

AGENDA
FINANCE COMMITTEE MEETING
Monday, December 3, 2018
6:45 PM

I. RESOLUTIONS:

- a. Resolution No. 145-18- Authorizing the Mayor or his designee to submit a grant application in the amount of \$40,603.00 to the WV Division of Justice Project Safe Neighborhood Grant Program to fund the hiring of a NIBIN Contractor to handle ballistic evidence gathering and submission to the National Integrated Ballistic Network (NIBIN). No matching funds are required.
- b. Resolution No. 146-18 - Authorizing the Mayor and/or City Manager to enter into an agreement with Castia Rx to serve as the City's Pharmacy Benefit Manager for the period January 1, 2019 through December 31, 2022.

***Meetings may be recorded and broadcast via internet <https://charlestonwv.civicclerk.com>**

City of Charleston Results: Summary Overview

Based on Scripts Filled During the Period of August 2017 through July 2018

Based on Repricing File Results

PBM	# Scripts	Total Discounted AWP Cost	Total Dispensing Fees	Total Admin Fees	Less Rebates*	Total Net Cost**	% Savings	\$ Savings Based on Repricing	Diff. Between Repricing and AWP Discount Guarantees	ACTUAL Guaranteed Total Net Cost
CastiaRx - Current	36,723	\$4,390,760	\$45,524	\$91,808	- \$296,100	\$4,231,991			+ \$115,048	\$4,347,039
MagellanRx	36,723	\$3,680,376	\$39,622	\$110,169	- \$904,197	\$2,925,969	-31%	- \$1,306,023	+ \$475,195	\$3,401,164
EnvisionRx	36,723	\$3,907,384	\$22,898	\$45,904	- \$879,149	\$3,097,038	-27%	- \$1,134,954	+ \$31,860	\$3,128,898
CastiaRx - Proposed	36,723	\$4,045,466	\$27,253	\$45,904	- \$977,410	\$3,141,213	-26%	- \$1,090,779	- \$47,052	\$3,094,161
The Health Plan/ESI - Traditional Model	36,723	\$4,125,091	\$22,434	\$0	- \$372,358	\$3,775,167	-11%	- \$456,824	+ \$77,879	\$3,853,046

PHARMACY BENEFIT MANAGEMENT AGREEMENT

This Pharmacy Benefit Management Agreement ("Agreement") is made and entered into effective as of January 1, 2019 ("Effective Date") by and between **Leehar Distributors, LLC d/b/a CastiaRx ("CastiaRx")**, a Delaware limited liability company, and **City of Charleston, West Virginia ("Client")**.

RECITALS

CastiaRx (formerly LDI Integrated Pharmacy Services) and Client are parties to a Pharmacy Benefits Management Agreement dated January 1, 2014, as amended July 1, 2016 and January 1, 2017 ("Original Agreement"), whereby CastiaRx provides pharmacy benefit management services ("PBM Services") to Client's health Plan ("Plan"); and

The parties desire to update the pricing and terms of the Agreement and have agreed to enter this new Agreement which shall supersede the Original Agreement as of the Effective Date.

NOW THEREFORE, in consideration of the mutual covenants, promises and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions. As used in this Agreement, the following terms when capitalized shall have the following meanings:

(a) "Administrative Fee" means an all-inclusive fee charged on a per Claim basis as identified in Exhibit E.

(b) "Affiliate" means, with respect to a party, a person or entity controlling, controlled by or under common control with such party.

(c) "AWP" means the average wholesale price, as determined by the current edition of the Medi-Span National Drug Data File ("Medi-Span") of the prescription drug NDC on the day, and of the package size from which, the prescription is dispensed.

(d) "Benefit Plan" means the coverage terms and conditions of the Plan's pharmacy benefit containing all information regarding Copayments, Formulary, days' supply limitations and other Plan coverage details.

(e) "Brand Drug" means a prescription drug designated by Medi-Span indicators as "M," "N" or "O."

(f) "CastiaRx Mail Pharmacy" means one or more licensed pharmacies owned or operated by CastiaRx or an Affiliate of CastiaRx, or under contract to provide mail pharmacy services on behalf of CastiaRx where prescriptions are filled and delivered to Members via mail delivery services, and together with CastiaRx Specialty Pharmacy, referred to collectively from time to time as "CastiaRx Pharmacies."

(g) "CastiaRx Specialty Pharmacy" means one or more licensed pharmacies owned or operated by CastiaRx or an Affiliate of CastiaRx, or under contract to provide specialty pharmacy services, and together with CastiaRx Mail Pharmacy, referred to collectively from time to time as "CastiaRx Pharmacies."

(h) "Claim" means each prescription and supply reimbursement request (i) submitted by Participating Pharmacies and CastiaRx Pharmacies electronically, (ii) Members via paper claim, and (iii) by government agencies (subrogation).

(i) “Compound Prescription” means a prescription that meets the following criteria: (a) two or more solid, semi-solid or liquid ingredients, at least one of which is a Covered Drug; (b) that are weighed or measured then prepared according to the prescriber’s order and pharmacist’s art.

(j) “Copayment” means the Member cost share, including deductibles, required under the Plan to be paid by a Member for Covered Drugs.

(k) “Covered Drugs” means those prescription drugs, supplies, and Specialty Drugs covered and/or authorized for payment or reimbursement as set forth in the Benefit Plan.

(l) “Formulary” means the list of FDA-approved prescription drugs and supplies developed for use by Plans and/or customized by Client for its Benefit Plan.

(m) “Generic Drug” means a prescription drug designated by Medi-Span indicators as “Y.”

(n) “MAC” means the maximum allowable price per unit, charged for a prescription drug product generally available from multiple manufacturers. The MAC list is subject to review and modification to reflect changes in market conditions due to the number of manufacturers, availability, utilization and pricing volatility.

(o) “Member” means an individual and his/her dependents who, under the terms of the Plan, is/are eligible to receive Covered Drugs.

(p) “Multi-Source Generic Drug” means a Generic Drug that (i) is licensed and then currently marketed by more than two (2) drug manufacturers; (ii) is not subject to patent litigation; and (iii) is available in sufficient supply.

(q) “Participating Pharmacy” means any licensed retail pharmacy that has entered into an agreement with CastiaRx to provide pharmacy services to Members. CastiaRx Pharmacies are not Participating Pharmacies.

(r) “Rebates” means all retrospective manufacturer rebates received by CastiaRx under its agreement with pharmaceutical manufacturers and/or rebate aggregators based upon the drug utilization of eligible products by Members at Participating Pharmacies and CastiaRx Pharmacies.

(s) “Single Source Generic Drug” is defined as a Generic Drug which is either (i) commercially available from only one (1) generic manufacturer, or (ii) available from one manufacturer that has been given exclusive rights by the FDA to produce the generic version of a brand drug from six months to a year.

(t) “Specialty Drugs” means those drugs, therapies and ancillary items determined by CastiaRx as having one or more of several key characteristics, including but not limited to: indication for the treatment of chronic and or life-threatening disease states; requiring administration by inhalation, infusion or injection; requiring surveillance, counseling or monitoring in conjunction with use; or requiring special handling in distribution.

(u) “Pass-Through Pricing” means that the Client’s cost for Participating Pharmacy prescription drug Claims, including Speciality Pharmaceuticals, is CastiaRx’ actual reimbursement cost to the Participating Pharmacies for such claims. CastiaRx’ Mail Pharmacy and Speciality Pharmacy charges to Client will be the actual guaranteed discounts set forth in Exhibit E. Rebates shall be the amount set forth in Exhibit E.

2. Scope of PBM Services.

(a) Implementation. CastiaRx shall render PBM Services as described herein, including the Base Administrative Services set forth in Exhibit A, and upon Client request, the Non-Base Administrative Services set forth in Exhibit B, which may require the payment of additional Fees (as defined in Section 3(a)). Client shall provide or arrange for the notification to Members that CastiaRx is the manager of the Plan's benefit (e.g., identification of CastiaRx on ID card, reference in summary plan description, etc.). Client shall provide CastiaRx initial Member eligibility data, and shall continue to provide current and updated real-time eligibility reports specifying Member additions to or terminations from the Plan directly to the CastiaRx database through designated media. CastiaRx shall be entitled to rely on the information presented in such eligibility records as conclusive evidence of the eligibility of Members from the Plan. Client shall be responsible for the payment of all Claims processed for Members prior to the date of receipt of termination of eligibility update information by CastiaRx.

(b) Claims Processing. CastiaRx will perform, or arrange with a third-party claims processor to perform, on-line processing of Claims from Participating Pharmacies and CastiaRx Pharmacies. CastiaRx will perform a standard drug utilization review ("DUR") analysis of each Claim submitted on-line to assist the dispensing pharmacist and prescribing physician in identifying potential drug interactions, incorrect dosages and other circumstances that may be indicative of a clinical issue with a prescription. If elected by Client upon set-up, CastiaRx will process Member-submitted paper claims and government (e.g., Medicaid and VA) subrogation claims in accordance with applicable law. CastiaRx' DUR processes are not intended to substitute for the professional judgment of the prescriber or dispensing pharmacist. Client will have the final responsibility for all decisions with respect to coverage of a Claim and the benefits allowable under the Plan, including determining whether any rejected or disputed Claim will be allowed.

(c) Clinical Services. CastiaRx shall provide the Clinical Services as required or requested by Client as described in Exhibit C. CastiaRx will provide prior authorization ("PA") services as specified and directed by Client utilizing Client-approved PA guidelines to determine whether certain designated drugs are to be deemed covered under the Benefit Plan. In determining whether to authorize coverage of such drug, CastiaRx will apply only the guidelines and may rely entirely upon information about the Member and the diagnosis of the Member's condition provided from the prescriber or pharmacist. CastiaRx will not undertake to determine medical necessity or substitute CastiaRx' judgment for the professional judgment and responsibility of the prescriber. CastiaRx has established an external review process for standard and expedited external review requests that are available to Clients upon request on a pass-through of cost basis. Under this process, CastiaRx shall utilize the services of accredited Independent Review Organizations ("IRO"), randomly assigned, in compliance with the federal external review requirements of the Patient Protection and Affordable Care Act ("PPACA").

(d) Formulary and Rebates. CastiaRx shall administer the Formulary elected by the Plan, and shall pay quarterly Rebate amounts based on such Formulary to Client as set forth in Exhibit E (rebates are the greater of 100 percent of the rebates received by CastiaRx or the minimum per net paid Brand Drug guarantees) within one hundred eighty (180) days after the quarter end. CastiaRx may use the services of Affiliated and non-affiliated Rebate aggregators to process Rebates for Client, and such Rebate aggregators retain a portion of the Rebates. Subject to the assumptions set forth in Exhibit E, Client acknowledges and agrees that (i) if Client or Plan elects to apply a different Formulary or materially change the Benefit Plan, or (ii) pharmaceutical manufacturers or Rebate aggregators change the bases for paying Rebates or discontinue payment of Rebates, CastiaRx shall have a right to adjust or eliminate the Rebates and/or modify other financial terms of this Agreement upon notice to Client. Subject to Section 3(b), CastiaRx shall have the right to retain and/or apply Rebates to any Claims Reimbursements and/or Fees remaining unpaid during the Term and following termination of this Agreement.

(e) Pharmacy Networks. CastiaRx shall arrange for or maintain comprehensive networks of Participating Pharmacies that shall provide pharmacy services to Members. Each Participating Pharmacy is an independent contractor of CastiaRx, and CastiaRx shall have no liability to Client, any Member or any other person or entity for any act or omission of any Participating Pharmacy, its agents or employees. Pursuant to a Participating Pharmacy Agreement, CastiaRx shall contractually require each Participating Pharmacy to meet CastiaRx' credentialing requirements, including but not limited to licensure, insurance

and operational standards. CastiaRx also shall provide mail order delivery prescription services to Members through the CastiaRx Mail Pharmacy and Specialty Drugs through the CastiaRx Specialty Pharmacy. Members shall be required to pay Copayments in accordance with the applicable Copayment obligation of Members and in such amounts as provided by the terms of the Plan.

(f) Plan Design. Client represents and warrants throughout the Term that the Benefit Plan provided to CastiaRx are (and will continue throughout the Initial Term and any Renewal Term to be) accurate. Client shall provide written notice of any Plan changes that relate to the provisions of this Agreement and/or CastiaRx' obligations. In the event Client does not give at least thirty (30) days' notice prior to the implementation date of any such change, Client shall be responsible for any additional charges or costs associated with implementing the change.

(g) Specialty Additional Value Program. Client hereby elects to implement the Specialty Additional Value Program ("SAV Program") described below for the fees set forth in Exhibit E. The Client's share of the cost of the Specialty Pharmaceuticals shall be based on the pricing set forth in Exhibit E.

(i) CastiaRx Specialty Pharmacy. CastiaRx Specialty Pharmacy shall be the exclusive Specialty Pharmacy in Client's specialty pharmacy network, except for limited distribution Specialty Pharmaceuticals available only from limited distribution pharmacies. CastiaRx Specialty Pharmacy will research, and assist Members with applications for, pharmaceutical manufacturer copay assistance and coupon programs for the applicable Specialty Pharmaceutical ("Assistance Payments"). The amount of the Assistance Payments shall not be applied to the Member's deductible or out-of-pocket maximum.

(ii) Assistance Payments. The Plan Benefit shall reflect a Member Copayment of 50%, and a Client share of the cost of the product of 50%. Upon application of the Assistance Payments, the Member shall not have any Copayment or other out-of-pocket responsibilities. The Client shall be responsible for the remaining 50% of the cost of the drug. Neither CastiaRx nor CastiaRx Specialty Pharmacy shall have any liability or responsibility for Assistance Payments.

(iii) No Assistance Payments. If there are no Assistance Payments available for a Specialty Pharmaceutical, the Plan Benefit shall reflect the specific Copayment payable by the Member for the product. The Client shall pay the balance of the cost of the drug.

(iv) Limited Distribution Specialty Products. If the Specialty Pharmaceutical is available solely from a Limited Distribution Pharmacy ("LDP"), LDP will determine if there are Assistance Payments available and/or secondary coverage, and/or whether the Member is eligible for such payments. If there are no Assistance Payments available, the Plan Benefit shall reflect the specific Copayment payable by the Member for the product. The Client shall pay the greater of (A) the actual price charged by the LDP; or (B) the Specialty Pharmacy Network rate set forth on Exhibit E.

(v) Client Representations and Release. Client hereby represents and warrants that it has or will timely modify its pharmacy benefit plan design to accurately reflect the terms and conditions of the SAV Program. Client further represents that it shall notify Members of the terms of the SAV Program as required by law, including ERISA and the ACA. If the adoption of SAV Program will be during a plan year, Client acknowledges and agrees that it may have additional notice requirements regarding the change of its pharmacy benefit.

3. Claims Reimbursement, Fees, Billing and Payment.

(a) Fees. In consideration of the PBM Services provided by CastiaRx, Client will pay the applicable Participating Pharmacy and CastiaRx Pharmacies claims reimbursement amounts set forth in Exhibit E ("Claims Reimbursement"), and applicable administrative fees set forth in Exhibits B and C ("Fees").

(b) Billing and Payment. CastiaRx shall invoice Client for Claims Reimbursement amounts and Fees on the 1st and 15th of each month. Client shall pay such fees within thirty (30) days after the receipt of the invoice. CastiaRx may suspend services or terminate this Agreement in the event Client fails to pay CastiaRx the Claims Reimbursement or Fees when due and after five (5) days written notice. All amounts not paid by the due date thereof will bear interest at the rate of 1.0% per month or, if lower, the highest interest rate permitted by law. Client will be responsible for all costs of collection and agrees to reimburse CastiaRx for such costs and expenses, including reasonable attorneys' fees. CastiaRx shall have the right to apply Rebates to any Claims Reimbursements and/or Fees remaining unpaid during the Term and following termination of this Agreement; provided that, Client shall nonetheless be required to pay all such unpaid Claims Reimbursements and Fees. CastiaRx may require the payment of a deposit if Client is delinquent in payment of Fees, or If Client requests CastiaRx to process Claims during a run-off period ("Run-Off Period") following termination of the Agreement.

(c) Invoice/Payment Disputes or Discrepancies. If Client disputes any amount on any invoice or the amount paid on an invoice, Client shall notify the CastiaRx account manager and state the amount in dispute and reasons therefore in writing to CastiaRx within: (i) sixty (60) days of the date of the invoice if ascertainable from the face of invoice; or (ii) thirty (30) days from the date of discovery if the matter is discovered from an audit initiated within one (1) year of the date of invoice; or (iii) thirty (30) days from the date of discovery if the matter can only be discovered from outside information other than the audit as long as the initial discovery is made within twelve (12) months of the date of the invoice. At no time may Client withhold Claims Reimbursement for services provided by a Participating Pharmacy or CastiaRx Pharmacy nor offset an amount from Fees billed for services provided by CastiaRx. In the event that Client or CastiaRx discovers an overcharge, billing or payment discrepancy resulting in an overpayment or underpayment to CastiaRx in the normal course of business or while performing an audit in accordance with Section 3(e), CastiaRx agrees to refund to Client such undisputed overpayment amount within ten (10) business days and Client agrees to make additional payment to CastiaRx to adjust for such undisputed underpayment within ten (10) business days, subject to the parties' resolution or adjudication of amounts in dispute. Failure to dispute the amount as billed by CastiaRx and reflected on CastiaRx' invoice within the time specified herein shall be deemed a waiver of any right to claim entitlement to an offset or recovery of the amount billed by CastiaRx. Notwithstanding the foregoing, in the event that an overpayment is asserted by Client or a Plan fiduciary, CastiaRx may defend such claim based on underpayments going back in time as far as the claimed overpayment.

(d) Audits. Client shall have the right to audit, at its expense, the books and records of CastiaRx once annually to verify the performance of PBM Services, and the accuracy of Claims Reimbursements and Rebates during the previous 12-month period and will be limited to the actual number of Claims (by pharmacy channel) to verify Rebates, and a representative sample of Claims Reimbursements and Fees to verify Client charges. Client shall give CastiaRx a minimum of ninety (90) business days' notice of its desire to audit and any such inspection shall take place at a mutually agreed upon location and date. Client may use the services of an independent third-party auditor that does not have a conflict of interest with CastiaRx to perform the audit, subject to execution of a standard confidentiality agreement. CastiaRx shall accommodate lawful state or federal government agency audit requests, if required. Client and CastiaRx shall cooperate in good faith to reconcile payment discrepancies discovered in an audit within thirty (30) days. Client and its officers, contractors, attorneys, employees, trustees, accountants, auditors and agents agree to keep confidential any information contained in CastiaRx' books and records under the terms of Section 5(c) of this Agreement.

4. Term and Termination.

(a) Term. The term of this Agreement shall commence on the Effective Date and shall remain in effect for an Initial Term of three (3) years ("Initial Term"), provided, however, that Client shall have the right to terminate this Agreement without cause after the first twenty-four (24) months of this Agreement upon ninety (90) days' prior written notice. In addition, Client shall have the right to terminate this Agreement without cause upon ninety (90) days' prior written notice in the event CastiaRx enters into a merger or acquisition agreement. After the Initial Term, this Agreement shall thereafter automatically renew

for additional successive terms of one (1) year each ("Renewal Term(s)") unless either party gives notice of its intent to not renew the Agreement at least sixty (60) business days prior to the end of the Initial Term or any Renewal Term or unless otherwise terminated in accordance with this Section 4. Except as allowed in Section 4.(d) below, in the event Client determines to terminate the Initial Term or any Renewal Term without cause prior to its expiration or without proper notice as described above, CastiaRx shall be entitled to retain any unpaid Rebates as a termination fee to cover unamortized implementation and/or termination expenses. CastiaRx' retention of Rebates in such circumstances does not constitute a waiver by CastiaRx of its right to determine that any early termination is a breach of this Agreement.

(b) Termination for Cause and Cure. This Agreement may be terminated by a party for cause upon the material breach of another party with at least thirty (30) days prior written notice by the non-breaching party to the other party specifying the breach or default of this Agreement if the breaching party does not cure such breach within such thirty (30) day period. Client may terminate this Agreement with thirty (30) days' written notice if CastiaRx fails to meet the same quarterly performance guarantee for two consecutive quarters. CastiaRx may terminate this Agreement if Client has not cured any non-payment of Fees and/or Claims Reimbursements following five (5) days written notice to Client for non-payment. In the event CastiaRx terminates this Agreement due to Client's uncured breach, CastiaRx shall be entitled to retain any unpaid Rebates as a termination fee for breach; provided that, Client shall nonetheless be required to pay all unpaid Claims and Reimbursements and Fees.

(c) Market Check. After the first eighteen (18) months of the Initial Term, Client shall have the right to perform one (1) market analysis for the remainder of the Term that compares CastiaRx' pricing and financial terms, in the aggregate, to pricing offered by a comparable pharmacy benefit manager (meaning a PBM primarily providing services to self-funded mid-market size health plans) to a comparable health plan, taking into account demographics, account benefit design, formulary, and the pharmacy network ("Market Check"). If the Market Check, provided to CastiaRx in the form offered to Client, would provide greater than three percent (3%) overall annual savings compared to the financial terms of this Agreement, CastiaRx shall have ninety (90) days to offer modified financial terms that, in the aggregate, will provide at least three percent (3%) additional savings compared to the present financial terms under this Agreement. If CastiaRx elects not to provide modified financial terms, Client shall have the right to terminate this Agreement upon ninety (90) days written notice.

(d) Termination Due to Budgetary Appropriations. Service performed under this Agreement may be continued in succeeding fiscal years for the term of this Agreement, contingent upon funds being appropriated by City Council or otherwise being available for this service. In the event funds are not appropriated or otherwise available for this service, this Agreement shall terminate without penalty on June 30. After that date, this Agreement becomes of no effect and is null and void. However, Client agrees to use its best efforts to have the amounts contemplated under this Agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default.

5. Claim Data and Records; Confidentiality of Proprietary Information.

(a) Claim Data. CastiaRx shall maintain all prescription drug records and supporting claims data and invoices processed by CastiaRx for services rendered under this Agreement for a minimum period of five (5) years from the date of the Claim or such longer period as may be required by law. Upon Client request, CastiaRx shall provide Client Claim data (including PHI if Client so directs) to Client's consultants, brokers or TPAs; provided, however, that Client shall require such third parties, in writing, to maintain the confidentiality of financial information incorporated in such data. Client grants CastiaRx permission to use, sell and/or disclose to third parties for its use the drug and related medical data collected by CastiaRx or provided to CastiaRx by Client for research, cost analyses, cost comparison or other lawful business purposes of CastiaRx and/or such third parties, all without charge to CastiaRx provided, however, that the information so used or disclosed by CastiaRx shall be de-identified in accordance with HIPAA, and provided any such disclosure shall comply with applicable law.

(b) PHI Privacy and Security. The parties have entered into a Business Associate Agreement and agree to comply with all applicable privacy and security laws, including HIPAA and the Health Information Technology for Economic and Clinical Health (HITECH) Act.

(c) Confidential Information. CastiaRx and Client agree that confidential and proprietary information of CastiaRx includes, but is not limited to, this Agreement, CastiaRx' reporting packages, system formats, proprietary software and related user documentation, clinical and other manuals, utilization review and prescription drug evaluation criteria and other documents, preferred product lists, financial terms under this Agreement, including Participating Pharmacy and CastiaRx Pharmacy pricing and Rebates, Participating Pharmacy agreements, and claims processor, pharmaceutical manufacturer or Rebate aggregator agreements (collectively, "CastiaRx Confidential Information"). Client shall not have a right to use or disclose CastiaRx Confidential Information during the term or after termination of this Agreement except to the extent specifically contemplated by this Agreement. Client shall not disclose CastiaRx Confidential Information to any third party without CastiaRx' prior written consent or as otherwise required by law. Upon termination of this Agreement, Client shall cease using all CastiaRx Confidential Information, trademarks, trade names or service marks of CastiaRx.

6. Indemnification; Limitation of Liability.

(a) By CastiaRx. CastiaRx agrees to indemnify, defend and hold harmless Client, its officers, employees and agents from and against any and all damage, loss, cost and expense (including, without limitation attorney's fees and litigation expenses) ("Costs") incurred by Client in connection with any third-party claims, actions or suits ("Claims") asserted against Client and arising out of CastiaRx' (i) breach of the terms of this Agreement, or (ii) violation of applicable law.

(b) By Client. Client agrees to indemnify, defend and hold harmless CastiaRx, its officers, employees and agents from and against any and all Costs for Claims incurred by CastiaRx arising out of Client's (i) breach of the terms of this Agreement, (ii) violation of applicable law, (iii) Client's Benefit Plan and coverage decisions, or (iv) use of misuse of Client Claim data or PHI.

(c) Limitation of Liability. In no event shall either party be liable for other than actual damages as a result of the performance or default of this Agreement. NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, PUNITIVE SPECIAL OR CONSEQUENTIAL DAMAGES, REGARDLESS OF THE FORM OF ACTION (WHETHER IN CONTRACT, TORT, NEGLIGENCE OR OTHERWISE) EVEN IF IT IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

7. Insurance.

(a) CastiaRx Insurance. CastiaRx shall obtain and maintain comprehensive liability insurance in minimum amounts of \$1 Million Dollars (\$1,000,000) per occurrence and \$3 Million Dollars (\$3,000,000) in the aggregate insuring CastiaRx, CastiaRx employees and place of business. CastiaRx shall provide immediate notice to Client of any notice of cancellation, non-renewal or suspension of any of said insurance, and shall provide notice to Client of other material adverse changes to said insurance within ten (10) days of the date which CastiaRx learns of their scheduled occurrence. CastiaRx may satisfy the requirements in this Section through a self-insurance program.

(b) Client's Insurance. Client shall obtain and maintain insurance coverage in amounts standard for Client's business and sufficient to cover its liability and indemnification obligations under this Agreement.

8. Compliance with Law; Client Fiduciary Responsibilities and CastiaRx Financial Disclosures.

(a) Compliance with Law. Client and CastiaRx shall be responsible for ensuring its compliance with any legal obligations, contractual obligations, laws and regulations applicable to its business, including

maintaining any necessary licenses, registrations and permits. If the Plan is subject to the provisions of ERISA, Client shall ensure that its activities with regard to such program are in compliance with ERISA.

(b) Limitation on Fiduciary Responsibilities. CastiaRx is not the sponsor of any employee benefit plan within the meaning of ERISA or otherwise. CastiaRx is not a fiduciary to Client or its Members nor is it responsible for Client's or the Plan's compliance with applicable laws, including but not limited to those laws relating to employee benefit plans and shall have no liability to Members, third-parties or others for the design of the Plan, its coverage conditions, limitations, scope, determinations or other acts or omissions in furtherance thereof. CastiaRx exercises no discretion with respect to the management of the Plan or the control of Plan assets. The services provided by CastiaRx pursuant to this Agreement are provided on a fee for service basis and are intended to facilitate Client making available efficient, cost effective pharmacy health benefits but is not intended to be an endorsement for any prescription drug, drug therapy or delivery method.

(c) CastiaRx Financial Disclosures. CastiaRx derives revenue from Claims Reimbursements and Fees based on the rates set forth herein as well as in one or more of the ways described in the CastiaRx Financial Disclosure Statement set forth in Exhibit D. In negotiating any of the fees and revenues described in this Agreement and the CastiaRx Financial Disclosure Statement CastiaRx and CastiaRx' wholly-owned subsidiaries act on their own behalf and not for the benefit of or as agents for Client, Plan or Members. CastiaRx and CastiaRx' wholly-owned subsidiaries retain all proprietary rights and beneficial interest in such fees and revenues, and accordingly, Client acknowledges that neither it, Members or Plans has a right to receive or possess any beneficial interest in any such fees or revenues; provided, however, that CastiaRx will pay Client amounts equal to the amounts set forth in Exhibit E.

9. Dispute Resolution.

Any dispute arising out of or relating to this Agreement or the breach, termination or validity hereof shall be settled using a single arbitrator in a location agreed to by the parties at the time of the dispute in accordance with the commercial arbitration rules then in effect of the American Arbitration Association. CastiaRx or Client shall send written notice of any dispute to the other parties sixty (60) days before submitting the dispute to binding arbitration. The award entered by the arbitrator shall be final and binding on all parties to arbitration. With respect to any dispute between the parties, each party shall bear its own attorneys' fees, except as otherwise authorized by law or statute, and each party shall pay its pro rata/equal portion of the arbitrator's charges and expenses. Notwithstanding the preceding and other provisions in this Agreement, CastiaRx shall have the right to sue or take other legal action to collect any unpaid Claims Reimbursements or Fees due hereunder.

10. Notices.

All notices and other writings required or permitted to be given under the terms of this Agreement shall be hand delivered, sent via certified or registered mail postage prepaid and return receipt requested, or sent via receipted private delivery service such as UPS to the parties with a copy by facsimile or email transmission, below or to such addresses as the parties may hereafter designate in writing. All notices and other writing required or permitted to be given under the terms of this Agreement shall be deemed given upon hand delivery or on the date received as confirmed by return receipt of certified or registered mail or as confirmed by private delivery service.

If to PBM:

Leehar Distributors, LLC
2275 Half Day Road, Suite 210
Bannockburn, Illinois 60015
Attn: President

With a copy to:

If to Client:

City of Charleston, West Virginia
501 Virginia Street East
Charleston, West Virginia 25301
Attn: Maria Jones
Title: Benefits and Compensation Manager
Telephone Number: (304) 348-8015

legal@castiarx.com

Email: maria.jones@cityofcharleston.org

With a copy to:

City of Charleston, West Virginia
501 Virginia Street East
Charleston, West Virginia 25301
Attn: Paul Ellis
Title: City Attorney of Charleston
Telephone Number: (304) 348-8032
Email: cityattorney@cityofcharleston.org

11. Miscellaneous.

(a) Governing Law, Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri to the extent not preempted by the laws of the United States. The parties agree that, consistent with section 9 herein, any and all disputes arising out of or related to this Agreement shall be exclusively heard and determined either in the courts of the United States Southern District Court of West Virginia, located in City of Charleston, West Virginia (Federal Court), or in the courts of the State of West Virginia (West Virginia State Courts) located in the City of Charleston and County of Kanawha, West Virginia.

(b) Amendment. This Agreement may not be amended or modified in any manner except by written agreement signed by CastiaRx and Client.

(c) Assignment. Client may not assign its rights or obligations under this Agreement to any other person or entity without CastiaRx' written consent, which shall not unreasonably be withheld. CastiaRx may assign its rights and obligations under this Agreement upon written notice to Client. This Agreement shall be binding upon the parties hereto and shall inure to the benefit of their successors and/or permitted assigns.

(d) Severability. If any provision of this Agreement shall be held to be illegal, or otherwise unenforceable, such provision shall be severed and the entire Agreement shall not fail on account thereof and the balance of this Agreement shall continue in full force and effect; provided, however, that if the severing of such provision results in a material alteration of this Agreement, the remaining provisions of this Agreement shall be adjusted equitably so that no party benefits disproportionately.

(e) Exclusivity. This Agreement shall be construed as an exclusive Agreement between CastiaRx and Client and shall be deemed to be an agreement that requires Client to utilize CastiaRx and only CastiaRx, for services provided herein.

(f) Entire Agreement. This Agreement, including all Exhibits and the Business Associate Agreement that are incorporated herein for all purposes, constitutes the entire agreement between the parties with regard to the subject matter hereof. Any other prior written or oral agreements between the parties pertaining to the subject matter hereof, including any other pharmacy agreements between CastiaRx and Client or between CastiaRx and Client with regard to the Plan, are null and void and of no further force or effect as of the Effective Date of this Agreement.

(g) Change in Law. If, due to any change in applicable law, regulations or the interpretation thereof by any court of law or other governing body having jurisdiction subsequent to the date of this Agreement makes performance of any part of this Agreement impracticable or impossible, or adversely impacts a party's financial position hereunder, CastiaRx shall have the right to modify, in good faith, the financial terms of this Agreement.

(h) Survival. The provisions of Sections 3, 4, 5, 6, 8-10 and 11(a) shall survive termination of this Agreement for any reason.

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[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first above written.

LEE HAR DISTRIBUTORS, LLC

CITY OF CHARLESTON, WEST VIRGINIA

By: _____
Albert Thigpen, President

By: _____

Name: _____

Title: _____

EXHIBIT A

BASE ADMINISTRATIVE SERVICES

PBM Services
Customer service for Members, including toll-free telephone number
Electronic/on-line eligibility submission
Standard coordination of benefits (reject for primary carrier)
FSA eligibility feeds
Electronic claims processing
Plan setup
Software training for access to CastiaRx on-line system(s)
Network Pharmacy Services
Pharmacy help desk
Pharmacy network management
Pharmacy reimbursement
Network development upon request
Home Delivery Services
Benefit education
Prescription delivery – standard
Reporting Services
Web-based Client reporting – produced by Client
Claims detail extract file electronic NCPDP format
Annual Strategic Account Plan Report
Billing Reports
Inquiry access to claims processing system
Website Services
Digital Certificates to RxView for Administrators and Staff. Unlimited users
CastiaRx.com for Clients — access to reporting tools, eligibility update capability, contact directory, sales and marketing information, and benefit and enrollment support
CastiaRx Member Portal — access to benefit, drug, health and wellness information, customer service, get electronic pharmacy ID cards, and more
E-Prescription Portal – order and track refills through CastiaRx pharmacy
Implementation Package and Member Communications
Member Packets mailed to Client (includes 2 standard resin ID cards)
Implementation support
Clinical Services
Concurrent DUR
Annual formulary notification to clients
Web services
Monthly drug updates to clients
Quarterly generic and specialty pipeline updates to clients
Standard CastiaRx letters to impacted members for tier changes, new generics, drug discontinuations

EXHIBIT B**NON-BASE ADMINISTRATIVE & CONSULTATIVE SERVICES**

PBM Services	Fee
Manual/hardcopy eligibility submission	\$1.00/update (includes initial entry)
Member submitted paper claims processing	\$1.50/claim
Government (e.g., Medicaid and VA) subrogation Claims processing	\$2.50/claim
Medicare Part B coordination of benefits	\$0.06/claim

Participating Pharmacies	Fee
Pharmacy audit recoveries	20% of audit recoveries

Formulary	Fee
Custom Formulary	Set up: \$65,000 Maintenance: \$6,500/month

Reporting Services	Fee
Web-based client reporting – produced by PBM	\$0 per report
Custom ad-hoc reporting	\$125 per hour

Implementation Package and Member Communication	Fee
Member-requested replacement packets	\$1.50 + postage per packet
Client-requested re-carding	\$1.50 + postage per packet

Medicare Part D Subsidy	Fee
Standard reporting	\$0.00 PMPM
Enhanced reporting	\$0.00 PMPM
Notice of Credible Coverage	\$1.35 per letter + postage

EXHIBIT C
COMPREHENSIVE CLINICAL PROGRAMS

Clinical Program	Fee
Level 1	
- Concurrent DUR - Non-Clinical PA - Lost/stolen overrides - Vacation overrides - Refill too soon - Clinical PA - Medical necessity - Age-limit restriction - Claim \$ amount - Annual formulary notification to clients - Web services - Monthly Drug Updates to clients - Quarterly generic and specialty pipeline updates to clients - Standard PBM letters to impacted Members for tier changes, new generics, drug discontinuations - Quantity Limits	Included
Level 2	
- All Level 1 services PLUS - Comprehensive Step Therapy Program - Maximum Fills Program	\$0.18 PMPM
Level 3	
- All Level 1 & 2 services PLUS - Opioid Safety Program - Refill Management - Additional DUR	\$0.33 PMPM

Supplemental Clinical Programs

Clinical Program			Comprehensive Fee	A La Carte Fee
Level 1				
Quantity Limits • ADHD • Allergy • Anaphylaxis agents • Antidepressants • Antidiabetic supplies • Antiemetics • Antifungal	• Antiviral • Asthma • Dermatological agents • Gastrointestinal • Genitourinary • Glaucoma • Hematologic agents	• Migraine Products • Narcolepsy • Opioid analgesics • Osteoporosis • Pain Management • Sexual Dysfunction drugs • Sleep aids	Included	Included
Level 2				
Comprehensive Step Therapy Program • Acne • ADHD • Antihypertensives (ARBs) • Antidepressant - SNRI • Antidepressant - SSRI	• Asthma (Combination Products) • Asthma (LABAs) • Cholesterol Reducers • Diabetes – oral and injectable • Gabapentin • Gastrointestinal	• Narrow Therapeutic Index drugs • Nasal Steroids • Osteoporosis • Sedatives • Triptans • Urinary Anticholinergics	\$0.15 PMPM	\$0.20 PMPM
Maximum Fills Program • Medications are limited to a certain number of fills per year to ensure appropriate use and avoid overutilization			\$0.03 PMPM	\$0.05 PMPM
Level 3				
Opioid Safety Program • Quarterly report that identifies unusual utilization patterns for narcotics (i.e. multiple pharmacies, multiple prescribers and/or multiple opioid prescription fills) • Reports are manually reviewed and analyzed by PBM's clinical pharmacists • Report to plan sponsor and notification to prescribing physicians *includes physician outreach			\$0.10 PMPM	\$0.15 PMPM
Refill Management • Program aims to enhance member medication compliance through written intervention when non-adherence has been identified • Noncompliant members are identified and mailed a refill reminder letter • Physicians are also notified by mail			\$0.05 PMPM	\$0.10 PMPM
Additional DURs			Quoted upon Request	Quoted upon Request

EXHIBIT D
FINANCIAL DISCLOSURE TO CASTIARX CLIENTS

THIS IS A GENERAL DESCRIPTION OF HOW CASTIARX CONDUCTS ITS BUSINESS. PLEASE REVIEW YOUR PBM AGREEMENT TO SEE THE TERMS AND CONDITIONS IN EFFECT FOR YOUR GROUP.

CastiaRx is a provider of pharmacy benefit management (“PBM”) and other related services to numerous client groups including managed care organizations, health insurers, employer groups, third party administrators and government entities. This disclosure provides an overview of the revenue sources that allows CastiaRx to deliver competitive pricing arrangements to clients.

CastiaRx offers its clients a variety of services related to the management of prescription drug benefits. **The specific services provided to each client are documented under a PBM Agreement with our client.** CastiaRx services may include claims processing and adjudication, pharmacy network contracting and management, formulary development and management, rebate management and administration, trend management, and clinical program development and fulfillment. Some of our clients also utilize CastiaRx’ mail order pharmacy to provide their members with convenient access to safe and affordable prescription drugs through home delivery. In addition to the administrative fees paid to us by our clients for certain base or core CastiaRx services, CastiaRx derives revenue from other sources, including arrangements with pharmaceutical manufacturers and retail pharmacies. Some of this revenue relates to utilization of products by members of the clients for whom we provide CastiaRx services.

Manufacturer Rebates – CastiaRx contracts directly or indirectly with pharmaceutical manufacturers to obtain rebates attributable to the utilization of certain prescription products by individuals who receive benefits from clients for whom we provide CastiaRx services. CastiaRx or its affiliates may utilize the services of one or more rebate aggregators to calculate or process client rebates. Any and all third-party rebates will be paid from the proceeds actually received by CastiaRx from the rebate aggregator net of the rebate aggregator fees in accordance with the terms of the client’s PBM Agreement. Rebate amounts vary based on the volume of utilization as well as the benefit design and formulary position applicable to utilization of a product. CastiaRx pays all or a portion of the rebates it receives to a client based on the particulars of the client’s PBM Agreement. To the extent they are not paid out to clients, CastiaRx retains the rebates attributable to client’s utilization. **Please review the terms and conditions of the PBM Agreement to determine the amount of rebates CastiaRx pays.** Further, CastiaRx may retain the financial benefit of the use of any funds held until payment is made to a client. The services of CastiaRx and/or its rebate aggregator with respect to participating manufacturers include making certain drug utilization data available, as allowed by law, for purposes of verifying and evaluating the rebate payments.

Participating Pharmacies – CastiaRx contracts, or arranges for contracts, with retail pharmacies to dispense prescription drugs to members. The rates paid by CastiaRx to these pharmacies differ from one network to another and among pharmacies. CastiaRx generally contracts with clients at a uniform rate that applies to all pharmacies in the selected network or may have a pass-through rate arrangement. **Please review the PBM Agreement to determine the terms and conditions applicable to payments for retail pharmacy claims.** Where the rate paid by a client exceeds the rate negotiated with a particular pharmacy, CastiaRx will realize a positive margin on the applicable prescription. The reverse may also be true, resulting in a negative margin. In addition, CastiaRx retains the benefit of the use of funds when CastiaRx receives payment from a client before paying the pharmacies.

Pharmacy Dispensing and Distribution – One or more CastiaRx affiliates own and operate licensed pharmacies, including the CastiaRx Specialty Pharmacy and CastiaRx Mail Pharmacy. CastiaRx purchases prescription drug inventories, either directly from manufacturers or from drug wholesalers, for dispensing to patients or for distribution to Physician offices. Purchase discounts off of acquisition cost of these products are made available by manufacturers in the form of both up-front and retrospective discounts, and may include fees for certain services provided to manufacturers (e.g., Adverse Event reporting), and patients served through the CastiaRx Specialty Pharmacy. Such discounts are not considered part of the rebates paid to CastiaRx by manufacturers in connection with our rebate program. While rebates are directly attributable to the utilization of pharmaceutical products by individuals who receive benefits from clients for whom we provide PBM services, product acquisition price discounts are based on a pharmacy’s inventory needs and, in the case of specialty pharmacies, the performance of related patient care service obligations. The purchase discounts obtained by these facilities are not based on any client’s benefit design. When CastiaRx dispenses or distributes a product from its inventory or that of its retail pharmacy network, the purchase price paid for the dispensed product, including applicable dispensing fees, may be greater or less than the pharmacy’s acquisition cost for the product net of purchase discounts. In some circumstances, there may be a difference between what a client pays for a dispensed product and what CastiaRx reimburses the network pharmacy. In general, CastiaRx realizes an overall positive margin between this net acquisition and the amounts paid for the dispensed products. **The PBM Agreement includes pricing for medications dispensed at CastiaRx Mail and Specialty Pharmacies.**

Data Reporting – From time to time, CastiaRx may sell certain data resulting from its CastiaRx and pharmacy services to healthcare data aggregators and similar entities. CastiaRx does not sell any data unless we are permitted to do so by the terms of our client PBM Agreement and by applicable patient privacy or other laws. In addition, as a condition to receiving access to certain products, a specialty pharmaceutical manufacturer often will require a purchasing specialty pharmacy to report selected information to the manufacturer regarding the pharmacy’s service levels and other de-identified dispensing-related data with respect to patients who receive such manufacturer’s product. A portion of the discounts or other compensation made available to CastiaRx’ specialty pharmacy represents compensation for such reporting. CastiaRx may retain the financial benefit of the discounts or other compensation resulting from such reporting attributable to Client’s de-identified data. All such reporting activities are conducted in compliance with applicable patient privacy laws.

EXHIBIT E**PARTICIPATING PHARMACY AND CASTIARX PHARMACY
PASS THROUGH PRICING AND REBATES****Retail 30 Network (Days' Supply 0-83):**

Year	Brand Discount	Brand Dispense Fee	Generic Discount	Generic Dispense Fee
Year 1	AWP – 17.50%	\$0.95 PNPC	AWP – 81.00%	\$0.95 PNPC
Year 2	AWP – 17.50%	\$0.95 PNPC	AWP – 81.25%	\$0.95 PNPC
Year 3	AWP – 17.50%	\$0.95 PNPC	AWP – 81.50%	\$0.95 PNPC

Retail 90 Network (Days' Supply 84+):

Year	Brand Discount	Brand Dispense Fee	Generic Discount	Generic Dispense Fee
Year 1	AWP – 20.50%	\$0.00 PNPC	AWP – 83.00%	\$0.00 PNPC
Year 2	AWP – 20.50%	\$0.00 PNPC	AWP – 83.25%	\$0.00 PNPC
Year 3	AWP – 20.50%	\$0.00 PNPC	AWP – 83.50%	\$0.00 PNPC

CastiaRx Mail Pharmacy:

Year	Brand Discount	Brand Dispense Fee	Generic Discount	Generic Dispense Fee
Year 1	AWP – 23.50%	\$0.00 PNPC	AWP – 84.00%	\$0.00 PNPC
Year 2	AWP – 23.50%	\$0.00 PNPC	AWP – 84.25%	\$0.00 PNPC
Year 3	AWP – 23.50%	\$0.00 PNPC	AWP – 84.50%	\$0.00 PNPC

CastiaRx Specialty Pharmacy & Retail Network Specialty Pharmacies:

Year	Aggregate Discount	CastiaRx Dispense Fee	Retail Dispense Fee
Year 1	AWP – 18.50%	\$0.00 PNPC	\$0.95 PNPC
Year 2	AWP – 18.75%	\$0.00 PNPC	\$0.95 PNPC
Year 3	AWP – 19.00%	\$0.00 PNPC	\$0.95 PNPC

Specialty Additional Value (SAV) Program:

Monthly Fee	\$1,000.00
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Administrative Fee:

\$1.25 PNPC

Premium Formulary Rebates:

Year	Retail 30	Retail 90	Mail	Specialty
Year	\$105.00 PNPB	\$300.00 PNPB	\$350.00 PNPB	\$1,050.00 PNPB
Year	\$110.00 PNPB	\$325.00 PNPB	\$400.00 PNPB	\$1,150.00 PNPB
Year	\$115.00 PNPB	\$350.00 PNPB	\$450.00 PNPB	\$1,250.00 PNPB

PNPC = per net paid claim

PNPB = per net paid brand

Pricing Assumptions:

- Execution of a three (3) year Agreement effective January 1, 2019.
- Pricing guarantees will not apply to any partial contract year if the Agreement is terminated early for any reason.
- Pricing is based on Post-Settlement AWP.
- Claims will adjudicate at the lowest of U&C (if applicable), MAC (if applicable), or discounted AWP as defined by the 11 digit NDC of the drug dispensed.
- CastiaRx Mail Pharmacy will be the exclusive mail order provider.
- Minimum mail order charge of \$7.99 per prescription.
- Pricing assumes an exclusive arrangement with CastiaRx Specialty Pharmacies. Specialty Drug claims will not be processed through the Retail network, except for those Specialty Drug products that CastiaRx Specialty Pharmacies are unable to dispense.
- Pricing may be adjusted if more than 5% of claims are filled in Georgia, Massachusetts, Hawaii, Puerto Rico and/or Alaska.
- Guarantees include U&C and Zero Balance Due claims.
- Guarantees exclude the following: compounds, over-the-counter (OTC) claims, vaccines, supplies, member-submitted claims, coordination of benefits (COB) claims, in-house pharmacy claims, 340b claims, Specialty claims, Medicaid Subrogation claims, Long-Term Care claims, Home Infusion claims, I/T/U (Indian/Tribal/Indian Urban) claims, claims from entities eligible for federal supply schedule prices (i.e. Department of Veterans Affairs, US Public Health Service, etc.), and non-network pharmacy claims.
- Guarantees will be measured and reconciled at the aggregate level.
- Generic guarantees include Multi-Source Generic and Single-Source Generic drugs.
- Brand guarantees include all claims not included in Generic calculation (except those expressly excluded above).
- Rates do not include compensation or commissions for third parties.
- CastiaRx reserves the right to modify the financial terms herein in the event of changes in the calculation of AWP or industry adoption of other pricing benchmarks, or reduction or elimination of Rebates by pharmaceutical manufacturers, Client implements HDHP or other 100% Member paid plan designs, there is a greater than 20% change in membership, industry-wide drug shortages, or a change in the scope of the PBM services.

Rebate Assumptions:

- Rebates are the greater of 100% of rebates received by CastiaRx or the minimum per net paid Brand Drug guarantees.
- Rebates are contingent upon Client adoption of the Formulary indicated above and related formulary support requirements (i.e., copayment differentials for preferred and non-preferred drugs (i.e., minimum \$15.00), prior authorization and step therapy programs, and new to market product exclusions implemented during pharmacy and therapeutics committee safety and efficacy reviews periods ("Formulary Programs")).
- Rebates are subject to adjustment if Client adds or excludes drug products that deviate from the Formulary, or discontinues one or more of the Formulary Programs.
- Client agrees not to participate in any other formulary or similar discount program, or enter into any direct or indirect contracts with pharmaceutical companies with respect to the products and services dispensed to Plan Members.
- Rebate guarantees exclude the following: compounds, over-the-counter (OTC) claims, vaccines, supplies, coordination of benefits (COB), HSA/CDHP plans, in-house pharmacy claims, 340b claims, and claims processed through staff model/hospital pharmacies where such pharmacy is subject to its own manufacturer contracts (rebate or purchase discounts), or through pharmacies that participate in any Federal government pharmaceutical purchasing program.
- Rebate are measured and reconciled in aggregate.
- Rebates are conditioned on the continued payment of Rebates by pharmaceutical manufacturers to aggregators and/or CastiaRx. If Rebates are discontinued or materially reduced, CastiaRx shall have the right to adjust or discontinue payment of Rebates hereunder, and to modify the pricing and other financial terms hereunder.
- Rebates shall not be paid until an Agreement is executed.

EXHIBIT F**PERFORMANCE GUARANTEES**

Category	Guarantee	Allocation at Risk	Measurement
Implementation	Implementation	Implementation	Implementation
Timeline	Implement Client's coverage and plan design elements set forth in the signed plan document, or as may be amended by Client in writing from time to time, within ten (10) business days	2.5%	Quarterly (Client Specific)
Account Management	Account Management	Account Management	Account Management
Response Time	Account Management will provide acknowledgement of your inquiry within 4 hours of receipt Account Management will provide a resolution or a plan to bring your inquiry to resolution within 72 hours of acknowledgement	2.5%	Quarterly (Client Specific)
Reporting	Reporting	Reporting	Reporting
Timeliness	Standard reports will be delivered within 30 days after the close of the quarter and 45 days after year end	2.5%	Quarterly & Annually (Client Specific)
Call Center	Call Center	Call Center	Call Center
Average Speed of Answer	90% of incoming telephone calls will be answered within 30 seconds during normal call center business hours	15%	Annual (Book of Business)
Abandonment Rate	5% or less of calls will be abandoned	15%	Annual (Book of Business)
First Call Resolution	95% or more of issues will be resolved on the first point of contact	15%	Annual (Book of Business)
Written Inquiry Response Time	90% or more written inquiries will be responded to within five (5) business days; 100% or more written inquiries will be responded to within ten (10) business days	2.5%	Annual (Book of Business)
Claims Processing	Claims Processing	Claims Processing	Claims Processing
Mail Order Dispensing Accuracy	99.0% of all prescriptions will be dispensed accurately	15%	Quarterly (Client Specific)

Mail Order Turnaround Time – No Intervention	94% prescriptions not subject to intervention within an average of two (2) business days	15%	Quarterly (Client Specific)
Mail Order Turnaround Time – Intervention	94% of prescriptions subject to intervention within an average of five (5) business days	15%	Quarterly (Client Specific)

Term and Conditions:

CastiaRx' maximum cumulative liability to Client for penalties for failure to meet any or all of the performance guarantees set forth above shall not exceed \$50,000 for each year of the contract. Associated individual guarantee penalty allocations are set forth above.

All of the above performance guarantees are based upon the initial date of the receipt of complete and valid plan change information signed by the Client.

In the event CastiaRx does not meet or exceed an offered performance guarantee, CastiaRx will calculate the applicable amount due to the Client within 90 days after the end of the contract year.

The performance guarantees offered will become effective from the date the contract is executed. In the event the effective date passes without a signed contract, the performance guarantees will become effective in the first calendar quarter following the receipt of a signed contract. CastiaRx shall have no liability for the reporting of the performance guarantees or performance guarantee penalties during any period in which an executed contract is not in place.

Resolution No. 146-18

Introduced in Council

Passed by Council

December 3, 2018

Introduced by
Robert Reishman

Referred from
Finance Committee

1 Resolution No. 146-18: Authorizing the Mayor and/or City Manager to enter into
2 an agreement with Castia Rx to serve as the City's Pharmacy Benefit Manager for the
3 period January 1, 2019 through December 31, 2022. The agreement is subject to final
4 review and approval by the City's legal department and annual budgetary
5 appropriations by Charleston City Council. Based on repricing of claims for the period
6 August 1, 2017 through July 31, 2018, the agreement is anticipated to result in an
7 estimated annual savings of over one (1) million and three (3) million over the term of
8 the agreement. The agreement also includes a performance guarantee with applicable
9 penalties should CastiaRx not meet the key performance measures as set forth in the
10 agreement.

11

12 PBM	Total Net Cost	Annual Savings
13 Castia Rx Proposed	3,094,160	1,137,831
14 Magellan Rx	3,401,165	830,826
15 Envision Rx	3,128,896	1,103,095
16 Express Scripts	3,853,046	378,945

17

18 Be it Resolved by the Council of the City of Charleston, West Virginia:

19

20 That the Mayor or his designee is hereby authorized and directed to enter into an
21 agreement with Castia Rx to serve as the City's Pharmacy Benefit Manager for the
22 period January 1, 2019 through December 31, 2022. The agreement is subject to final
23 review and approval by the City's legal department and annual budgetary
24 appropriations by Charleston City Council.