Phone Number: 313-870-5542   | Extension: |

**Billing Contact (Contact for Billing Information on behalf of Client)**

|  |   |            |
|--|---|------------|
| Name: William Bogle, Jr.                   | Entity Affiliation:<br><input type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |            |
| Email Address: William.bogle@detroit12.org | Phone Number: 313 873-7152  | Extension: |

**Plan/Benefits Administrator (Entity)**

Plan/Benefits Administrator must be the same entity listed on the Client's Plan Document ("Plan Document"). Being named as Plan/Benefits Administrator invokes specific legal obligations and liability as defined under the Employee Retirement Security Act of 1974 ("ERISA") if ERISA applicable.

|  |  |
|--|--|
| Entity Name: Detroit Public Schools Community District | Entity Affiliation:<br><input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |
|--|--|

**HIPAA Officers**

|  |                         |
|--|-------------------------|
| HIPAA Privacy Officer: William Bogle, Jr | HIPAA Security Officer: |
|--|-------------------------|

**Plan Amendment Contact**

Person(s) Authorized to Amend Plan (A 2<sup>nd</sup> signature will be required if requested Plan Amendment is for individual(s) listed below)

| Name/Role of Individual: | Representing and/or Affiliated with:  |
|--------------------------|---|
| 1. William Bogle, Jr     | <input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |
| 2. James Baker           | <input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |
| 3.                       | <input type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity            |
| 4.                       | <input type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity            |

**Appeals Contact**

Person(s) Appointed to Sit on Panel During Appeals Process

| Name/Role of Individual: | Representing and/or Affiliated with:  |
|--------------------------|---|
| 1. William Bogle, Jr.    | <input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |
| 2. Marios Demetriou      | <input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |
| 3. Phyllis Hurks-Hill    | <input checked="" type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity |
| 4.                       | <input type="checkbox"/> Client <input type="checkbox"/> Agent/Agency <input type="checkbox"/> TPA <input type="checkbox"/> Third Party Entity            |





**SECTION C - THIRD-PARTY COMPANY INFORMATION**

Please complete all applicable sections accurately and in their entirety. EHIM will directly communicate with the individual and/or his/her authorized representative named below.

**Agent/Agency**

Please complete either Agency or Agent information. If Agent is an independent contractor of Agency, please complete Agent information. If Agent is an employee of Agency, please complete Agency information.

|  |   |
|--|---|
| Agency Legal Name:<br>Aon Consulting, Inc. | Agency d/b/a Name (if applicable):<br>Agent Name: Steven Drobot |
|--|---|

Agent Legal Name (if independent contractor):

Physical Address: 3000 Town Center, Suite 3000

|                  |           |                 |
|------------------|-----------|-----------------|
| City: Southfield | State: MI | Zip Code: 48075 |
|------------------|-----------|-----------------|

|                              |            |                            |
|------------------------------|------------|----------------------------|
| Phone Number: (248) 936-5301 | Extension: | Fax Number: (248) 936-5468 |
|------------------------------|------------|----------------------------|

Mailing Address (Complete regardless if same as Physical Address):

|       |        |                 |
|-------|--------|-----------------|
| City: | State: | Zip Code: 48075 |
|-------|--------|-----------------|

|                                    |   |
|------------------------------------|---|
| Email: steven.drobot@aonhewitt.com | Fee Paid to Agent/Agency: <input type="checkbox"/> Yes, Pay Agency <input type="checkbox"/> Yes, Pay Agent <input checked="" type="checkbox"/> Waived |
|------------------------------------|---|

**Third-Party Administrator ("TPA")**

|                                      |                                 |
|--------------------------------------|---------------------------------|
| TPA Legal Name:<br>Kapnick Insurance | TPA d/b/a Name (if applicable): |
|--------------------------------------|---------------------------------|

TPA Individual Contact: Dawn Mazzola

Physical Address: 333 Industrial Drive

|              |           |                 |
|--------------|-----------|-----------------|
| City: Adrian | State: MI | Zip Code: 49221 |
|--------------|-----------|-----------------|

|                            |            |             |
|----------------------------|------------|-------------|
| Phone Number: 248-595-0760 | Extension: | Fax Number: |
|----------------------------|------------|-------------|

Mailing Address (Complete regardless if same as Physical Address): 333 Industrial Drive

|              |           |                 |
|--------------|-----------|-----------------|
| City: Adrian | State: MI | Zip Code: 49221 |
|--------------|-----------|-----------------|

|                                 |  |
|---------------------------------|--|
| Email: dawn.mazzola@kapnick.com | Fee Paid to TPA: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Waived |
|---------------------------------|--|

**Miscellaneous Third Party Entity ("Third Party Entity")**

Some examples of a Third Party Entity include, but are not limited to the following: disease-management companies, stop-loss carriers and data compilation and benchmarking entities.

|  |  |
|--|--|
| Third Party Entity Legal Name:<br>Not Applicable | Third Party Entity d/b/a Name (if applicable): |
|--|--|

|   |                                |
|---|--------------------------------|
| Third Party Entity Type (Corp, LLC, Partnership): | Service(s) Provided to Client: |
|---|--------------------------------|

Company Individual Contact:

Physical Address:

|       |        |           |         |
|-------|--------|-----------|---------|
| City: | State: | Zip Code: | County: |
|-------|--------|-----------|---------|

|               |            |             |
|---------------|------------|-------------|
| Phone Number: | Extension: | Fax Number: |
|---------------|------------|-------------|

Mailing Address (Complete regardless if same as Physical Address):

|       |        |           |
|-------|--------|-----------|
| City: | State: | Zip Code: |
|-------|--------|-----------|

|        |  |
|--------|--|
| Email: | Fee Paid to Third Party Entity Fee: <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Waived |
|--------|--|

**SECTION D - MEMBER COVERAGE**

**Employee Eligibility**

Definition of Eligible Employee (i.e., hours required for eligibility under the Plan):  
 (Under the Patient Protection and Affordable Care Act ("PPACA"), coverage must be offered for employees that average at least thirty (30) hours per week. EHIM highly encourages Client to consult its legal counsel to determine which, if any, employees are eligible for coverage.

Eligibility Waiting Period: 1<sup>st</sup> of the month following date of hire (30 days)  
 (PPACA mandates a 90-day maximum waiting period for Plan years beginning on or after January 1, 2014.)

**Employee Enrollment**

Approximate Number of Employees Enrolled in Pharmacy Plan ("Plan"): Full Time: 4,500 Part Time: \_\_\_\_\_  
 (The number of employees does NOT include spouses and/or other dependents, collectively "Members").

Total Number of Employees who are: Full Time: 5,007 Part Time: 1,307  
 (If have none for certain selections, please list "0").

**Dependent Coverage**

Maximum Age of Coverage for Dependent Children: 26 years  
 (PPACA requires Plans to offer coverage to eligible dependent children up through age Twenty-Six (26) effective September 23, 2010. EHIM highly encourages Client to consult its legal counsel to discuss the eligibility requirements regarding this mandate.)

**Additional Coverage**

Client has union suffixes:  Yes  No If yes, will the union be covered under EHIM?  Yes  No

Client has retirees:  Yes  No If yes, will the retirees be covered under EHIM?  Yes  No

**Minimal Essential Benefits**

|   |   |
|---|---|
| Client has more than one (1) physical location for which EHIM will be servicing:<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | If yes, list all applicable states:<br>Michigan |
|---|---|

Client will use and implement the following state's benchmark for its Essential Health Benefits: MI  
 (PPACA requires Clients with multi-state physical locations to choose one (1) state to follow as its benchmark for all locations effective January of 2015. EHIM highly encourages Client to consult its legal counsel to discuss the requirements regarding this mandate).

**SECTION E - TERMINATION**

**Member Coverage Termination ("Termination")**

Terminations CANNOT be backdated because pharmacy claims are processed in real time. Client will be responsible for costs incurred before the eligibility change is communicated and applied to EHIM's Eligibility System according to the performance standards specified in EHIM's Administrative Services Agreement ("ASA").

Employee Terminations are processed:  Per Diem (Coverage Ends at the Time of Termination)  Carry Through End of Month

26-Year-Old Dependent Children Coverage will term:  End of Calendar Year  End of Plan Year  End of Birthday Month  DOB

SECTION F - PLAN INFORMATION

Plan Year begins on (mm/dd): January 1

Exemptions

Plan has "Grandfathered" status:  Yes  No

(Under PPACA, those Plans that existed on or after March 23, 2010 are eligible for grandfathered status and therefore are exempt from specific mandates of health care law. However, there are still certain requirements that grandfathered Plans must comply with. EHIM highly encourages Client to consult its legal counsel to determine whether its Plan qualifies for grandfathered status and which, if any, exemptions apply).

Plan is entirely exempt from PPACA:  Yes  No Reason (Specify, i.e. religious organization, Native-American tribe, etc.):

(Under PPACA, certain entities, such as government-recognized religious organizations and/or affiliations and Native-American tribes and/or communities are exempt from specific mandates of health care law. However, there are still certain requirements that these Plans must comply with. EHIM highly encourages Client to consult its legal counsel to determine which, if any, exemptions apply).

Prescription Plan History

Please list previous Prescription Plan Provider:

Health Alliance Plan (HAP)

Previous Plan Was:

Fully Insured  Self Funded  Other:

Medical Plan

Please list all current Medical Plan(s) offered by Plan to its Members

| Medical Carrier or TPA Name | Plan Name (i.e., BCBS PPO, HAP HMO): | Type of Coverage:  | Renewal Date(s) (mm/dd): |
|-----------------------------|--------------------------------------|--|--------------------------|
| 1. Blue Care Network        | Health Blue Living HMO               | <input type="checkbox"/> Self Funded <input checked="" type="checkbox"/> Fully Insured <input type="checkbox"/> Fully-Insured Look Alike | 1/1                      |
| 2.                          |                                      | <input type="checkbox"/> Self Funded <input type="checkbox"/> Fully Insured <input type="checkbox"/> Fully-Insured Look Alike            |                          |
| 3.                          |                                      | <input type="checkbox"/> Self Funded <input type="checkbox"/> Fully Insured <input type="checkbox"/> Fully-Insured Look Alike            |                          |

**SECTION G - IDENTIFICATION CARD & EMPLOYEE HANDBOOK**

At Client's request, EHIM will create and produce Identification Cards and/or Employee Handbooks. Additional and/or replacement Identification Cards and/or Employee Handbooks may be issued subject to additional cost(s) and/or fee(s). Client, and not EHIM, shall be liable for all claims resulting from the use of such Identification Cards, including after termination of EHIM services.

Client understands and acknowledges EHIM will provide Client and/or its representatives, with its product and Intellectual Property, which includes, but is not limited to, EHIM's name(s), logo(s), copyrights, trademarks, patents and/or proprietary information. Client and/or its representatives understand and acknowledge that EHIM is the sole owner of its Intellectual Property and EHIM owns all of its right, title and interest in such property. Neither Client nor any of its representatives shall have or claim to have any ownership interest in the Intellectual Property of EHIM.

**EHIM ID Card (ID Card)**

EHIM ID Cards WILL be produced.  EHIM ID Cards WILL NOT be produced.

If EHIM is producing EHIM ID Cards, please indicate the official Client name as to be displayed and printed on the EHIM ID cards. The ID Card allows for 26 characters under "Plan Name." If the name is to be displayed in all CAPS, only 23 characters fit on the ID card. Please provide exact spelling, capitalization and punctuation. If there are any errors and/or modifications that require part or all of the ID cards to be re-printed, Client may incur additional cost(s) and/or fee(s).

Client Name on ID Card: DPS Community District

ID Cards Will be Delivered to:

Client  Agent/Agency  TPA  Third Party Entity  Member

Attention (Name of Individual):

**Co-Branded Identification ("Co-Branded ID") Card**

Co-Branded ID Cards WILL be produced.  Co-Branded ID Cards WILL NOT be produced.

Please indicate Company that will create and produce Co-Branded ID Cards for or on behalf of Client:

Agent/Agency  TPA  Third Party Entity

**Employee Handbook (Employee Handbook)**

Employee Handbook WILL be produced.  Employee Handbook WILL NOT be produced.

If EHIM is producing Employee Handbook, please indicate the official Client name as to be displayed and printed on the Employee Handbook. Please provide exact spelling, capitalization and punctuation. If there are any errors and/or modifications that require part or all of the Employee Handbooks to be re-printed, Client may incur additional cost(s) and/or fee(s).

Name: Detroit Public Schools Community District

Employee Handbook will be delivered to:

Client  Agent/Agency  TPA  Third Party Entity

Attention (Name of Individual):

William Bogle, AON, Kapnick Insurance Services

Employee Handbooks will be delivered as a:  Hardcopy  PDF file  Both

**SECTION H - ELIGIBILITY**

**Eligibility Options:**

Initial Load:  Electronic Data Interchange ("EDI") Data Feed (834,XML)  EHIM Eligibility Template  
 Client to enter via EHIM Online Eligibility  Transfer from EHIM Medical Eligibility  Paper Enrollment Forms  
 Ongoing Maintenance:  EDI Data Feed (834,XML)  EHIM Online Eligibility  Paper Enrollment Forms

**EHIM Online Eligibility (Online Eligibility):**

If Online Eligibility is selected, Client authorizes those users specified below as administrators of online eligibility for purposes of reporting, enrollments, terminations or other modifications. In addition, if none of the columns are marked, it will be assumed that the user should not have that ability in Online Eligibility. Furthermore, EHIM may deny user access and/or may grant incomplete access rights based on the information below. Finally, all users are bound by the terms and conditions of EHIM's Online Eligibility system ("Terms & Conditions") and its amendments.

**All Users Authorized to Access and Utilize Online Eligibility**

| Name of Individual:           | Email Address:              | Type of Access:   | Individual Representing and/or Affiliated with:  |
|-------------------------------|-----------------------------|---|--|
| 1. Kapnick Insurance Services |                             | <input type="checkbox"/> View Only <input checked="" type="checkbox"/> Edit <input checked="" type="checkbox"/> Order ID Cards<br><input checked="" type="checkbox"/> Run Eligibility Reports | <input type="checkbox"/> Client <input type="checkbox"/> Agency <input type="checkbox"/> TPA<br><input checked="" type="checkbox"/> Third Party Entity |
| 2. William Bogle, Jr.         | William.bogle@detroit12.org | <input checked="" type="checkbox"/> View Only <input checked="" type="checkbox"/> Edit <input checked="" type="checkbox"/> Order ID Cards<br><input type="checkbox"/> Run Eligibility Reports | <input checked="" type="checkbox"/> Client <input type="checkbox"/> Agency <input type="checkbox"/> TPA<br><input type="checkbox"/> Third Party Entity |
| 3. Theresa Maxwell            |                             | <input checked="" type="checkbox"/> View Only <input type="checkbox"/> Edit <input type="checkbox"/> Order ID Cards<br><input type="checkbox"/> Run Eligibility Reports                       | <input checked="" type="checkbox"/> Client <input type="checkbox"/> Agency <input type="checkbox"/> TPA<br><input type="checkbox"/> Third Party Entity |
| 4.                            |                             | <input type="checkbox"/> View Only <input type="checkbox"/> Edit <input type="checkbox"/> Order ID Cards<br><input type="checkbox"/> Run Eligibility Reports                                  | <input type="checkbox"/> Client <input type="checkbox"/> Agency <input type="checkbox"/> TPA<br><input type="checkbox"/> Third Party Entity            |

**SECTION I - QUOTE/REPORTS**

**Quote/Proposal**

EHIM prepared a Quote/Proposal:  Yes  No

Client implemented ALL managed-care initiatives proposed by EHIM:  Yes  No - will implement Rx benefits as they exist currently under HAP

**Client Information**

At Client's request, EHIM will prepare the reports specified below and provide them to the applicable party, but only to the extent information is made available to EHIM by the Client to prepare those reports. Please specify the reports or the types of information that Client authorizes EHIM to release to each party below. EHIM will only release the documents/information that the applicable party requires to perform its services under the Plan and as Client specifies.

Client is coming from a:  Fully Insured Plan  Self Funded Plan

Client will receive (Select one or the other):

Monthly Savings Report  
(Client may select only if coming from Fully Insured Plan).

Monthly Summary Report  
(Client may select if coming from either a Fully Insured Plan or Self Funded Plan).

Provide Monthly Savings or Summary Report to the following:  Client  Agent/Agency  TPA  Third Party Entity

Monthly Savings Report (If applicable) will compare actual self funded spend to:  Illustrative Rates  Fully Insured Equivalent Drug Card Rates

Fully Insured Experience Rates  Other (Please specify):

**Annual Client Performance Review**

At the end of each Plan year, EHIM performs a complete analysis on each Client's performance over the year. This includes wide reporting, detailed clinical analysis and recommendations for Plan initiatives for the upcoming year. The annual performance review will be sent to the Client and any applicable parties as indicated below.

Provide Annual Performance Review to the following:  Client only  Agent/Agency  TPA  Third Party Entity

**SECTION J - INVOICING**

Invoice needs to be separated by segments or sub-groups:  Yes  No

If yes, the appropriate sub-group indicator is:  Physical Location  Internal Departments  Hourly/Salary  Plan  
 Union/Non-Union  Other (Please specify):

Names:

**SECTION K - COPAY ELECTIONS**

PPACA establishes limits on Out-of-Pocket Maximums ("OOP Maximum") for non-grandfathered Plans for Plan years beginning on or after January 1, 2014. In addition, it mandates that a Member's cost-sharing, including, but not limited to co-pays, deductibles and coinsurance, imposed under the Plan must be applied to the Plan's OOP Maximum. EHIM highly encourages Client to consult its legal counsel to determine such the OOP Maximum.

| Type   | Plan 1 - Core (Standard/Enhanced) | Plan 2 - Core Plus (Standard/Enhanced) | Plan 3 - Premium (Standard/Enhanced) |
|--|-----------------------------------|--|--------------------------------------|
| Generic (Tier 1)<br>If Percent, List Min & Max (if applicable)         | \$15.00 / \$7.00                  | \$5.00 / \$5.00                        | \$15.00 / \$7.00                     |
| Preferred Brand (Tier 2)<br>If Percent, List Min & Max (if applicable) | \$30.00 / \$25.00                 | \$25.00 / \$25.00                      | \$30.00 / \$25.00                    |
| Non-Preferred (Tier 3)<br>If Percent, List Min & Max (if applicable)   | \$60.00 / \$50.00                 | \$40.00 / \$40.00                      | \$60.00 / \$50.00                    |

The following Non Preferred Drug List will be implemented:

EHIM NP List (see Attachment 1)     Custom NP List (Please attach custom NP List to Set Up Document)

No, Plan Declines to cover these medications.

|  |                |                |                |
|--|----------------|----------------|----------------|
| Non-Preferred (Tier 4)<br>If Percent, List Min & Max (if applicable) | Not Applicable | Not Applicable | Not Applicable |
|--|----------------|----------------|----------------|

No, Plan Declines to cover these medications.

**Multi-Source Medications (Brand Name Medications with Generic Equivalents)**

Multi-Source Brand Medications are brand name medications for which there is a generic equivalent available. Use of Generic Medications is mandated under the EHIM program whenever it is legal to substitute a generic drug for the brand name drug. However, the physician may indicate on the prescription "Dispense As Written" or "DAW" or other legally binding wording that indicates the brand name drug MUST be dispensed. In this case the pharmacy will submit the transaction using the appropriate code, DAW=1, to identify the claim as a physician-indicated DAW. If a member requests the brand name drug, but the physician does not indicate DAW on the prescription, the pharmacy will bill this as a DAW=2 claim.

For 3 tier formularies, EHIM recommends all Multi-Source brands are included at the 3<sup>rd</sup> tier copay level.

| Type   | Plan 1              | Plan 2               | Plan 3               |
|--|---------------------|----------------------|----------------------|
| DAW=1 (Physician-Ordered Brand)<br>If Percent, List Min & Max (if applicable)  | \$60.00 / \$50.00   | \$40.00 / \$40.00    | \$60.00 / \$50.00    |
| Member will be responsible for difference in cost between the brand and generic: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |                     |                      |                      |
| DAW=2 (Patient-Requested Brand)<br>If Percent, List Min & Max (if applicable)  | \$60.00+ difference | \$40.00 + difference | \$50.00 + difference |

Member will be responsible for difference in cost between the brand and generic:  Yes     No

**SECTION L - HIGH-Deductible Health Plan ("HDHP") (IF APPLICABLE)**

An HDHP is a plan that features higher deductibles than traditional insurance plans. It may be combined with a health savings account ("HSA") or a health reimbursement arrangement ("HRA") to allow a Member to pay for qualified out-of-pocket medical expenses on a pre-tax basis.

~~HDHPs are not applicable for dependent living children.~~

Plan Year     Calendar Year

Is there a carryover deductible file from the previous carrier?     Yes     No    If yes, what carrier is the file coming from?

**Requirements:**

The deductible information will be sent From: \_\_\_\_\_ To: \_\_\_\_\_

EHIM will receive a deductible accumulator file containing the medical spend (daily is preferred):

Daily     Weekly     Monthly     Other:

If deductible information needs to pre-load, the first file will be received by EHIM on:

Client's IT contact information to setup file transfer with:

Name: \_\_\_\_\_ Company: \_\_\_\_\_

Physical Address:

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Extension: \_\_\_\_\_ Fax Number: \_\_\_\_\_

Email:

|              | Single | 2-Person / Family | Can 1 Person in a 2-Person/Family Contract Meet the Entire Deductible/Co-Insurance/OOP-Max? | If no, what is the maximum amount 1 person in a 2-Person/Family Contract Will Pay? | Notes |
|--------------|--------|-------------------|---|--|-------|
| Deductible   | \$     | \$                | <input type="checkbox"/> Yes <input type="checkbox"/> No                                    | \$   |       |
| Co-Insurance | \$     | \$                | <input type="checkbox"/> Yes <input type="checkbox"/> No                                    | \$   |       |
| OOP Maximum  | \$     | \$                | <input type="checkbox"/> Yes <input type="checkbox"/> No                                    | \$   |       |



**SECTION M - OUT OF POCKET MAXIMUM ("OOP Maximum")**

An OOP maximum is the amount that a Member must pay before the Plan starts to pay for 100% for covered essential health benefits. Once the OOP Maximum is met, all eligible prescriptions will process with a \$0.00 out-of-pocket payment for the applicable Member. Under PPACA, this limit includes deductibles, coinsurance, copayments or similar charges and any other expenditure required of a Member which is a qualified medical expense for essential health benefits.

The OOP Maximum for any Member under either the Integrated or Allocated plan cannot exceed the maximum dollar amount mandated by the federal government.

Please select one (1) of the two (2) options below and complete the applicable section. See Section L for Group IT Contact information.

|                                     |   |
|-------------------------------------|---|
| <input type="checkbox"/> Integrated | <input checked="" type="checkbox"/> Allocated |
|-------------------------------------|---|

The OOP Maximums are considered met when combining the Member's OOP payments for the Health/Medical Plan with OOP payments for the Pharmacy Plan. EHIM must integrate with the Medical Carrier/TPA to share data daily to ensure timely and accurate determination of the integrated OOP Maximum between the Health Plan and the Pharmacy Plan.

The OOP Maximums are allocated for specific amounts between the Health/Medical Plan and the Pharmacy Plan. The dollar values entered below are for the Pharmacy Plan only and must be met before the Pharmacy Plan will pay 100% of all covered prescriptions.

Carrier Name:

OOP Maximum:

Single: Two (2) Person/Family:

OOP Maximum:

Single: \$1,600 Two (2) Person/Family: \$3,200

**Benefit Year**

EHIM will mirror the Benefit Year of the Medical Insurance to effectively implement OOP Maximum requirement.

Start Date of the Medical Insurance Benefit Year: January 1

**OOP/Maximum Options**

Please select one (1) of the two (2) options below and complete the application section.

|  |  |
|--|--|
| <input checked="" type="checkbox"/> EHIM's Essential Health Benefits ("EHB") Formulary | <input type="checkbox"/> All Covered Drugs |
|--|--|

This is EHIM's proprietary list of specific medications that will contribute to the Member's OOP Maximum. It is aligned with state-specific benchmark plans.

All covered medications will contribute to the Member's OOP Maximum.

Benchmark State: MI

**SECTION N - PPACA Medications**

**PPACA Medication - Affordable Care Act - Rx Yearly Medication**

PPACA requires that Plans cover certain medications with no cost-sharing to the Member, unless grandfathered or exempted. In order to be covered under the Plan, Member must receive a prescription from his/her physician to be presented to the pharmacist. See Attachment 3 for a list of covered medications under EHIM's PPACA Drug List.

**Applicable Pharmacy Restrictions**

| Medication:                  | Applicability/Restrictions/Types:         | Copay - PPACA Tier: | PPACA Alternatives - Copay: |
|------------------------------|---|---------------------|-----------------------------|
| Anasterazole                 | Oral                                      | \$0                 | Tier 2                      |
| Aspirin-81mg                 | Males 45 - 79 yrs and Females 55 - 79 yrs | \$0                 | Not Applicable              |
| Folic Acid                   | Females Only                              | \$0                 | Not Applicable              |
| Oral Fluorides               | Minors under 4 years old                  | \$0                 | Not Applicable              |
| Iron Supplements             | Minors 6 mon - 1 year old                 | \$0                 | Not Applicable              |
| Contraceptives - Oral        | Includes emergency contraception          | \$0                 | Tier 2                      |
| Contraceptives               | Patches, Rings, Injectables & Diaphragms  | \$0                 | Tier 2                      |
| Implantable Contraceptives - | IUDs & Implanon                           | \$0                 | Tier 2                      |
| Smoking Cessation            | Oral & Lozenges                           | \$0                 | Not Applicable              |
| Smoking Cessation            | Patches                                   | \$0                 | Not Applicable              |
| Smoking Cessation            | Inhalers & Nasal Sprays                   | \$0                 | Not Applicable              |

**SECTION O - EHIM CUSTOMIZED PROGRAMS**

**Over-the-Counter (OTC) Non-Prescription Medications**

Certain OTC Medications (both brand and generic versions) may be covered for little or no copay to encourage their use over more expensive prescription-only medications. To receive coverage for these OTC Medications, a physician's prescription for the OTC Medication must be obtained and presented to the pharmacist. The OTC Medications listed below ("OTC Formulary") is the most current inclusive list and includes representative medications. This OTC formulary is subject to change without notice. EHIM's standard OTC offering covers those low-cost medications, which are designed to treat the same conditions as the more expensive brand medications in the categories listed. The complete OTC Formulary of covered medications is available upon request.

**Examples:**

| Indication: | OTC Medication:  | Possible Substitute: |
|-------------|--|----------------------|
| Anti-Ulcer  | Axid, Nexium OTC, Pepcid, Prevacid OTC, Prilosec OTC, Tagamet, Zantac & Zegerid OTC                    | Nexium or Dexilant   |
| Allergy     | Alavert, Allegra, Benadryl, Claritin, Nasacort OTC Zyrtec (Plan and D are covered for all medications) | Semprex or Xyzal     |

Yes, Client will cover the OTC Medications at the following copay:  
Generic

No, Client Declines to cover these OTC Medications.

**Automatic Updates**

The pharmaceutical industry is constantly changing with the introduction of new medications into the marketplace, brand medications losing their patents, introduction of generic medications and medications being removed from the marketplace. In order to adapt to the industry changes and to keep the Plan consistent with the plan design, EHIM automatically updates the list of therapeutic classes and/or specific medications described and outlined in the above sections, specifically those entitled Copay Elections, PPACA Medications and EHIM Customized Programs as necessary. These changes may include, without limitation, new medications and/or therapeutic classes added and/or removed from the lists and/or quantity limitations being increased and/or decreased.

**Quantity Limitations**

With the high cost of certain prescription medications, limiting the quantity and/or days' supply of medication received per fill per month on certain drug categories may also help control the Client's pharmacy costs. These limits are not intended to deny benefits, but exist to aid and protect its members. Subjecting medications to quantity limits helps ensure these medications are not utilized inappropriately and/or recommended maximum dosages are not exceeded. EHIM's Quantity Limitations are based on FDA-approved dosing recommendations and pharmaceutical guidelines. They have been reviewed and approved by EHIM's licensed clinical staff.

Yes, Client will implement quantity limitations as suggested by EHIM.

No, Client Declines to implement quantity limitations as suggested by EHIM.

(Attachment 2 contains the current list of medications subject to quantity limitations).

**SECTION P - PLAN DESIGN**

As a rule, all FDA-approved Legend Medications are covered unless specifically excluded. All OTC Medications are excluded unless specifically included. Below is a general list of therapeutic categories.

Prior Authorization ("PA") is a distinction attached to a class or category of medications that does not allow coverage of a medication in that class or category without a statement of medical necessity provided by the requesting physician. A PA is a mutually agreed-upon approval or amendment to a Plan by a Client, after consultation with the requesting physician and pharmacy administrator, for an otherwise excluded medication classification. If Client selects this option, this selection is made in place of "covered" or "excluded" medications and may be subject to its own specific copay.

Please complete all applicable sections below. If it is not completed it is entirely, EHIM will exclude the medication from the Plan.

| OTC Medications   |   |    |  |                            |
|---|---|----|--|----------------------------|
| Therapeutic Category:   | Covered:  | or | PA:  | PA Copay:                  |
| <b>Contraceptives</b><br>Oral<br>Ring<br>Patch<br>injectable<br>implantable<br>Device (Diaphragm)   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | or | <input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/><br><input type="checkbox"/> | \$<br>\$<br>\$<br>\$<br>\$ |
| <b>Anti-Smoking</b><br><br>Limits on Anti-Smoking:<br><input checked="" type="checkbox"/> No Limit<br><input type="checkbox"/> Limit therapy to 6 mon/plan year<br><input type="checkbox"/> Other: _____            | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | or | <input type="checkbox"/>   | \$                         |
| <b>Anti-Obesity</b>   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | or | <input type="checkbox"/>   | \$                         |
| <b>Oral Impotency Agents (i.e. Viagra)</b><br><br><input checked="" type="checkbox"/> Limit to _6_ tabs per 30 days   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | or | <input type="checkbox"/>   | \$                         |
| <b>Cosmetic Medications (e.g. Tretinoin products for members &gt; 26 yrs old)</b>   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   | or | <input type="checkbox"/>   | \$                         |
| Specialty Medications   |   |    |  |                            |
| Therapeutic Category:   | Covered:  | or | PA:  | PA Copay:                  |
| <b>HIV Specific Medications</b>   | <input type="checkbox"/> Yes <input type="checkbox"/> No  | or | <input checked="" type="checkbox"/>  | \$                         |
| <b>Oral Immunosuppressives</b>  | <input type="checkbox"/> Yes <input type="checkbox"/> No  | or | <input checked="" type="checkbox"/>  | \$                         |
| <b>Fertility Medications - Oral &amp; Injectable</b><br><br><input type="checkbox"/> Limit therapy to 6 mos./lifetime<br><input type="checkbox"/> \$_____ max benefit/lifetime<br><input type="checkbox"/> No Limit | <input type="checkbox"/> Yes <input type="checkbox"/> No  | or | <input checked="" type="checkbox"/>  | \$                         |
| <b>Growth Hormones</b>  | <input type="checkbox"/> Yes <input type="checkbox"/> No  | or | <input checked="" type="checkbox"/>  | \$                         |
| <b>Allergens, Immunizations, Blood, &amp; Blood Prod.</b>   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No   | or | <input type="checkbox"/>   | \$                         |
| <b>Other Specialty Medications: Oral &amp; Self Injectable</b>  | <input type="checkbox"/> Yes <input type="checkbox"/> No  | or | <input checked="" type="checkbox"/>  | \$                         |

Other Specialty Medications include both oral and self-injectable therapies used to treat complex conditions.

-SECTION CONTINUED ON NEXT PAGE-

**Specialty Medications Copays**

Yes, Client will implement a special copay for Specialty Medications and medications requiring a PA.

|                      |  |   |
|----------------------|--|---|
| Designate Amount: \$ | Indicate Percentage or Dollar Amount:<br><input type="checkbox"/> Dollars <input type="checkbox"/> Percent | If Percent, List Min & Max, if applicable:<br>\$ ____ Min \$ ____ Max |
|----------------------|--|---|

No, Client declines to implement a special copay for Specialty Medications and medications requiring a PA.

Some Specialty Medications/PA medications may have financial assistance available. These programs are managed and supported by drug manufacturers and/or other organizations and are subject to change/expire at their discretion. As part of EHIM's clinical review with Specialty Medications and/or PAs, EHIM will work to identify and incorporate any available funding these programs offer to assist with financial costs to the Member and/or Client. Some programs may have financial qualifications for the Member or minimum Member copayments in order for assistance to apply. EHIM will adhere to its clinical guidelines and protocol as well as the individual plan design to maximize use of these programs whenever available. EHIM cannot guarantee these programs are available for all Specialty Medications and/or that each Member will qualify for programs available. Availability and use of these programs will be communicated to Client and to Member as part of the PA determination. A fee will apply when EHIM is able to successfully utilize these opportunities to reduce costs for the plan and member.

If Client does not want EHIM to incorporate use of these programs with Specialty Medications/PAs, please select the following box:

Client declines to incorporate third-party assistance.

**Miscellaneous**

| Items/Supplies:                           | Covered:  | or | PA:                                 | PA Copay: |
|---|---|----|-------------------------------------|-----------|
| Dental Fluorides                          | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | or | <input type="checkbox"/>            | \$        |
| Diabetic Supplies (Test Strips & Lancets) | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | or | <input type="checkbox"/>            | \$        |
| Medical Appliances/Devices                | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | or | <input type="checkbox"/>            | \$        |
| Prenatal Vitamins                         | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | or | <input type="checkbox"/>            | \$        |
| Vitamins (Prescription Only)              | <input type="checkbox"/> Yes <input type="checkbox"/> No            | or | <input checked="" type="checkbox"/> | \$        |

**SECTION Q - THREE-MONTH SUPPLIES**

Generally, the prescription quantity per fill is determined by the physician's order. The standard prescription quantity limit per fill is a one-month supply (up to 30 days). This standard aids to prevent fraud, overdose, and wasted medication. However, certain life-sustaining medications (i.e. blood pressure, heart, diabetes) are commonly prescribed for larger quantities. EHIM may customize the maximum quantity authorized and/or permitted under the Plan, except for any Specialty Medications, which are limited to a one-month supply.

If larger quantities are desired (31 or more days' supply), medications may be made available in quantities up to a three (3)-month supply. EHIM recommends limiting three (3)-month supplies to the EHIM Maintenance Medication List which consists of medications for specific chronic conditions such as high blood pressure, irregular heartbeat, thyroid replacement therapy and diabetes. Larger quantities of these types of medications are available through our retail pharmacies and/or through EHIM's Mail Order vendor(s).

**Preferences for Three (3) -Month Supplies**

| Options:                                      | Generic Medications:  | Brand Medications:  | Non-Preferred Brand Medications:  |
|---|---|---|---|
| Members May Receive up to a 3-Month Supply:   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No   |
| Members May Receive 3-Month Supplies Through: | <input type="checkbox"/> Retail <input type="checkbox"/> Mail Order<br><input checked="" type="checkbox"/> Both   | <input type="checkbox"/> Retail <input type="checkbox"/> Mail Order<br><input checked="" type="checkbox"/> Both   | <input type="checkbox"/> Retail <input type="checkbox"/> Mail Order<br><input checked="" type="checkbox"/> Both   |
| 3-Month Supplies are Limited To:              | <input type="checkbox"/> EHIM's Maintenance List<br><input checked="" type="checkbox"/> Any medication covered under the Plan   | <input type="checkbox"/> EHIM's Maintenance List<br><input checked="" type="checkbox"/> Any medication covered under the Plan   | <input type="checkbox"/> EHIM's Maintenance List<br><input checked="" type="checkbox"/> Any medication covered under the Plan   |
| Copays For 3-Month Supplies Are:              | <input type="checkbox"/> NA <input type="checkbox"/> 1x <input type="checkbox"/> 1.5x<br><input checked="" type="checkbox"/> 2x <input type="checkbox"/> 2.5x <input type="checkbox"/> 3x | <input type="checkbox"/> NA <input type="checkbox"/> 1x <input type="checkbox"/> 1.5x<br><input checked="" type="checkbox"/> 2x <input type="checkbox"/> 2.5x <input type="checkbox"/> 3x | <input type="checkbox"/> NA <input type="checkbox"/> 1x <input type="checkbox"/> 1.5x<br><input checked="" type="checkbox"/> 2x <input type="checkbox"/> 2.5x <input type="checkbox"/> 3x |

Mail Order Vendor: Walgreens.

Mail Order Notes: Specialty Medication's Limited to one (1) month

**SECTION R - GENERAL EXCLUSIONS**

The following are items which are excluded from coverage:

- Charges for the administration of any medications (i.e. services provided and/or medications dispensed outside the pharmacy).
- Additional pharmacist charges related to the observation and/or administration of medications which must be consumed at the time and place of purchase.
- Medication which is to be taken by and/or administered to a Member, in whole or in part, on either an inpatient or outpatient basis, while (s)he is in a licensed hospital, medical clinic, rest home, sanitarium, extended care facility, convalescent hospital, nursing home and/or similar institution, regardless of whether it operates a pharmacy, or allows a facility for dispensing pharmaceuticals to be operated on its premises.
- Any prescription refilled in excess of the number of refills specified by the physician or any refill dispensed more than one (1) year after the physician's original order.
- Prescriptions refilled before 85% of the previous filling of the prescription is used up.
- Prescriptions that are administered, dispensed and/or purchased through a medical office, clinic and/or physician's office.

**SECTION S - NON-PARTICIPATING PHARMACY EXCLUSION**

EHIM's extensive pharmacy provider network covers all fifty (50) states and US territories. Participating pharmacies have agreed to accept the discounted rate that is important to Client's overall savings. EHIM highly recommends that Members utilize one of the many participating pharmacies to be guaranteed the discounted rate. Client may choose to either cover or exclude medication filled at non-participating pharmacies.

Yes, Client will cover claims from Non-Participating Pharmacies.

The claims will be reimbursed at the contracted (discounted) rate. Members are responsible for the difference in cost. EHIM charges a standard paper-claim processing fee (see below) for each prescription submitted from a non-participating pharmacy.

No, Client Declines to cover claims from Non-Participating Pharmacies.

**SECTION T - PAYMENT OPTIONS**

**Method of Payment**

Payment Issued by:  Client  Agent/Agency  TPA  Third Party Entity

Client must select one of the following two (2) options as the method of payment.

|  |  |
|--|--|
| <input checked="" type="checkbox"/> Electronic Fund Transfer ("EFT") | <p>Client elects to pay EHIM's designated pharmacy account via EFT for the amount billed. Client will receive an invoice every other week support documentation (i.e., claims detail) and a monthly summary report of payment made by EHIM on Client's behalf.</p> <p>EFT will be (Please select one):</p> <p><input type="checkbox"/> ACH Debit (Pull) (Client completes form to authorize EHIM to pull from designated account)</p> <p><input checked="" type="checkbox"/> ACH Credit (Push) (EHIM provides Client with EHIM's account information to receive transfer of funds)</p> |
| <input type="checkbox"/> Check                                       | <p>Client will write a check directly to EHIM's designated pharmacy account. Client will receive an invoice every other week with support documentation (i.e., claims detail) and a monthly summary report of payment made by EHIM on Client's behalf.</p>   |

**SECTION U - WEIGHT WATCHERS™ OFFERING**

Prior to finalizing Member's registration, Weight Watchers will verify Member's EHIM eligibility with EHIM.

Member must attend a minimum of 10 of the 12 weekly meetings, in order to qualify to re-enroll for another group-sponsored 12-week session. Member is permitted a maximum of 3 additional sessions (4 sessions total) provided meeting attendance standards are met. If Member does not meet the minimum attendance standards, Member will no longer qualify for the group-sponsored Weight Watchers program.

Yes, Client will add the Weight Watchers program into its Plan.

| Employee Copay            | Employer Cost Share        | Administrative Fees   |
|---------------------------|----------------------------|---|
| \$35.00 per 12-wk session | \$115.00 per 12-wk session | \$0.15 per employee per month ("PEPM")<br>(A minimum of \$50 per month) |

Member must pay his/her copayment directly to Weight Watchers.

Client will be billed the Employer Cost Share and Administrative Fees listed above through an invoice from EHIM. Administrative fees are based on total Employee count for the Plan, not on the number of Members enrolled in Weight Watchers.

No, Client Declines to add the Weight Watchers program into its Plan.

**SECTION V - SCHEDULE OF FEES**

In exchange for the services provided by EHIM to Client, EHIM shall receive fees, compensation and remuneration ("Fees") as described below. The Fees are by no means exhaustive. All fees are subject to change at EHIM's sole discretion and/or as required and/or permitted by law. Client is ultimately liable for the payment of all fees. In the event, a third party that is responsible for the payment of fees on behalf of Client fails to make timely payments to EHIM, Client warrants and agrees to reimburse all Fees, including, but not limited to, taxes, penalties and interests, to EHIM.

**EHIM Discounts<sup>1</sup>**

|  | Pharmacy Discount at Retail Pharmacy | Pharmacy Discount through Mail Order | Pharmacy Discount through Specialty Pharmacy |
|--|--------------------------------------|--------------------------------------|--|
| Brand Discount off Average Wholesale Price (AWP)   | AWP less 15% - 16%                   | AWP less 19.9%                       | AWP less 14.6%                               |
| Generic Discount off Average Wholesale Price (AWP) | Averages AWP less 75% - 80%          | Averages AWP less 80%                | AWP less 30%                                 |

**Fees**

|                                      |                                      |                         |                         |
|--------------------------------------|--------------------------------------|-------------------------|-------------------------|
| Pharmacy Dispensing Fee              | Averages \$1.75 per prescription     | \$0.00 per prescription | \$0.00 per prescription |
| EHIM Admin Fee                       | \$3.00 per member per month          |                         |                         |
| ACA Transaction Fee                  | \$0.65 per transaction               |                         |                         |
| EHIM Cares Cost Management Fee       | 15% of savings (full deferrals only) |                         |                         |
| One (1)-Time Initial Set Up Fee      | waived                               |                         |                         |
| Stop Loss Administration Fee         | waived                               |                         |                         |
| Stop Loss Premium (issued by Gerber) | \$3.00 per employee per month        |                         |                         |
| Claims Funding <sup>2</sup>          | \$250,000 (ACH Credit payment)       |                         |                         |
| Manual Paper Claims Reimbursement    | \$3.75 per prescription              |                         |                         |
| Termination Fee                      | waived                               |                         |                         |

**Commissions to Third Parties**

The Commission excludes any applicable EHIM fees. Client acknowledges and agrees that such Commission has been mutually-agreed up on by both Client and the applicable party. Client also acknowledges and agrees that EHIM will have no obligation to remit this fee if it has not been received by EHIM and/or the amount received is not in full.

|                    |   |        |
|--------------------|---|--------|
| Agent/Agency       | This Commission is passed through from Client to designated Agent/Agency. | \$0.00 |
| TPA                | This Commission is passed through from Client to TPA.                     | \$0.00 |
| Third Party Entity | This Commission is passed through from Client to Third Party Entity.      | \$0.00 |

<sup>1</sup> AWP discounts are illustrated in post rollback format.

<sup>2</sup> In conjunction with our EHIM Cares program, EHIM identifies opportunities and reaches out to members in order to introduce and educate them regarding appropriate assistance programs when they are available. EHIM will support members through the registration process or assume full responsibility for registration when appropriate. Furthermore, EHIM will offer any additional assistance required by members when utilizing the program. A percent of savings fee will apply when EHIM is able to successfully utilize these opportunities to reduce costs for the plan and member.

<sup>3</sup> Pharmacy claims are paid real time at point of sale. For this reason, prior to the effective date, EHIM will request a claims fund that is used to pay for claims on Client's behalf. This amount is typically based on the estimated claim spend for one (1) month of claims, but may be adjusted up or down based on final implementation requirements and method of payment (i.e, ACH vs. check).



**SECTION W - HIPAA**

Client warrants and represents, through itself, its representative or its Plan/Benefits Administrator, to EHIM that the individual(s) named on this Set Up Document and/or the Administrative Services Agreement ("ASA") is/are authorized to receive billing information and invoices from EHIM, which may contain protected health information ("PHI"). They will be receiving this information in their capacity as Plan/Benefits Administrators and will take all actions required by HIPAA to protect such PHI. On behalf of the Plan, Client also authorizes EHIM and its designated Agent/Agency, TPA and/or other applicable third parties to provide and/or receive PHI to and from each other regarding its Members for the purpose of quality assessment, claims analysis and utilization review, investigating fraud and abuse, underwriting and rating, general administrative functions and other health-related benefits and services. Client understands that EHIM will require executed agreements including, but not limited to, an Agent/Agency Representative Agreement, a Third-Party Administrator Services Agreement, a Business Associate Agreement ("BAA"), Privacy and Security Agreement ("PSA"), HIPAA Privacy Certification and/or other agreements with the Client, Agent/Agency, TPA and/or applicable third parties in order to provide PHI to any such parties at the written direction from the Plan/Benefits Administrators.

Client understands that EHIM will de-identify all PHI it provides unless an authorized Plan/Benefits Administrator directs EHIM in writing to do otherwise, subject to the terms of EHIM's ASA and any other applicable contracts.

Client further understands that in some instances EHIM may elect to provide the PHI directly to the Plan to approve and the Plan may elect to forward the PHI to the Agent/Agency, TPA and/or applicable third parties and other business associate(s) as it deems necessary.

EHIM's legal counsel will review any executed documents currently in place and will contact Client if additional authorizations, agreements and/or documents are required.

**SECTION X - SIGNATURES**

By signing below, Client, through itself, its representative or its Plan/Benefits Administrator, agrees with and approves all plan design features and administration services as specified in this Set Up document.

Client understands and acknowledges EHIM cannot administer the Plan in accordance with its plan design and Plan Document if the information provided is not accurate and/or not provided in a timely fashion, this Set Up Document is not completed in its entirety and/or it is not signed.

Client represents and warrants that Client has a Plan Document on file and will provide a copy to EHIM prior to its Effective Date.

Client understands and acknowledges that if Client designates a third party to act on its behalf, EHIM is permitted to exchange all pertinent information necessary to provide its services under the Set Up Document and ASA, unless otherwise prohibited by law.

Client also understands and acknowledges that the services provided hereunder are provided subject to all the terms and conditions of EHIM's Administrative Services Agreement executed between EHIM and Client and/or EHIM and TPA, and the EHIM Online Eligibility Terms & Conditions, if applicable. In the instance there are discrepancies between the ASA and the Set Up Document, the Set Up Document will govern the conflicting provisions with respect to the pharmacy benefits and plan design.

Client further understands and acknowledges that during the course of this process, EHIM will provide Client and other designated representatives acting for or on behalf of Client, information that contains EHIM's confidential and proprietary information. Client agrees that EHIM is the sole owner of its confidential information and warrants not to further disclose and/or use this information without the prior written consent of EHIM.

Finally, Client understands and acknowledges that it is liable for all Fees, including, but not limited to, other costs, claims, taxes, interest and penalties, due and payable to any and all applicable parties, including EHIM, related to the services provided by EHIM under this Set Up Document and ASA. All such Fees will be paid by Client and/or other designated representative and in no event will be the responsibility of EHIM. In the event such designated representative does not pay the applicable Fees due and payable to EHIM, Client shall be responsible for all its Fees, costs and claims.

Client understands and acknowledges that it has and will continue to consult its legal counsel to determine the terms, set up and implementation of its Plan. In addition, Client acknowledges that EHIM cannot, by any means, provide legal advice in relation to the Plan.

This Set Up Document may be executed in multiple counterparts, each of which shall constitute an original, and all of which, taken together, constitute one and the same original. Facsimile signatures on this Set Up Document shall be deemed to constitute original signatures.

  
\_\_\_\_\_  
Signature of Client Representative

10-27-16  
\_\_\_\_\_  
Date

Marisa Demetriou  
\_\_\_\_\_  
Printed Name  
Deputy Superintendent  
\_\_\_\_\_  
Title

  
\_\_\_\_\_  
Signature of EHIM Representative

10/27/2016  
\_\_\_\_\_  
Date

Michelle Wheaton  
\_\_\_\_\_  
Account Manager

  
\_\_\_\_\_  
Signature of Plan/Benefits Administrator Representative

10-27-16  
\_\_\_\_\_  
Date

William Beagle, Jr.  
\_\_\_\_\_  
Printed Name  
Director of Benefits & Compensation  
\_\_\_\_\_  
Title

Detroit Public Schools Community District  
\_\_\_\_\_  
Company Name

**SECTION Y - NOTES**

- Stop Loss option elected and is covered by a separate application with outline of annual premium and fees and is separate than the fees included on EHIM's set up document

- Effective January 1, 2017, EHIM will implement the current Rx benefits in place with Health Alliance Plan as best as we are able to determine from plan designs formularies, or other documents provided to EHIM during implementation

- Initial eligibility and on-going eligibility maintenance will come from Kapnick Insurance Services to EHIM. EDI feed will be required to identify who is enrolled in which medical plan (Core, Core +, Premium) and Classification. BCN will provide EHIM which members are in the standard and enhanced plan within 30 days of the qualification period ending.

- Wellness Identification: Members are auto enrolled in enhanced benefits. Members have 90 days to complete questionnaire and complete qualification form and if applicable agree to participate in programs. If yes participate = enhanced. If no = standard

- Identify Classifications (Locations): DFT, All Other Union, Non-Union, and COBRA

- Identify Medical Plans: Core, Core +, and Premium (provided by Kapnick EDI feed for eligibility), then sub category of Standard & Enhanced for each medical plan (provided by Blue Care Network to EHIM)

- Invoicing will be divided by contracts enrolled in Core, Core+, and Premium medical programs

- EHIM will be able to providing reporting by Classifications and/or Medical Plans

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Attachment 1 - EHIM Non-Preferred Formulary - NOT APPLICABLE - USE DPS/HAP FORMULARY

| Analgesics/Narcotics (Pain) |                            |
|-----------------------------|----------------------------|
| 3rd Tier: \$XX              | 1 <sup>st</sup> Tier: \$XX |
| Abstral                     | buprenorphine              |
| Actiq                       | buprenorphine/naloxone SL  |
| Avinza                      | codeine                    |
| Bupren                      | fentanyl patch             |
| ConZip                      | hydrocodone/apap           |
| Demerol                     | hydrocodone/ibuprofen      |
| Embeda                      | hydromorphone              |
| Exalgo                      | levorphenol                |
| Flexora                     | methadone                  |
| Kadian                      | morphine                   |
| Lazanda                     | morphine ER                |
| Nucynta                     | oxycodone                  |
| Opana                       | oxycodone ER               |
| Oxecta                      | oxycodone/apap             |
| Oxymorphone ER              | oxycodone/ibuprofen        |
| Oxycontin                   | oxymorphone IR             |
| Rybix ODT                   | tramadol                   |
| Ryzolt                      | tramadol/apap              |
| Suboxone Film               |                            |
| Subsys                      |                            |
| Ultram ER                   |                            |
| Vicodin                     |                            |
| Xartemis XR                 |                            |
| Zohydro                     |                            |
| Zubsolv                     |                            |

| Androgens/Hypogonadism (Testosterone) |                            |
|---------------------------------------|----------------------------|
| 3rd Tier: \$XX                        | 1 <sup>st</sup> Tier: \$XX |
| Aldroderm                             | first-testosterone Crm     |
| AndroGel                              | testosterone cypionate Inj |
| Android                               |                            |
| Androxy                               |                            |
| Aveed                                 |                            |
| Axiron                                |                            |
| Danocrine                             |                            |
| Delatestryl Inj                       |                            |
| Depo-Testosterone Inj                 |                            |
| Halotestin                            |                            |
| Methitest                             |                            |
| Oxandrin                              |                            |
| Striant XR                            |                            |
| Testim                                |                            |
| Testoprel                             |                            |
| Testred                               |                            |
| Virlion                               |                            |
| Vogelxo                               |                            |

| Anti-Arthritics (Arthritis) |                            |
|-----------------------------|----------------------------|
| 3rd Tier: \$XX              | 1 <sup>st</sup> Tier: \$XX |
| Arthrotec                   | celecoxib                  |
| Cambia Packets              | diclofenac                 |
| Celebrex                    | etodolac                   |
| Flector Patch               | ibuprofen                  |
| Indocin Supp                | indomethacin               |
| Nafion                      | ketoprofen                 |
| Lidoderm Patch              | lidocaine topical          |
| Nexcede Film                | meloxicam                  |
| Pennsaid Topical Solution   | nabumetone                 |
| Prevacid NapraPac           | naproxen                   |
| Solaraze 3% Gel             | naproxen DS                |
| Sprix Nasal Spray           | oxaprozin                  |
| Solaraze                    | piroxicam                  |
| Tilvorbex                   | sulindac                   |
| Voltaren Gel                |                            |
| Zipsor                      |                            |
| Zorvolex                    |                            |

| Anticoagulants/Oral (Blood Thinner) |                            |
|-------------------------------------|----------------------------|
| 3rd Tier: \$XX                      | 1 <sup>st</sup> Tier: \$XX |
| Eligius                             | warfarin                   |
| Pradaxa                             |                            |
| Xarelto                             |                            |

| Anticonvulsants / Seizures |                            |
|----------------------------|----------------------------|
| 3rd Tier: \$XX             | 1 <sup>st</sup> Tier: \$XX |
| Apitol                     | carbamazepine & XR         |
| Banzel                     | clonazepam                 |
| Carbamadol                 | divalproex                 |
| Dilastal                   | divalproex ER              |
| Dilantin                   | ethosuximide               |
| Equetro                    | gabapentin                 |
| Felbatol                   | lamotrigine & XR           |
| Fycompa                    | levetiracetam              |
| Gabitril                   | oxcarbazepine              |
| Gralise                    | phenobarbital              |
| Horizant                   | phenytoin                  |
| Kepra XR                   | primidone                  |
| Lamictal XR                | topiramate                 |
| Lyrica                     | valproate, valproic acid   |
| Mebaral                    | zonisamide                 |
| Onfi                       |                            |
| Oxtellar XR                |                            |
| Peganone                   |                            |
| Phenytek                   |                            |
| Potiga                     |                            |
| Qudexy                     |                            |
| Sablil                     |                            |
| Tegretol XR                |                            |
| Trokendi XR                |                            |
| Vimpat                     |                            |

| Antihistamines (Allergy) |                                |
|--------------------------|--------------------------------|
| 3rd Tier: \$XX           | 1 <sup>st</sup> Tier: \$XX     |
| Allerx                   | cetirizine                     |
| Astepro                  | cetirizine/pseudoephed         |
| Clarinet                 | fenofenadine                   |
| Clarinet D               | loratadine                     |
| Diclegis                 | loratadine/pseudoephed 24 hour |
| Karbinal ER              | Allegra OTC (\$0)              |
| Semprex D                | Claratin OTC (\$0)             |
| Vituz                    | Zyrtec OTC (\$0)               |
| Xyzal                    |                                |
| Zutripro                 |                                |

| Antihypertensives/ Angiotensin Receptor Blockers & Renin Inhibitors (Blood Pressure) |                            |
|--|----------------------------|
| 3rd Tier: \$XX   | 1 <sup>st</sup> Tier: \$XX |
| Amturide   | candesartan                |
| Atacand, Atacand HCT   | candesartan/HCTZ           |
| Benicar, Benicar HCT   | irbesartan                 |
| Diovan HCT   | irbesartan/HCTZ            |
| Edarbi   | losartan                   |
| Edarbyclor   | losartan/HCTZ              |
| Epaned   | telmisartan/HCTZ           |
| Exforge, Exforge HCT   | valsartan/HCTZ             |
| Micardis, Micardis HCT   |                            |
| Tekamlo  |                            |
| Tekturna, Tekturna HCT   |                            |
| Tevetan  |                            |
| Twynsta  |                            |

| Antihypertensives/Beta-Blockers              |   |
|--|---|
| 3rd Tier: \$XX                               | 1 <sup>st</sup> Tier: \$XX  |
| Bystolic<br>Coreg ER<br>Ebsolol<br>Hemangeol | acebutolol<br>atenolol<br>betaxolol<br>bisoprolol<br>carvedilol<br>labetalol<br>metoprolol, metoprolol XL<br>pindolol<br>propranolol, propranolol ER<br>timolol |

| CNS Stimulants (ADHD)   |   |
|---|---|
| 3rd Tier: \$XX  | 1 <sup>st</sup> Tier: \$XX  |
| Adipex<br>Belvia<br>Concerta<br>Daytrana/RA<br>Desoxyn<br>Focillin XR<br>Evakeo<br>Intuniv<br>Kapvay<br>Lorpress<br>Metadate CD<br>Nuvigil<br>Provigil<br>Qnexa<br>Qsymia<br>Quilivant XR<br>Ritalin LA<br>Strattera<br>Suprenza<br>Vyvanse | dexamethylphenidate & XR<br>dextroamphetamine<br>methylphenidate ER<br>methylphenidate & XR<br>methylphenidate SA<br>methylphenidate SR<br>mixed amphetamine salts<br>mixed amphetamine salts ER<br>modafinil |

| Anti-Inflammatory & Anti-Pruritics/Topical Products  |  |
|--|--|
| 3rd Tier: \$XX   | 1 <sup>st</sup> Tier: \$XX   |
| Analpram HC/Analpram E<br>Apexicon E<br>Capex Shampoo<br>Carmol HC<br>Globex<br>Cloderm<br>Cordran<br>Cortifoam Aerosol<br>Derma Smooth Oil<br>Desonate<br>EpiFoam<br>Halog<br>Keralog Aerosol<br>Lida Mantle HC<br>Locoid Lipocream<br>Locoid Lotion<br>Luxiq Foam<br>Olux E<br>Pandell Cream<br>Pramosone<br>Prudoxin cream<br>Rectiv<br>Taclonex<br>Topicort Spray<br>Vanos<br>Vanoxide-HC<br>Verdeso Foam<br>Zonalon Cream | aclometasone<br>amcinonide<br>betamethasone dipropionate<br>betamethasone valerate<br>calcipotriene, betamethasone<br>clobetasol<br>clotrimazole, betamethasone<br>desonide<br>desoximetasone<br>diflorasone<br>fluocinolone<br>fluocinonide<br>fluticasone<br>halobetasol<br>hydrocort/pramox 2.5-1%, 1-1%<br>hydrocortisone 0.5, 1, 2.5%<br>hydrocortisone butyrate<br>hydrocortisone valerate<br>mometasone<br>prednicarbate<br>triamcinolone<br>U-Cort |

| CNS Stimulants Other |                            |
|----------------------|----------------------------|
| 3rd Tier: \$XX       | 1 <sup>st</sup> Tier: \$XX |
| Namenda XR           | donepezil hcl              |

| Dermatological/Oral (Acne)   |  |
|--|--|
| 3rd Tier: \$XX   | 1 <sup>st</sup> Tier: \$XX                 |
| Absorica<br>Accutane<br>Acitretin<br>Adoxa<br>Aminestem<br>Claravis<br>Doryx<br>Minocin<br>Monodox<br>Myorisan<br>Oracea<br>Solodyn<br>Soriatane<br>Sotret<br>Ximino<br>Zenatane | doxycycline<br>minocycline<br>tetracycline |

| Antiulcer—Proton Pump Inhibitors (Acid-Reflux)  |  |
|---|--|
| 3rd Tier: \$XX  | 1 <sup>st</sup> Tier: \$XX   |
| Aciphex & Aciphex sprinkles<br>Dexilant<br>Esomeprazole Strontium<br>Nexium<br>Omeclamox<br>Prevacid<br>Prevpac | esomeprazole<br>lansoprazole<br>omeprazole<br>pantoprazole<br>rabeprazole<br>Nexium OTC (\$0)<br>Prevacid OTC (\$0)<br>Prilosec OTC (\$0)<br>Zegerid OTC (\$0) |

| Bisphosphonates/Bone Health (Osteoporosis)  |  |
|---|--|
| 3rd Tier: \$XX  | 1 <sup>st</sup> Tier: \$XX               |
| Actonel<br>Atelvia<br>Binosto<br>Boniva<br>Evista<br>Forteo<br>Fortical<br>Fosamax<br>Miacalcin | alendronate<br>ibandronate<br>raloxifene |

| Dermatological/Topical Products (Acne) |  |
|--|--|
| 3rd Tier: \$XX                         | 1 <sup>st</sup> Tier: \$XX                     |
| Acanya                                 | adapalene 0.1% cream, gel                      |
| Acne-Mycin                             | benzoyl peroxide 10% cream, gel, lotion, wash  |
| Atralin                                | benzoyl peroxide 2.5% gel, wash                |
| Avage                                  | benzoyl peroxide 3%, 6% pads                   |
| Avita                                  | benzoyl peroxide 4% kit                        |
| Azelex                                 | benzoyl peroxide 5% gel, lotion, wash          |
| BenzacIn                               | clindamycin 1% gel, lotion, solution, pledgets |
| Benzamylol                             | clindamycin 1%/benz.perox. 5% gel              |
| Benzliq                                | clindamycin/benz.perox.                        |
| Brevoxyl                               | erythromycin 2% gel, solution                  |
| Clinac                                 | erythromycin 3%/benz.perox. 5% gel             |
| Clindagel                              | tretinoin 0.01% gel                            |
| Desquam                                | tretinoin 0.025% cream, gel                    |
| Differin                               | tretinoin 0.05% cream                          |
| Duac                                   | tretinoin 0.1% cream                           |
| Econza                                 | tretinoin 0.1% gel                             |
| Epiduo                                 |  |
| Epiduo Forte                           |  |
| Evodln                                 |  |
| Fabior                                 |  |
| Finacea                                |  |
| Luzu                                   |  |
| Mirvaso                                |  |
| Nafth.Gel 2%                           |  |
| Neobenz Micro                          |  |
| RE Benzoyl Peroxide                    |  |
| Refissa                                |  |
| Renova                                 |  |
| Retin-A Micro                          |  |
| Tazorac                                |  |
| Tretin-X                               |  |
| Triaz                                  |  |
| Ziana                                  |  |

| Libido Enhancement |                            |
|--------------------|----------------------------|
| 3rd Tier: \$XX     | 1 <sup>st</sup> Tier: \$XX |
| Addyi              |                            |
| Cialis             |                            |
| Levitra            |                            |
| Staxyn             |                            |
| Stendra            |                            |
| Viagra             |                            |

| Lipotropics (Cholesterol) |                            |
|---------------------------|----------------------------|
| 3rd Tier: \$XX            | 1 <sup>st</sup> Tier: \$XX |
| Acylcor                   | atorvastatin               |
| Altopriv                  | cholestyramine             |
| Altaira                   | colestipol                 |
| Caalite                   | fenofibrate                |
| Grastor                   | fenofibric acid            |
| Rejocilde                 | fluvastatin                |
| Fiblicor                  | gemfibrozil                |
| Juvilyn                   | lovastatin                 |
| Juxapid                   | omega-3-acid ethyl esters  |
| Kynamiro                  | pravastatin                |
| Lescol XL                 | simvastatin                |
| Lipofen                   |                            |
| Lipruzet                  |                            |
| Livalo                    |                            |
| Lovaza                    |                            |
| Niaspan                   |                            |
| Omtryg                    |                            |
| Sincor                    |                            |
| Tricor                    |                            |
| Triglide                  |                            |
| Trilipix                  |                            |
| Vascepa                   |                            |
| Vytarin                   |                            |
| Welchol                   |                            |
| Zetia                     |                            |

| Migraine/Triptans |                            |
|-------------------|----------------------------|
| 3rd Tier: \$XX    | 1 <sup>st</sup> Tier: \$XX |
| Alsuma            | almotriptan                |
| Axert             | frovatriptan               |
| Frova             | naratriptan                |
| Maxalt            | rizatriptan                |
| Maxalt MLT        | sumatriptan                |
| Migranal          | sumatriptan inj vials      |
| Relpax            | sumatriptan nasal          |
| Sumavel DosePro   | zolmitriptan               |
| Treximet          |                            |
| Zecuity           |                            |
| Zomig             |                            |
| Zomig Nasal Spray |                            |
| Zomig ZMT         |                            |

| Muscle Relaxants |                            |
|------------------|----------------------------|
| 3rd Tier: \$XX   | 1 <sup>st</sup> Tier: \$XX |
| Amrix            | baclofen                   |
| Dantrium         | carisoprodol               |
| Flexmid          | chlorzoxazone              |
| Flexeril SR      | cyclobenzaprine            |
| Skelaxin         | dantrolene                 |
| Soma             | metaxalone                 |
|                  | methocarbamol              |
|                  | orphenadrine               |
|                  | tizanidine                 |

| Nasal Steroids |                            |
|----------------|----------------------------|
| 3rd Tier: \$XX | 1 <sup>st</sup> Tier: \$XX |
| Beconase       | flunisolide                |
| Dymista        | fluticasone propionate     |
| Nasacort AQ    | triamcinolone acetoneide   |
| Nasacort HFA   |                            |
| Nasonex        |                            |
| Omnaris        |                            |
| Qnasl          |                            |
| Rhinacort AQ   |                            |
| Veramyst       |                            |
| Zetonna        |                            |

| Ophthalmic Agents (Eye Drops) |                            |
|-------------------------------|----------------------------|
| 3rd Tier: \$XX                | 1 <sup>st</sup> Tier: \$XX |
| Alamast                       | atropine solution          |
| Alcicil                       | azelastine ophthalmic      |
| Alomida                       | betaxolol 0.5%             |
| Alphagan 0.1%, 0.35%          | brimonidine 0.2%           |
| Alex                          | carteolol 1%               |
| Azopt                         | cromolyn ophthalmic        |
| Bepreve                       | cyclopentolate 1%          |
| Betimol                       | doorzolamide solution      |
| Betoptic, Betoptic-S          | Isopto-carbachol solution  |
| Combidgan                     | Isopto-homatropine sol     |
| Cosopt PR                     | ketotifen ophthalmic       |
| Elastat                       | ketorolac ophthalmic       |
| Emadine                       | latanoprost                |
| Istalol                       | levobunolol                |
| Lastacart                     | Olopatadine 0.2%           |
| Lumigan                       | pilocarpine                |
| Nepafenac 0.3%                | timolol                    |
| Pataday                       | timolol GFS                |
| Patanol                       | timolol/dorzolamide        |
| Silbrinza                     | travoprost 0.004%          |
| Travatan, Travatan Z          |                            |
| Zioptan                       |                            |

| Ophthalmic Agents/Anti-Inflammatory (Eye Drops) |                                |
|---|--------------------------------|
| 3rd Tier: \$XX                                  | 1 <sup>st</sup> Tier: \$XX     |
| <b>Steroidal</b>                                | <b>Steroidal</b>               |
| Airex   | dexamethasone sodium phosphate |
| Durezol   | fluorometholone                |
| Flarex  | prednisolone acetate           |
| FML, FML Forte                                  | prednisolone sodium phosphate  |
| Lotemax   |                                |
| Maxidex   |                                |
| Pred Mild                                       |                                |
| Vexol   |                                |
| <b>Non-Steroidal</b>                            | <b>Non-Steroidal</b>           |
| Acuvall   | diclofenac                     |
| Ilevro 0.3%                                     | flurbiprofen                   |
| Nepafenac 0.3 %                                 | ketorolac                      |
| Nevanac   |                                |
| Prolensa  |                                |
| Restasis  |                                |
| Xibrom  |                                |

| Overactive Bladder |                            |
|--------------------|----------------------------|
| 3rd Tier: \$XX     | 1 <sup>st</sup> Tier: \$XX |
| Aritrol            | oxybutynin                 |
| Detrol, Detrol LA  | oxybutynin ER              |
| Elmiron            | solifenacin                |
| Enablex            | tolterodine                |
| Gelnique           | trospium                   |
| Myrbetriq          | trospium XR                |
| Oxytrol            |                            |
| Sanctura-XR        |                            |
| Urispas            |                            |
| Toviaz             |                            |
| Vesicare           |                            |

| Prostate Agents/Alpha-Adrenergic Blockers/Symptomatic Relief |                            |
|--|----------------------------|
| 3rd Tier: \$XX   | 1 <sup>st</sup> Tier: \$XX |
| Glaxo  | afluzosin                  |
| Glaxo  | doxazosin                  |
| Rapaflo  | prazosin                   |
| Uroxatral  | tamsulosin                 |
|  | terazosin                  |

| Psychostimulants/Antidepressants (Depression) |                            |
|---|----------------------------|
| 3rd Tier: \$XX                                | 1 <sup>st</sup> Tier: \$XX |
| Abilify                                       | aripiprazole               |
| Apizlin                                       | bupropion HCL              |
| Brintellix                                    | bupropion HCL SR           |
| Bristolia                                     | bupropion HCL XL           |
| Cymbalta                                      | citalopram                 |
| Desvenlafaxine Fumarate                       | duloxetine HCL             |
| Desvenlafaxine XR                             | escitalopram               |
| Effexor-XR                                    | fluoxetine                 |
| Fetizma                                       | fluvoxamine                |
| Forfivo XL                                    | mirtazapine                |
| Lexapro                                       | nefazodone                 |
| Luvox CR                                      | paroxetine HCL             |
| Oleptro                                       | sertraline                 |
| Paxil, Paxil CR                               | trazodone                  |
| Pexeva  | venlafaxine HCL ER/XR      |
| Pristiq                                       |                            |
| Prozac & Weekly                               |                            |
| Sarafem                                       |                            |
| Selémra                                       |                            |
| Vilbryd                                       |                            |

| Psychostimulants/Antipsychotics |                            |
|---------------------------------|----------------------------|
| 3rd Tier: \$XX                  | 1 <sup>st</sup> Tier: \$XX |
| Abilify                         | chlorpromazine             |
| Fanapt                          | aripiprazole               |
| Geodon                          | clozapine                  |
| Invega                          | fluphenazine               |
| Invega Sustenna Inj             | fluphenazine decanoate inj |
| Invega Trinza                   | haloperidol                |
| Khedezla                        | haloperidol decanoate inj  |
| Latuda                          | perphenazine               |
| Rexulti                         | olanzepine                 |
| Risperdal Consta                | olanzepine/fluoxetine      |
| Saphris                         | quetiapine                 |
| Seroquel, Seroquel XR           | risperidone                |
| Symbyax                         | perphenazine               |
| Zyprexa                         | thioridazine               |
| Zyprexa Relprev Inj             | trifluoperazine            |
| Zyprexa Zydys                   | ziprasidone                |

| Sedative/Non-Barbiturates (Sleep) |                            |
|-----------------------------------|----------------------------|
| 3rd Tier: \$XX                    | 1 <sup>st</sup> Tier: \$XX |
| Ambien CR                         | eszopiclone                |
| Doral                             | flurazepam                 |
| Eduar                             | ramelteon                  |
| Hetlioz                           | temazepam                  |
| Intermezzo                        | triazolam                  |
| Lunesta                           | zaleplon                   |
| Rozerem                           | zolpidem                   |
| Silenor                           | zolpidem CR                |
| Zolpimist                         |                            |



Attachment 2 – Quantity Limits

| Medication                             | Strength        | Quantity Limit/ 30 Days |
|--|-----------------|-------------------------|
| <b>Analgesics (Pain)</b>               |                 |                         |
| Abstral                                | All strengths   | 128 tabs                |
| Actiq                                  | All strengths   | 120 loz                 |
| Avinza                                 | All strengths   | 60 caps                 |
| Butrans                                | All strengths   | 4 patches               |
| Duragesic                              | All strengths   | 20 patches              |
| Embeda                                 | All strengths   | 60 caps                 |
| Exalgo                                 | All strengths   | 60 caps                 |
| Fentora                                | All strengths   | 120 tabs                |
| Flector                                | All strengths   | 60 patches              |
| MS Contin                              | All strengths   | 120 tabs                |
| Kadian                                 | All strengths   | 120 caps                |
| Nucynta                                | All strengths   | 120 tabs                |
| Nucynta ER                             | All strengths   | 60 tabs                 |
| Onsolis                                | All strengths   | 120 films               |
| Opana                                  | All strengths   | 100 tabs                |
| Opana ER                               | All strengths   | 60 tabs                 |
| Oramorph                               | All strengths   | 120 tabs                |
| Oxycontin                              | All strengths   | 120 tabs                |
| Oxecta                                 | All strengths   | 120 tabs                |
| Oxycodone IR                           | All strengths   | 240 caps                |
| Pennsaid                               | All strengths   | 2 (150 ml) btl's        |
| Rybix ODT                              | All strengths   | 90 tabs                 |
| Ryzolt                                 | All strengths   | 30 tabs                 |
| Spirix                                 | All strengths   | 5 (1.7g) btl            |
| Ultram                                 | All strengths   | 240 tabs                |
| Ultram ER                              | All strengths   | 30 tabs                 |
| Vimovo                                 | All strengths   | 60 caps                 |
| Voltaren Gel                           | All strengths   | 10(100g) tubes          |
| <b>Antibiotics (Allergic Reaction)</b> |                 |                         |
| Epipen                                 | All strengths   | 4 Pen Injectors         |
| Epipen Jr.                             | All strengths   | 4 Pen Injectors         |
| <b>Androgens/Anabolic Steroids</b>     |                 |                         |
| Androderm                              | 2mg             | 60 patches              |
| Androderm                              | 4mg             | 30 patches              |
| AndroGel Pump                          | 1%              | 150 gm (2 x75)          |
| AndroGel Pump                          | 1.62%           | 150 gm (2 x75)          |
| Axiron                                 | All strengths   | 90 (1 Bottle)           |
| Depo-Testosterone                      | All strengths   | 10 ml                   |
| Delatestryl                            | All strengths   | 5 ml                    |
| First-Testosterone                     | All strengths   | 60 gm                   |
| Natesto Nasal                          | 5.5mg/actuation | 33 g (3 pumps x 11 g)   |
| Testred                                | 10 mg           | 90 capsules             |
| Testim                                 | All strengths   | 150 gm                  |
| Testosterone Cypionate                 | All strengths   | 10 (90 days supply)     |
| Fortesta                               | All strengths   | 60 gm                   |
| Striant                                | All strengths   | 60 Each                 |
| Vogelxo                                | 12.5mg          | 150 g (2 x 75 g pumps)  |
| Vogelxo                                | 50mg            | 30 tubes                |
| <b>Anticonvulsants (Seizures)</b>      |                 |                         |
| Aptiom                                 | All Strengths   | 60 tablets              |
| Lamictal                               | All strengths   | 60 tabs                 |
| Lamictal XR                            | All strengths   | 30 tabs                 |
| Oxtellar XR                            | All Strengths   | 120 tablets             |
| Qudexy                                 | All Strengths   | 60 capsules             |
| Trokendi XR                            | All Strengths   | 90 capsules             |

| Medication  | Strength         | Quantity Limit/ 30 Days |
|---|------------------|-------------------------|
| <b>Antidepressants</b>                              |                  |                         |
| Brintellix  | All Strengths    | 30 tablets              |
| Brisdelle   | All Strengths    | 30 capsules             |
| Fetzima   | All Strengths    | 30 capsules             |
| <b>Asthma</b>                                       |                  |                         |
| Anora Ellipta                                       | All Strengths    | 1 inhaler (30 doses)    |
| Breo Ellipta  | All Strengths    | 1 inhaler               |
| Daliresp  | All Strengths    | 30 tablets              |
| Tudorza Pressair                                    | All Strengths    | 1 inhaler (60 doses)    |
| <b>Anti-Nausea</b>                                  |                  |                         |
| Anzemet   | All strengths    | 10 tabs                 |
| Diclegis  | 10 mg/10 mg      | 120 tablets             |
| Emend   | 80 mg            | 4 tabs                  |
| Emend   | 125 mg           | 2 tabs                  |
| Kytril  | All strengths    | 28 tabs                 |
| Sancuso   | 3.1 mg           | 2 patches               |
| Zofran Solution                                     | 4 mg/5ml         | 50ml                    |
| Zuplenz   | All strengths    | 20 films                |
| <b>Antipsychotics</b>                               |                  |                         |
| Abilify   | All strengths    | 30 tabs                 |
| Fanapt  | All strengths    | 60 tabs                 |
| Geodon  | All strengths    | 60 caps                 |
| Invega  | All strengths    | 30 caps                 |
| Latuda  | All strengths    | 30 tabs                 |
| Saphris   | All strengths    | 60 tabs                 |
| Seroquel  | <300 mg          | 90 tabs                 |
| Seroquel  | ≥300 mg          | 60 tabs                 |
| Seroquel XR   | All strengths    | 60 tabs                 |
| Symbyax   | All strengths    | 30 tabs                 |
| Zyprexa   | All strengths    | 30 tabs                 |
| Zyprexa Zydis                                       | All strengths    | 30 tabs                 |
| <b>Anti-Biguanides (Glucose Control)</b>            |                  |                         |
| Aciphex   | All strengths    | 30 tabs                 |
| Dexilant  | All strengths    | 30 caps                 |
| Nexium  | All strengths    | 30 caps                 |
| Prevacid  | All strengths    | 30 caps                 |
| Esomeprazole  | All strengths    | 30 caps                 |
| Sriontium   | All strengths    | 30 caps                 |
| Zegerid   | All strengths    | 30 caps                 |
| <b>Bifidobacteria/ Antihistamines/Decongestants</b> |                  |                         |
| Actonel   | 35 mg            | 4 tabs                  |
| Actonel   | 75 mg            | 2 tabs                  |
| Actonel   | 150 mg           | 1 tablet                |
| Actonel   | 5 mg, 30 mg      | 30 tabs                 |
| Actonel/Cal   | 35 mg/1250 mg    | 28 tabs                 |
| Atelvia   | All strengths    | 4 tabs                  |
| Boniva  | 150 mg           | 1 tablet                |
| Boniva  | 150mg            | 30 tablets              |
| Binosto   | 70 mg            | 4 unit dose packets     |
| Fosamax   | 5mg, 10mg & 40mg | 30 tabs                 |
| Fosamax   | 35 mg, 70 mg     | 4 tabs                  |
| Fosamax/ D  | All strengths    | 4 tabs                  |
| Forteo  | All strengths    | 1 pen                   |
| Fortical  | 200 IU/spray     | 3.7 mL                  |
| Miacalcin   | 200 IU/spray     | 3.7 mL                  |

| Medication                                | Strength      | Quantity Limit/ 30 Days |
|---|---------------|-------------------------|
| <b>Bronchodilators (Asthma/Breathing)</b> |               |                         |
| Accuneb Neb                               | All strengths | 375ml                   |
| Advair Diskus/HFA                         | All strengths | 1 inh                   |
| Albuterol Neb                             | 0.08%         | 375ml                   |
| Albuterol Neb                             | 0.50%         | 60ml                    |
| Alvesco                                   | All strengths | 1 inh                   |
| Arcapta                                   | All strengths | 1 box (30 caps)         |
| Asmanex                                   | All strengths | 1 inh                   |
| Atrovent                                  | All strengths | 1 inh                   |
| Atrovent Neb                              | All strengths | 300ml                   |
| Azmacort                                  | All strengths | 1 inh                   |
| Brovana Neb                               | All strengths | 60 vials (120ml)        |
| Combivent                                 | All strengths | 1 inh                   |
| Dulera                                    | All strengths | 1 inh                   |
| Foradil Aerolizer                         | All strengths | 1 inh                   |
| Flovent Diskus/HFA                        | All strengths | 1 inh                   |
| Flovent Rotadisk                          | All strengths | 1 Inh                   |
| Maxair                                    | All strengths | 1 inh                   |
| Perforomist                               | All strengths | 60 vials (120ml)        |
| Pro-Air HFA                               | All strengths | 2 inhs                  |
| Proventil HFA                             | All strengths | 2 inhs                  |
| Pulmicort Respules                        | All strengths | 60 vials (120ml)        |
| Pulmicort Turbohaler                      | All strengths | 1 inh                   |
| QVAR                                      | All strengths | 1 inh                   |
| Servent Diskus                            | All strengths | 1 inh                   |
| Spiriva                                   | All strengths | 1 box                   |
| Symbicort                                 | All strengths | 1 inh                   |
| Ventolin HFA                              | All strengths | 2 inhs                  |
| Xopenex HFA                               | All strengths | 2 inhs                  |
| Xopenex Neb                               | All strengths | 72 vials (3 boxes)      |
| <b>Cholinergic Stimulants</b>             |               |                         |
| Quillivant XR                             | 5mg/ml        | 360ml                   |
| <b>Dermatological/Topical</b>             |               |                         |
| Acticlate                                 | All Strengths | 60 tablets              |
| Ecoza                                     | All Strengths | 70 g                    |
| Jublia                                    | All Strengths | 8 mL                    |
| Kerydin                                   | All Strengths | 10 mL                   |
| Luzu                                      | All Strengths | 60 g                    |
| Naftin cream                              | All Strengths | 45 g                    |
| Taclonex                                  | All strengths | 240gm                   |

**Affects Brand & Generic equivalent when available**

**Limits represent a 1 month supply of medication. If medication is available in a 3 month supply the limits are tripled.**

**This formulary can change at any time without notice.**

**The medications listed on this document do not guarantee coverage**

| Medication                       | Strength       | Quantity Limit/<br>30 Days |
|----------------------------------|----------------|----------------------------|
| <b>Lipotropics (Cholesterol)</b> |                |                            |
| Epanova                          | 1 gm           | 120 capsules               |
| Omtryg                           | 1.2 gm         | 120 capsules               |
| Vascepa                          | 1 gm           | 120 capsules               |
| <b>Migraine/Headaches</b>        |                |                            |
| Alsuma                           | 6 mg/0.5ml     | 4 injectors (2 bx)         |
| Amerge                           | All strengths  | 9 tabs                     |
| Axert                            | All strengths  | 9 tabs                     |
| Frova                            | 2.5mg          | 9 tabs                     |
| Imitrex                          | All strengths  | 9 tabs                     |
| Imitrex Injection                | 6 mg/0.5ml     | 5 vials (1 box)            |
| Imitrex Kits/Refills             | All strengths  | 2 kits                     |
| Imitrex Nasal                    | All strengths  | 6 dispensers               |
| Maxalt/Maxalt MLT                | All strengths  | 9 tabs                     |
| Migranal                         | 4 mg/ml        | 1 pk (8 x1 mL btl)         |
| Relpax                           | All strengths  | 9 tabs                     |
| Stadol Nasal                     | All strengths  | 1 bottle                   |
| Sumavel                          | 6mg/0.5ml      | 6 vials (1 box)            |
| Treximet                         | 85mg/500mg     | 9 tabs                     |
| Zomig Nasal                      | All strengths  | 1 package (6 btl)          |
| Zomig/Zomig ZMT                  | All strengths  | 6 tabs                     |
| <b>Nitro (H.in)</b>              |                |                            |
| Bunavail                         | All strengths  | 60 tablets                 |
| Cambia                           | 50 mg          | 9 packets                  |
| Conzip                           | All strengths  | 30 capsules                |
| Duexis                           | 800 mg/26.6 mg | 90 tablets                 |
| Dymista                          | All Strengths  | 23 g                       |
| Izba                             | 0.003%         | 5 mL                       |
| Lazanda                          | All Strengths  | 30 bottles                 |
| Nucynta Liquid                   | 20mg/ml        | 600 mL                     |
| Qnasl                            | All Strengths  | 8.7 g                      |
| Subsys                           | All Strengths  | 120 sprays                 |
| Targiniq ER                      | All Strengths  | 60 tablets                 |
| Tivorbex                         | All Strengths  | 90 capsules                |
| Xartemis XR                      | All Strengths  | 120 tablets                |
| Zetonna                          | All Strengths  | 6.1 g                      |
| Zioptan                          | 0.0015%        | 30 unit dose packets       |
| Zipsor                           | All Strengths  | 120 capsules               |
| Zohydro ER                       | All Strengths  | 60 capsules                |
| Zorvolex                         | All Strengths  | 90 capsules                |
| Zubsolv                          | All Strengths  | 60 tablets                 |

| Medication                                  | Strength      | Quantity Limit/<br>30 Days |
|---|---------------|----------------------------|
| <b>Nasal Antihistamines/Corticosteroids</b> |               |                            |
| Astelin                                     | All strengths | 1 inh (30ml)               |
| Astepro                                     | All strengths | 1 inh (30ml)               |
| Atrovent                                    | All strengths | 1 inh (30ml)               |
| Beconase AQ                                 | All strengths | 1 inh (25g)                |
| Flonase                                     | All Strengths | 1 inh (16g)                |
| Nasacort AQ                                 | All strengths | 1 inh (16.5g)              |
| Nasarel                                     | All strengths | 1 inh (25ml)               |
| Nasonex                                     | All strengths | 1 inh (17g)                |
| Omnaris                                     | All strengths | 1 inh (12.5g)              |
| Patanase                                    | All strengths | 1 inh (30.5g)              |
| Rhinocort AQ                                | All strengths | 1 inh (8.6g)               |
| Veramyst                                    | All strengths | 1 inh (10g)                |
| <b>Sleep Aids</b>                           |               |                            |
| Ambien/                                     | All strengths | 30 tabs                    |
| Ambien CR                                   | All strengths | 30 tabs                    |
| Doral                                       | All strengths | 30 caps                    |
| Edluar                                      | All strengths | 30 tabs                    |
| Hellioz                                     | All Strengths | 30 tabs                    |
| Intermezzo                                  | All strengths | 30 tabs                    |
| Lunesta                                     | All strengths | 30 tabs                    |
| Rozerem                                     | All strengths | 30 tabs                    |
| Silenor                                     | All strengths | 30 caps                    |
| Sonata                                      | All strengths | 30 caps                    |
| Zolpimist                                   | 5 mg          | 7.7ml                      |
| <b>ED</b>                                   |               |                            |
| Cialis                                      | All strengths | 12 tablets                 |
| Levitra                                     | All strengths | 12 tablets                 |
| Viagra                                      | All strengths | 12 tablets                 |

**Affects Brand & Generic equivalent when available**

**Limits represent a 1 month supply of medication. If medication is available in a 3 month supply the limits are tripled.**

**This formulary can change at any time without notice.**

**The medications listed on this document do not guarantee coverage under your pharmacy plan.**

**ATTACHMENT 3 - PPACA LIST OF PREVENTIVE CARE MEDICATIONS (COVERED FOR \$0 COPAYMENT)**

With preventive care services under PPACA, several therapeutic classes of medications must have therapies available to Members without any Member cost-share. In short, the following list of medications is available to members for a \$0 copay. If the members opt to use a medication within these therapy classes and the medication is NOT listed below, the Member may have a cost-share based on the plan design. Members are encouraged to speak to their providers regarding the treatment that best fits their needs.

| CONTRACEPTIVES - ORAL (\$0.00 Copay) |           | CONTRACEPTIVES - ORAL (\$0.00 Copay)               |           |
|--------------------------------------|-----------|--|-----------|
| Rx Name                              | Drug Type |  |           |
| apri                                 | Generic   | ogestrel   | Generic   |
| aranelle                             | Generic   | portia   | Generic   |
| aviane                               | Generic   | quasense   | Generic   |
| azurette                             | Generic   | reclipsen  | Generic   |
| balziva                              | Generic   | solia  | Generic   |
| camila                               | Generic   | sprintec-28  | Generic   |
| caziant                              | Generic   | sronyx   | Generic   |
| cesia                                | Generic   | tilia fe   | Generic   |
| cryselle-28                          | Generic   | tri-legest fe                                      | Generic   |
| enpresse-28                          | Generic   | trinessa   | Generic   |
| errin                                | Generic   | tri-sprintec                                       | Generic   |
| gianvi                               | Generic   | tri-lo-sprintec                                    | Generic   |
| gildess fe 1/20                      | Generic   | trivora-28   | Generic   |
| gildess fe 1.5/30                    | Generic   | velivet  | Generic   |
| heather                              | Generic   | zenchent   | Generic   |
| jolivet                              | Generic   | zenchent fe  | Generic   |
| jolessa                              | Generic   | zovia 1/35e  | Generic   |
| junel 1/20                           | Generic   | zovia 1/50e  | Generic   |
| junel fe 1/20                        | Generic   |  |           |
| junel 1.5/30                         | Generic   | <b>CONTRACEPTIVES - EMERGENCY (\$0.00 Copay)</b>   |           |
| junel fe 1.5/30                      | Generic   | Rx Name  | Drug Type |
| kariva                               | Generic   | Levonorgestrel, Next Choice                        | Generic   |
| kelnor 1/30                          | Generic   |  |           |
| leena                                | Generic   | <b>CONTRACEPTIVES - PATCH (\$0.00 Copay)</b>       |           |
| levora                               | Generic   | Rx Name  | Drug Type |
| low-orgestrel                        | Generic   | Ortho Evra   | Brand     |
| lutura                               | Generic   |  |           |
| microgestin 1/20                     | Generic   | <b>CONTRACEPTIVES - RING (\$0.00 Copay)</b>        |           |
| microgestin 1.5/30                   | Generic   | Rx Name  | Drug Type |
| microgestin fe                       | Generic   | Nuvaring   | Brand     |
| microgestin fe 1.5/30                | Generic   |  |           |
| mononessa                            | Generic   | <b>CONTRACEPTIVES - DIAPHRAGM (\$0.00 Copay)</b>   |           |
| necon 0.5/35-28                      | Generic   | Rx Name  | Drug Type |
| necon 1/35-28                        | Generic   | Femcap   | Brand     |
| necon 1/50-28                        | Generic   | Ortho All Flex                                     | Brand     |
| necon 10/11-28                       | Generic   | Ortho-Diaphragm                                    | Brand     |
| necon 7/7/7                          | Generic   |  |           |
| nora-be                              | Generic   | <b>CONTRACEPTIVES - IMPLANTABLE (\$0.00 Copay)</b> |           |
| norinyl                              | Generic   | Rx Name  | Drug Type |
| nortrel 0.5/35 (28)                  | Generic   | Paraguard  | Brand     |
| nortrel 1/35 (21)                    | Generic   | Implanon   | Brand     |
| nortrel 1/35 (28)                    | Generic   |  |           |
| nortrel 7/7/7                        | Generic   | <b>CONTRACEPTIVES - INJECTABLE (\$0.00 Copay)</b>  |           |
| ocella                               | Generic   | medroxyprogesterone                                | Generic   |
|                                      |           |  |           |

Rx Client Enrollment & Plan Set Up Document v. 4.1.9.2015  
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## EHIM Audit Protocol

EHIM recognizes the importance of our clients' ("Client") desire to perform audits of their arrangements with EHIM. To that end, EHIM shall make every reasonable effort to address Client's concerns by facilitating a responsive and responsible audit process.

Subject to provisions of this Audit Protocol regarding Client audits, EHIM and Client agree that this Audit Protocol is intended to facilitate a Client audit of EHIM by: (a) clearly defining the scope of the review to be performed; (b) enabling production of timely and accurate results; (c) minimizing administrative burdens on both Parties; and (d) ensuring that industry standard accounting and auditing practices are followed.

### Audit Prerequisites and Procedures

1. An audit involves a review of more than three (3) months of claims data, and addresses broad operational areas, including but not limited to claim pricing accuracy, concurrent eligibility and formulary compliance. General claim inquires, which do not require an audit may be initiated by contacting Client's account management team at any time.
2. Client shall bear its own costs associated with the audit.
3. Client shall provide EHIM with a written notice of its intention to conduct an audit at least forty-five (45) business days prior to conducting an audit. This notice shall include a clear definition of the scope and a timeframe of the audit.
4. Due to the sensitivity of EHIM's agreements with its pharmacy network, all audits must be performed onsite at EHIM Headquarters in Southfield, Michigan. Such onsite audits shall be conducted during normal business hours Monday through Friday, excluding federal holidays. Such onsite audits shall not exceed five (5) business days.
5. Client and Auditor (as defined below) shall execute a Non-Disclosure Agreement subject to Client's obligations under applicable Freedom of Information Acts and containing such customary and standard provisions and exceptions ("Agreements") as required by EHIM prior to commencing an audit. Under no circumstances shall an audit be conducted until all required Agreements have been fully executed by all involved parties.
6. Client may use an independent auditor, so long as such auditor is not a competitor of EHIM and/or does not have a conflict of interest with EHIM as reasonably determined by EHIM ("Auditor").
7. Client's Auditor will work with appropriate EHIM personnel designated by EHIM during the onsite audit.
8. As part of Client's audit, Client and/or Auditor may review and examine EHIM's business records that solely and directly relate to the fees billed to a Client. Contractual and/or other Proprietary or confidential information (i.e. reimbursement rates, fees and acquisition costs) concerning third-party clients, vendors, pharmacies and other providers of products and services shall not be disclosed to Client.
9. Client shall not remove original EHIM business records from EHIM's corporate office where such records are located.

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## Rx Client Enrollment & Plan Set Up Document

| SMOKING CESSATION - ORAL (\$0.00 Copay)    |           | PREVENTIVE MEDICATIONS (\$0.00 Copay)     |           |
|--|-----------|---|-----------|
| Rx Name                                    | Drug Type | Rx Name                                   | Drug Type |
| bupropion SR 150                           | Generic   | aspirin 81mg (males 45-79 yrs)            | Generic   |
| Chantix Starting Pack                      | Brand     | (females 55-79 yrs)                       |           |
| Chantix Continuing Pack                    | Brand     | folic acid .4mg - .8mg                    | Generic   |
|  |           | oral fluoride (under 4yrs old)            | Generic   |
|  |           | iron supplement (6mos - 1yr)              | Generic   |
|  |           | vitamin D (65 years or older)             | Generic   |
|  |           |   |           |
| SMOKING CESSATION - INHALER (\$0.00 Copay) |           | BREAST CANCER                             |           |
| Rx Name                                    | Drug Type | Rx Name                                   | Drug Type |
| Nicotrol                                   | Brand     | tamoxifen                                 | Generic   |
|  |           |   |           |
| SMOKING CESSATION - GUM (\$0.00 Copay)     |           | Bowel Prep Agents (Men & Women Age 50-75) |           |
| Rx Name                                    | Drug Type | Rx Name                                   | Drug Type |
| Nicotine Gum                               | OTC       | gavilyte                                  | Generic   |
|  |           | gavilyte N/flavor pack                    | Generic   |
|  |           | gavilyte-G                                | Generic   |
|  |           | PEG 3350/electrolytes                     | Generic   |
| SMOKING CESSATION - LOZENGE (\$0.00 Copay) |           | PEG 3350NAACL/NA                          | Generic   |
| Rx Name                                    | Drug Type | bicarbonate/KCL                           | Generic   |
| Nicotine Lozenge                           | OTC       | trilyte                                   | Generic   |
|  |           |   |           |
| SMOKING CESSATION - PATCH (\$0.00 Copay)   |           |   |           |
| Rx Name                                    | Drug Type |   |           |
| Nicotine Patch                             | OTC       |   |           |
|  |           |   |           |

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|   |   |
|---|---|
| 1 | Benchmarking                            |
| 2 | Financial update                        |
| 3 | Healthcare contract update              |
| 4 | Requests for consideration and approval |
| 5 | Appendix                                |

# DPSCD FY17 Adopted Budget and Amendments No. 1 and No. 2

|   | DPSCD<br>FY 2017<br><u>Adopted Budget</u> | DPSCD<br>FY 2017<br><u>Budget Amendment<br/>No. 1</u> | DPSCD<br>FY 2017<br><u>Budget Amendment<br/>No. 2</u> | DPSCD<br>FY 2017<br><u>Preliminary Budget<br/>Estimate</u> | <u>Variance</u>             | <u>Notes</u>                 |
|---|---|---|---|--|-----------------------------|------------------------------|
| <b>Revenue:</b>                             |   |   |   |  |                             |                              |
| Local sources                               |   |   |   |  |                             |                              |
| Local Received Thru Another Public School   | \$ 38,826,853                             | \$ 38,826,853   | \$ 43,756,504   | \$ 43,756,504  | \$ -                        |                              |
| Other                                       | <u>11,925,615</u>                         | <u>12,228,981</u>                                     | <u>9,299,330</u>                                      | <u>9,299,330</u>   | <u>-</u>                    |                              |
| Total local sources                         | 50,752,468                                | 51,055,834  | 53,055,834  | 53,055,834   | -                           |                              |
| State sources                               | 445,820,225                               | 445,820,225   | 441,320,225   | 438,320,225  | (3,000,000)                 | Estimated enrollment decline |
| Federal sources                             | <u>141,820,618</u>                        | <u>142,198,114</u>                                    | <u>142,198,114</u>                                    | <u>142,198,114</u>   | <u>-</u>                    |                              |
| <b>Total Revenue</b>                        | <b><u>638,393,311</u></b>                 | <b><u>639,074,173</u></b>                             | <b><u>636,574,173</u></b>                             | <b><u>633,574,173</u></b>                                  | <b><u>(3,000,000)</u></b>   |                              |
| <b>Expenditures:</b>                        |   |   |   |  |                             |                              |
| Instruction                                 | 332,136,275                               | 334,818,296   | 341,551,248   | 341,138,923  | (412,325)                   | CBA & est. healthcare impact |
| Support services                            |   |   |   |  |                             |                              |
| Pupil services                              | 61,098,044                                | 60,851,685  | 62,033,509  | 61,958,621   | (74,888)                    | CBA & est. healthcare impact |
| Instructional staff support                 | 55,406,594                                | 53,634,411  | 53,967,452  | 54,564,802   | 597,350                     | CBA & est. healthcare impact |
| General administration                      | 3,177,970                                 | 3,836,974   | 3,836,974   | 3,960,142  | 123,168                     | CBA & est. healthcare impact |
| School administration                       | 38,695,133                                | 38,454,265  | 38,487,534  | 38,932,871   | 445,337                     | CBA & est. healthcare impact |
| Business office                             | 9,992,727                                 | 9,481,223   | 9,481,223   | 9,597,577  | 116,354                     | CBA & est. healthcare impact |
| Operations & maintenance                    | 84,826,740                                | 84,854,606  | 84,854,606  | 84,902,168   | 47,562                      | CBA & est. healthcare impact |
| Transportation                              | 35,049,312                                | 35,031,312  | 35,031,312  | 35,341,522   | 310,210                     | CBA & est. healthcare impact |
| Central support service                     | 28,356,986                                | 28,331,821  | 28,339,379  | 28,614,967   | 275,588                     | CBA & est. healthcare impact |
| Other support service                       | <u>769,593</u>                            | <u>842,576</u>  | <u>842,576</u>  | <u>1,217,359</u>   | <u>374,783</u>              | CBA & est. healthcare impact |
| Total support services                      | <u>317,373,099</u>                        | <u>315,318,873</u>                                    | <u>316,874,565</u>                                    | <u>319,090,029</u>   | <u>2,215,464</u>            | CBA & est. healthcare impact |
| Community service                           | 4,189,662                                 | 4,242,729   | 4,257,403   | 4,252,263  | (5,140)                     | CBA & est. healthcare impact |
| Facilities acquisitions and improvement     | <u>606,809</u>                            | <u>606,809</u>  | <u>606,809</u>  | <u>606,809</u>   | <u>-</u>                    |                              |
| <b>Total Expenditures</b>                   | <b><u>654,305,845</u></b>                 | <b><u>654,986,707</u></b>                             | <b><u>663,290,025</u></b>                             | <b><u>665,088,024</u></b>                                  | <b><u>1,797,999</u></b>     | CBA & est. healthcare impact |
| <b>Total Other Financial Sources (Uses)</b> | <b><u>33,256,058</u></b>                  | <b><u>33,256,058</u></b>                              | <b><u>53,556,058</u></b>                              | <b><u>53,556,058</u></b>                                   | <b><u>-</u></b>             |                              |
| <b>Net Surplus / (Deficit)</b>              | <b><u>\$ 17,343,524</u></b>               | <b><u>\$ 17,343,524</u></b>                           | <b><u>\$ 26,840,206</u></b>                           | <b><u>\$ 22,042,207</u></b>                                | <b><u>\$(4,797,999)</u></b> |                              |
| <b>Fund Balance</b>                         |   |   |   |  |                             |                              |
| Designated for future investment            | 12,343,524                                | 12,343,524  | 12,343,524  | 12,343,524   | -                           |                              |
| Undesignated fund balance                   | <u>5,000,000</u>                          | <u>5,000,000</u>                                      | <u>14,496,682</u>                                     | <u>9,698,683</u>   | <u>(4,797,999)</u>          |                              |
| <b>Ending Fund Balance</b>                  | <b><u>\$ 17,343,524</u></b>               | <b><u>\$ 17,343,524</u></b>                           | <b><u>\$ 26,840,206</u></b>                           | <b><u>\$ 22,042,207</u></b>                                | <b><u>\$(4,797,999)</u></b> |                              |

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# DETROIT PUBLIC SCHOOLS COMMUNITY DISTRICT

**Marios Demetriou**

Deputy Superintendent of Finance & Operations

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Detroit, MI 48202

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October 14, 2016

Detroit Financial Review Commission  
3062 W. Grand Blvd.  
Detroit, Michigan 48202

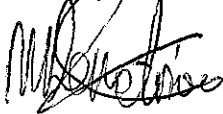
Re: Detroit Public Schools Community district Debt Service Requirements and Certification  
Fiscal Year 2017, Quarter 1

Dear Commissioners:

There are currently no debt service requirements due on all bonds, leases, and other municipal debt of the Detroit Public Schools Community District in compliance with section 6 of the Michigan Financial Review Commission Act, Act 181, Public Acts of Michigan, 2014.

I hereby certify as of the date of this letter there are no debt service requirements.

Sincerely,



Marios Demetriou  
Deputy Superintendent of Finance & Operations