

Executive Summary Form

**Agenda Number: HLT**

Recommendation:

Approve the new Standard Participation Agreement between Cochise Health & Social Services and Blue Cross & Blue Shield of Arizona, Inc. This Agreement will run for one year and be renewed for subsequent one-year periods.

Background:

CHSS is strategically working to expand our network of insurance company payers, while at the same time, BCBS/AZ is working to expand their network of providers in Cochise County.

Radi Ann Porter (Director of Nursing) has reviewed and is satisfied with the Agreement from an operational perspective, and Terry Bannon has reviewed and is satisfied from a legal standpoint. After the initial one year term, the Agreement may be terminated by either party with ninety days' written notice.

Fiscal Impact & Funding Sources: Cochise County will benefit by being able to bill BCBS/AZ for services provided to its members.

Next Steps/Action Items/Follow-up:

Your approval is respectfully requested.

Impact of Not Approving:

Not approving this Agreement will prevent Cochise County from collecting for services provided to BCBS/AZ members in the county.



An Independent Licensee  
of the Blue Cross and  
Blue Shield Association

February 20, 2013

Cochise Health and Social Services  
1415 Melody Ln Bldg A  
Bisbee, AZ 85603

Dear Provider:

Welcome to the Blue Cross Blue Shield of Arizona (BCBSAZ) provider network. After conducting a thorough review, including review and approval of your credentials application, we have determined that you meet the required criteria for participation in the BCBSAZ products and provider networks as indicated on Reimbursement Exhibit B of the enclosed Provider Agreement.

To allow us to activate your relationship with BCBSAZ, you must review, sign and complete the following areas of the agreement without altering it in any way.

- Agreement (signature)
- W-9 – Request for Taxpayer Identification Number and Certification

Please also do not enter an effective date, as this will delay the execution of your agreement. Your effective date will be determined by the date BCBSAZ receives your signed agreement.

If you need longer than 30 days to review and sign the agreement, please contact us. If we do not receive the executed agreement within 30 days and have not spoken with you about an extension of time, we will assume that you no longer wish to participate in the BCBSAZ network. We will then be forced to terminate you from the contracting process and will consider the enclosed agreement to be withdrawn. If you later decide to participate, you will need to start the application process over.

If BCBSAZ already has your NPI on file – thank you. If not, we will need you to submit the NPPES confirmation letter/email of your NPI, with your returned contract or you can email it to us through the [azblue.com](http://azblue.com) secure provider portal, click on Education & Training, then Forms and Provider Change Form. Your NPI will become your BCBSAZ billing number.

The provider agreement will serve as your only agreement for BCBSAZ products, excluding TRICARE, if applicable. It replaces other agreements you may currently have with BCBSAZ, with the exception of your possible participation in other group agreements.

Post Office Box 13466 ♦ Phoenix, AZ 85002-3466  
2444 West Las Palmaritas Drive ♦ Phoenix, AZ 85021-4883 ♦ (602) 864-4400

Again, thank you for your interest in becoming part of the BCBSAZ provider network – one of the largest provider networks in the state. If you have questions regarding the contracting process described above, contact Provider Network Management at (602) 864-4231 or (800) 232-2345, ext. 4231. Please either mail the contract to: Network Management M/S S101, Blue Cross Blue Shield of Arizona, PO Box 13466, Phoenix, AZ 85002-3466, or fax the signature page to (602) 864-3141.

Thank you.

Provider Network Relations

Enclosures

WI: 651418

WI: 651418

**BLUE CROSS AND BLUE SHIELD OF ARIZONA  
STANDARD PARTICIPATION AGREEMENT  
INSTITUTION                      ANCILLARY  
TABLE OF CONTENTS**

|   |   |
|---|---|
| PARTIES.....  | 1 |
| <b>EFFECTIVE DATE</b> .....   | 1 |
| RECITALS .....  | 1 |
| 1.00 <u>Scope; Applicability</u> .....                                    | 1 |
| 1.01 <u>Scope of Agreement</u> .....                                      | 1 |
| 1.02 <u>Applicability to Other Entities and Plans</u> .....               | 2 |
| 1.03 <u>Applicability of Provisions</u> .....                             | 2 |
| 2.00 <u>Definitions</u> .....   | 2 |
| 2.01 <u>Ancillary Provider</u> .....                                      | 2 |
| 2.02 <u>BCBSAZ Fee Schedule</u> .....                                     | 2 |
| 2.03 <u>BCBSAZ Allowed Amount</u> .....                                   | 2 |
| 2.04 <u>Benefit Plan</u> .....  | 2 |
| 2.05 <u>Covered Services</u> .....  | 2 |
| 2.06 <u>Diagnosis Related Grouping (DRG)</u> .....                        | 3 |
| 2.07 <u>Institution</u> .....   | 3 |
| 2.08 <u>Institution Based Provider</u> .....                              | 3 |
| 2.09 <u>Inpatient</u> .....   | 3 |
| 2.10 <u>Investigational</u> .....   | 3 |
| 2.11 <u>Medical Necessity</u> .....                                       | 3 |
| 2.12 <u>Medicare Allowed Amount</u> .....                                 | 3 |
| 2.13 <u>Network Provider</u> .....  | 3 |
| 2.14 <u>Non-covered Services</u> .....                                    | 3 |
| 2.15 <u>Outpatient Services</u> .....                                     | 3 |
| 2.16 <u>Subscriber</u> .....  | 4 |
| 2.17 <u>Subscriber Responsibility</u> .....                               | 4 |
| 2.18 <u>TEC Criteria</u> .....  | 4 |
| 2.19 <u>Technology</u> .....  | 4 |
| 3.00 <u>BCBSAZ Responsibilities; Acknowledgements</u> .....               | 4 |
| 3.01 <u>Claim Processing</u> .....  | 4 |
| 3.02 <u>Information</u> .....   | 4 |
| 3.03 <u>Directory Listing</u> .....                                       | 5 |
| 3.04 <u>Medical Necessity Determination</u> .....                         | 5 |
| 3.05 <u>Provider Operating Guide</u> .....                                | 5 |
| 4.00 <u>Provider Responsibilities</u> .....                               | 5 |
| 4.01 <u>Provision of Services; Standards</u> .....                        | 5 |
| 4.02 <u>Limitation on Certain Provider Services</u> .....                 | 6 |
| 4.03 <u>Independent Medical Judgment</u> .....                            | 6 |
| 4.04 <u>Policies and Procedures</u> .....                                 | 6 |
| 4.05 <u>Operating Guide</u> .....   | 6 |
| 4.06 <u>Nondiscrimination</u> .....                                       | 6 |
| 4.07 <u>BCBSAZ Product Participation</u> .....                            | 7 |
| 4.08 <u>Institution-Based Providers and Subcontracted Providers</u> ..... | 7 |
| 4.09 <u>Confidentiality of Agreement</u> .....                            | 7 |

|       |  |    |
|-------|--|----|
| 4.10  | <u>Hospital Acquired Conditions (HACs)</u> .....                             | 8  |
| 4.11  | <u>Steering</u> .....  | 9  |
| 5.00  | <u>Product Requirements</u> .....  | 9  |
| 5.01  | <u>Referrals</u> .....   | 9  |
| 5.02  | <u>Precertification Program</u> .....  | 9  |
| 5.03  | <u>Information Provided to Subscriber’s PCP or Referring Physician</u> ..... | 9  |
| 5.04  | <u>Utilization/Quality Management Audits</u> .....                           | 10 |
| 5.05  | <u>Reporting</u> .....   | 10 |
| 5.06  | <u>Precertification for Covered Medicare Subscribers</u> .....               | 10 |
| 5.07  | <u>Appeals and Grievance Procedure</u> .....                                 | 10 |
| 6.00  | <u>Representations, Credentialing, Insurance</u> .....                       | 10 |
| 6.01  | <u>Representations</u> .....   | 10 |
| 6.02  | <u>Warranties</u> .....  | 11 |
| 6.03  | <u>Licensure</u> .....   | 11 |
| 6.04  | <u>Notice of Change in Information</u> .....                                 | 11 |
| 6.05  | <u>Change in Status; Impact on Reimbursement</u> .....                       | 11 |
| 6.06  | <u>Insurance</u> .....   | 12 |
| 6.07  | <u>Compliance with Law</u> .....   | 12 |
| 7.00  | <u>Medical Records and Right to Audit</u> .....                              | 12 |
| 7.01  | <u>Access to Records</u> .....   | 12 |
| 7.02  | <u>Medical Records</u> .....   | 12 |
| 7.03  | <u>Audit</u> .....   | 12 |
| 7.04  | <u>Confidentiality</u> .....   | 12 |
| 7.05  | <u>Trading Partner Agreement</u> .....                                       | 13 |
| 8.00  | <u>Term and Termination</u> .....  | 13 |
| 8.01  | <u>Term</u> .....  | 13 |
| 8.02  | <u>Termination Without Cause</u> .....                                       | 13 |
| 8.03  | <u>Immediate Termination</u> .....   | 13 |
| 8.04  | <u>Material Breach</u> .....   | 14 |
| 8.05  | <u>Termination for Abusive Practices</u> .....                               | 14 |
| 8.06  | <u>Partial Termination</u> .....   | 15 |
| 8.07  | <u>Effect of Termination</u> .....   | 15 |
| 9.00  | <u>Reimbursement and Coordination of Benefits</u> .....                      | 15 |
| 9.01  | <u>Reimbursement</u> .....   | 15 |
| 9.02  | <u>Amendments to Reimbursement</u> .....                                     | 15 |
| 9.03  | <u>Submission/Claim Payment</u> .....  | 16 |
| 9.04  | <u>Collection of Subscriber Responsibility</u> .....                         | 16 |
| 9.05  | <u>Limitation on Subscriber Liability</u> .....                              | 16 |
| 9.06  | <u>Obligations in the Event of Insolvency</u> .....                          | 16 |
| 9.07  | <u>Offset</u> .....  | 17 |
| 9.08  | <u>Request for Reconsideration or Adjustment of Adjudicated Claims</u> ..... | 17 |
| 9.09  | <u>Claim Audit</u> .....   | 18 |
| 9.10  | <u>Coordination of Benefits</u> .....  | 18 |
| 9.11  | <u>Other Sources of Payment</u> .....  | 18 |
| 10.00 | <u>General Provisions</u> .....  | 19 |
| 10.01 | <u>The Blue Cross and Blue Shield Association</u> .....                      | 19 |
| 10.02 | <u>Independent Contractor</u> .....  | 19 |
| 10.03 | <u>Trade Name Ownership</u> .....  | 19 |

|       |   |    |
|-------|---|----|
| 10.04 | <u>Amendment</u> .....                              | 19 |
| 10.05 | <u>Business Combination</u> .....                   | 19 |
| 10.06 | <u>Assignment; Indemnification for Breach</u> ..... | 20 |
| 10.07 | <u>Benefit</u> .....                                | 21 |
| 10.08 | <u>Indemnification</u> .....                        | 21 |
| 10.09 | <u>Entire Agreement; Materiality</u> .....          | 21 |
| 10.10 | <u>Severability</u> .....                           | 21 |
| 10.11 | <u>Notices and Communications</u> .....             | 22 |
| 10.12 | <u>Venue, Jurisdiction, Choice of Law</u> .....     | 22 |
| 10.13 | <u>Waiver</u> .....                                 | 22 |
| 10.14 | <u>Arbitration</u> .....                            | 23 |
| 10.15 | <u>Dispute Resolution</u> .....                     | 23 |
| 10.16 | <u>Exhibits; Schedules; Attachments</u> .....       | 24 |
| 10.17 | <u>Force Majeure</u> .....                          | 24 |
|       | TRADING PARTNER AGREEMENT - EXHIBIT A .....         | 25 |
|       | REIMBURSEMENT EXHIBIT-EXHIBIT B .....               | 27 |
|       | EXHIBIT C - PROVIDER INFORMATION                    |    |

**BLUE CROSS AND BLUE SHIELD OF ARIZONA  
STANDARD PARTICIPATION AGREEMENT**

INSTITUTION

ANCILLARY

**PARTIES:** The Parties to this Standard participation Agreement (“Agreement”) are blue Cross and Blue shield of Arizona, Inc. (“BCBSAZ”), an Arizona non-profit corporation, and an independent licensee of the Blue Cross and Blue shield Association, and each of the affiliates of **Cochise Health and Social Services** which are identified along with their respective locations on Exhibit C attached hereto (collectively, “Provider”).

Provider shall mean an Institution or Ancillary Provider contracting with BCBSAZ through this Agreement at the locations and as identified on Exhibit C. Provider includes all affiliates and locations identified on Exhibit C. Exhibit C can be amended by Provider including changes to BCBSAZ with thirty (30) days’ notice and amendments are effective only when BCBSAZ accepts and all required credentialing requirements are met.

**EFFECTIVE DATE:** \_\_\_\_\_, contingent on Provider meeting BCBSAZ credentialing and contracting standards, and mutual execution of the Agreement.

**RECITALS:**

- A. BCBSAZ is licensed as a hospital, medical, dental service corporation (A.R.S. Section §20-821, *et seq.*), and operates a health care services organization as a line of business (A.R.S. Section §20-1057, *et seq.*).
- B. Provider is a health care institution or an ancillary provider, as those terms are defined in this Agreement, licensed, certified, or otherwise authorized to do business by the State of Arizona.
- C. Provider desires to provide Covered Services to Subscribers pursuant to the terms of this Agreement and BCBSAZ desires to arrange for the provision of the Covered Services.

NOW, THEREFORE, the parties agree as follows:

1.00 Scope; Applicability.

1.01 Scope of Agreement. This Agreement is written to encompass various products and lines of business. The reimbursement and related exhibit(s), attached as Exhibit(s) B and incorporated by this reference, indicate(s) the products for which Provider is contracting to provide services. Provider shall abide by the terms and conditions of this Agreement applicable to those products as offered by BCBSAZ, or another line of business as described in Section 1.02. Terms and conditions applicable to a type of product (e.g. PPO) that may also be

identified by a specific BCBSAZ product name (e.g. BluePreferred) also apply to benefit designs of the same type that are issued by other entities to which this Agreement applies, regardless of the product names used for such benefit designs.

1.02 Applicability to Other Entities and Plans. BCBSAZ contracts with other entities for access to its provider network. In addition to the products and lines of business described in the reimbursement exhibit, this Agreement applies to plans and programs issued or adopted by other Blue Cross and Blue Shield Plans, the Blue Cross and Blue Shield Association (including the BlueCard® Program and the Federal Employee Program), subsidiaries of BCBSAZ, and other public, private, or governmental entities that provide plans of health care benefits for plan participants and beneficiaries; provided, however, that BCBSAZ shall require such plans to use the BCBSAZ network as their sole leased network within the State of Arizona. If Provider agrees to participate in the worker's compensation network, this Agreement also applies to worker's compensation program administrators. In this Agreement, references to actions by BCBSAZ are deemed to include references to these other entities and Plan Administrators that may be applying benefits or paying claims for their own members.

1.03 Applicability of Provisions. This Agreement is used to contract with Institutional and Ancillary Providers, Provider acknowledges that some provisions of the Agreement will not apply to both types of providers.

## 2.00 Definitions.

2.01 Ancillary Provider: A non-Institutional provider, including but not limited to providers of the following services or supplies: outpatient surgery, laboratory, durable medical equipment, home health.

2.02 BCBSAZ Fee Schedule: The BCBSAZ fee schedule applicable to a Covered Service provided by a Network Provider, including, but not limited to the professional fee schedule, outpatient fee schedule, the DRG fee schedule, and per diem fees.

2.03 BCBSAZ Allowed Amount: The amount payable by or through BCBSAZ for a Covered Service, including any contractual arrangements and amounts payable by the Subscriber, i.e. deductibles, coinsurance, copayments, and access fees.

2.04 Benefit Plan: The applicable Benefit Plan that defines the health care services for which a Subscriber is eligible and the conditions and circumstances under which payment will be made for the services on behalf of the Subscriber.

2.05 Covered Services: Health care services that are covered under the Subscriber's Benefit Plan and all items and services normally and routinely associated therewith.

2.06 Diagnosis Related Grouping (DRG): For each line of business, the BCBSAZ fee applicable to inpatient services. DRGs are negotiated with a specific Institution, and periodically adjusted pursuant to Exhibit B.

2.07 Institution: A general acute-care hospital, a specialty hospital such as a mental or behavioral health hospital, a skilled nursing facility, an acute long term care facility, or an extended active rehabilitation facility.

2.08 Institution-Based Provider: A physician, other than a resident, intern, or fellow, who contracts with an Institution to render professional physician services, such as diagnosis or treatment, on behalf of the Institution, including, but not limited to, radiologists, anesthesiologists, pathologists, emergency room physicians, and hospitalists.

2.09 Inpatient: A person who is admitted to an Institution with the expectation that the person will remain at least overnight and for at least 24 hours, and will occupy a bed even though the person may later be discharged or transferred to another facility and does not actually use a bed overnight.

2.10 Investigational. A treatment, procedure, service, medication, or supply that does not meet all Technology Evaluation Center (TEC) criteria.

2.11 Medical Necessity: A determination made by BCBSAZ or, as applicable, another Blue plan for one of its members or Blue Card participants, or the Plan Administrator designated in a Benefit Plan, according to the medical necessity definition and guidelines of the applicable Benefit Plan, as described in Section 3.04.

2.12 Medicare Allowed Amount. The amount Medicare pays for a service, plus the amount Medicare designates as the Medicare beneficiary responsibility, as determined by the Centers for Medicare and Medicaid Services (CMS).

2.13 Network Provider: A provider under contract to provide Covered Services to Subscribers covered by this Agreement.

2.14 Non-covered services: Services that are excluded from coverage under a Subscriber's Benefit Plan. A Provider may bill a Subscriber for services that are excluded from coverage for reasons such as waiver, pre-existing condition limitation, or specific exclusion. A Provider cannot bill a Subscriber for services that are not covered because BCBSAZ (or the applicable Plan) has classified them as investigational or not medically necessary. (See Sections 3.04, 9.05).

2.15 Outpatient Services: Services rendered to a person who is not expected to be admitted as an Inpatient. The Outpatient classification applies regardless of the hour of treatment, whether a bed is used, and whether a person remained in the hospital past midnight and/or the census hour.

2.16 Subscriber: An individual eligible to receive Covered Services under a Benefit Plan.

2.17 Subscriber Responsibility: The amounts a Subscriber is obligated to pay for Covered Services, including copayments, deductibles, coinsurance, and access fees.

2.18 TEC (Technology Evaluation Center) Criteria: A set of criteria developed by the Blue Cross and Blue Shield Association to determine whether Technology is investigational, as follows:

- The technology has final approval from the appropriate government regulatory bodies.
- The scientific evidence permits conclusions concerning the effect of the technology on health outcomes.
- The technology improves the net health outcome.
- The technology is as beneficial as any established alternatives.
- The improvement is attainable outside the investigational setting.

2.19 Technology: Treatments, procedures, services, medications, or supplies.

### 3.00 BCBSAZ Responsibilities; Acknowledgements.

3.01 Claim Processing. BCBSAZ shall process claims and pay interest on claims in accordance with applicable federal and state law including, but not limited to A.R.S. § 20-3102.

3.02 Information. BCBSAZ shall furnish Provider the best available information regarding Subscribers' eligibility, type of Benefit Plan, and summary of benefits for claims processed by BCBSAZ. Such information is generally available only for locally enrolled Subscribers only, based on existing BCBSAZ records, which are available in the ordinary course of business through BCBSAZ. BCBSAZ shall transmit Subscriber information to Provider by electronic data transmission or other reasonable means.

The parties recognize that circumstances beyond the control of BCBSAZ may sometimes cause retroactive changes in reported eligibility status of Subscribers. BCBSAZ shall have the right to make retroactive eligibility adjustments up to one-hundred eighty (180) days after the processing date of a claim for which eligibility is questioned. In accordance with Section 9.07, BCBSAZ may offset for retroactive eligibility adjustments without giving Provider prior notice of the adjustment.

BCBSAZ is unable to provide and is not responsible for Subscriber and Benefit Plan information on persons enrolled through other Blue plans and self-insured plans not administered by BCBSAZ.

3.03 Directory Listing. Provider authorizes BCBSAZ, at BCBSAZ's discretion, to list Provider's name, address, telephone number, and other relevant information in directories and in marketing or outreach materials provided or made available to Members or potential Members.

3.04 Medical Necessity Determination. BCBSAZ or, as applicable, another Blue plan for its members or Blue Card participants, or the plan administrator designated in a Benefit Plan has sole authority to determine whether a service or supply is medically necessary in accordance with provisions of the applicable Benefit Plan. Provider expressly acknowledges that a charge for a service or supply that is not medically necessary is NOT eligible for benefits, even though a provider has prescribed, ordered, recommended, or approved the service or supply, and even though the supply or service is not expressly excluded under the Benefit Plan.

For all BCBSAZ benefit plans, BCBSAZ's determination of medical necessity is based on whether care or treatment is ALL of the following:

- consistent with the symptoms and diagnosis or treatment of an illness, disease or injury;
- meets medical policy guidelines upon which BCBSAZ relies at the time service is requested or a claim is received;
- not primarily for the convenience of a Subscriber or Provider;
- the most appropriate site, supply, service level that can safely be provided; and
- not investigational.

3.05 Provider Operating Guide. BCBSAZ shall annually issue and make available to Provider, a Provider Operating Guide to instruct Provider and Provider's staff on BCBSAZ procedures applicable to provider activities.

#### 4.00 Provider Responsibilities.

4.01 Provision of Services; Standards. Provider shall provide Covered Services to Subscribers in accordance with the terms of this Agreement, applicable standards of medical care, and all laws and regulations applicable to Provider, BCBSAZ or this Agreement. Provider shall provide all Covered Services within Provider's scope of practice and shall not selectively provide Covered Services. Provider shall use best efforts to arrange for Network Providers to render Covered Services to Subscribers. If Provider is rendering services through a non-network provider, Provider shall advise the Subscriber of

the provider's non-network status unless emergency circumstances make it impracticable to do so.

**4.02 Limitation on Certain Provider Services.** Under this Agreement, an Institution Provider may render and bill only those services that are within the scope of service for an acute hospital license. Unless reimbursement Exhibit B specifically includes the provision of services such as skilled nursing, home health, long term acute care, and extended active rehabilitation services, Institution Provider is deemed to be a non-network provider for services rendered within those facilities.

This agreement also does not extend to routine provision of professional services by institution-based providers or employed professional providers. Provider shall not submit claims on behalf of such institution-based providers or employed professional providers who routinely render professional services within Provider's facilities unless such providers are covered under a separate professional services agreement with BCBSAZ. As prescribed in Section 4.08, Provider shall request, or direct such providers to request, a professional services agreement with BCBSAZ.

**4.03 Independent Medical Judgment.** Provider shall maintain its Provider-patient relationships and is solely responsible to its patients for Provider services and treatment. Subject to the requirements of Section 4.01 regarding use of non-network providers, Provider shall determine the method, details, and means of rendering services and treatment.

**4.04 Policies and Procedures.** Provider shall participate in and comply with all applicable requirements of BCBSAZ relating to billing (including, but not limited to, coding, mutually exclusive and incidental or included procedures), utilization management, quality management, peer review, credentialing, recredentialing, Subscriber and provider appeal and grievance procedures, and any other similar policies and procedures of BCBSAZ, as may be set forth in the Provider Operating Guide, provider newsletters or bulletins, or otherwise communicated to Provider with reasonable notice.

**4.05 Operating Guide.** Provider shall comply with the policies and procedures in the Operating Guide described in Section 3.05, as may be amended from time to time.

**4.06 Nondiscrimination.** Provider shall not discriminate against any Subscriber in the provision of Covered Services, whether on the basis of the Subscriber's coverage under a Benefit Plan, age, sex, marital status, sexual orientation, race, color, religion, ancestry, national origin, disability, handicap, health status as required by law, source of payment, utilization of medical or mental health services or supplies, or other unlawful basis including, without limitation, the Subscriber's filing of any complaint, grievance or legal action against Provider.

This section does not preclude termination of the provider/patient relationship if the relationship is untenable.

If Provider has an available bed/space, Provider shall accept Subscribers at its facility on a first-come first-served basis and shall not discriminate against Subscribers in favor of other patients for any reason, including, but not limited to the reimbursement that Provider will receive under the terms and conditions of this Agreement.

**4.07 BCBSAZ Product Participation.** Provider shall accept Subscribers from all BCBSAZ products for which Provider has contracted to provide services as indicated on Exhibit B, as well as the other lines of business referenced in Section 1.02.

If Provider is not contracted for a product or line of business, but chooses to provide Covered Services to a Subscriber covered under that product or line of business, all terms and conditions of this Agreement, including, but not limited to, reimbursement, apply to the provision of the Covered Services.

**4.08 Institution-Based Providers and Subcontracted Providers.** Provider shall use best efforts to have its Institution-Based Providers and subcontracted providers participate with BCBSAZ and shall advise Subscribers of a non-contracted provider's status as required in Section 4.01.

**4.09 Confidentiality of Agreement.** The price and fee terms of this Agreement are confidential and proprietary. Provider shall not disclose any price or fee terms to third parties without the prior written consent of BCBSAZ. However, Provider shall have the right to disclose information regarding this Agreement, including payment information, to Subscriber(s) to the extent necessary to discuss the terms and conditions of this Agreement with such Subscriber(s). This Section 4.09 shall apply to any consultant, claims administrator, or billing agent (collectively referred to as "agent") that Provider may use or retain to assist or advise Provider with Provider's obligations under this Agreement. Provider shall expressly advise any such agent about the provisions of this section and shall use best efforts to ensure, by written agreement, that any such agent complies with the requirements of this section.

The provisions of this Section 4.09 shall survive termination or expiration of this Agreement.

The parties acknowledge that breach of this Section 4.09 by Provider or Provider's agent will irreparably harm BCBSAZ and that the damages resulting from such breach would be difficult to ascertain. Consequently, if Provider or Provider's agent breaches this Section 4.09, Provider shall pay to BCBSAZ, as liquidated damages and not as a penalty, an amount equal to five percent (5%) of the amount BCBSAZ paid Provider in the immediately preceding twelve (12) month period. All remedies available to BCBSAZ shall be cumulative and

nothing contained herein shall preclude BCBSAZ from exercising any other right or remedy available to it at law or in equity.

4.10 Hospital Acquired Conditions (HACs). Provider shall comply with all applicable requirements of BCBSAZ relating to HACs as set forth in the Provider Operating Guide or otherwise communicated to Provider in writing, including, but not limited to properly populating Present on Admission indicators on claim forms for all diagnoses. Notwithstanding any other provision contained herein, Provider shall neither receive nor retain reimbursement for inpatient services related solely to HACs and shall hold BCBSAZ and the Member harmless for charges for any inpatient services related solely to HACs.

For purposes of this section, HACs shall mean any of:

- Pressure ulcers stages III & IV
- Catheter-associated urinary tract infections
- Vascular catheter-associated infection
- Surgical site infection, mediastinitis, following coronary artery bypass graft (CABG)
- Air embolism
- Blood incompatibility
- Foreign object retained after surgery
- Falls and trauma (fracture, dislocation, intracranial injury, crushing injury, burn, electric shock)
- Surgical-site infections following:
  - Bariatric Surgery
    - Laparoscopic Gastric Bypass
    - Gastroenterostomy
    - Laparoscopic Gastric Restrictive Surgery
  - Orthopedic Procedures
    - Spine
    - Neck
    - Shoulder
    - Elbow
- Manifestations of poor glycemic control
  - Diabetic Ketoacidosis
  - Nonketotic Hyperosmolar Coma
  - Hypoglycemic Coma
  - Secondary Diabetes with Ketoacidosis
  - Secondary Diabetes with Hyperosmolarity
- Deep vein thrombosis and pulmonary embolism following orthopedic procedures:
  - Total Knee Replacement
  - Hip Replacement

The list of HAC may be modified from time to time by BCBSAZ providing reasonable notice to Provider.

4.11 Steering. Provider shall not ask or transfer a Subscriber or prospective Subscriber to another Provider because of the Subscriber or prospective Subscriber's medical condition. Provider may provide factual and publicly-available information about BCBSAZ or other managed care plans to Subscriber or prospective Subscribers, but may not steer a Subscriber or prospective Subscribers toward any particular plan.

## 5.00 Product Requirements.

5.01 Referrals. Provider shall refer Subscribers for Covered Services only to a Network Provider, unless the needed type of service, availability of service, or sound medical practice dictates otherwise. If a Network Provider is not available, Provider shall obtain precertification from BCBSAZ before referring a Subscriber to a Provider outside the applicable network. Provider shall not admit or refer BCBSAZ BlueSelect Subscribers to hospitals, other inpatient facilities, or other providers that are not contracted for the BCBSAZ BlueSelect line of business unless the needed type of service, availability of service, or sound medical practice dictates otherwise. If Provider is referring a Subscriber to an out-of-network provider, Provider shall advise the Subscriber of that provider's non-network status. This section does not apply in an emergency situation, as described in the Benefit Plan.

5.02 Precertification Program. To the extent precertification is required for Provider's services, Provider shall comply with the precertification program and requirements of BCBSAZ and the other entities having access to the BCBSAZ network. When Provider renders services subject to precertification in emergent circumstances that make precertification impracticable, Provider shall notify BCBSAZ (or the applicable benefit administrator) as soon as possible, but no later than 24 hours after providing the Covered Services, or on the next working day.

BCBSAZ or another entity with access to the network may deny precertification if a Subscriber's pre-existing waiting period has not expired, or the requested procedure is subject to a specific contract exclusion, a waiver or rider, or other Benefit Plan limitation.

In making precertification determinations BCBSAZ relies on the information and/or medical records supplied to it by Provider's staff and/or the admitting or treating physician. Benefit adjudication of precertified procedures is subject to the terms and conditions of the Benefit Plan, the applicability of which cannot always be determined prior to claim submission. Provider expressly acknowledges that precertification is not an assurance or guarantee of coverage or payment.

5.03 Information Provided to Subscriber's PCP or Referring Physician. Within fourteen (14) days of rendering services to a Subscriber, Provider shall inform

the Subscriber's primary care physician or referring physician of the care and treatment rendered, unless such disclosure is prohibited by law. The communication may be oral or written.

5.04 Utilization/Quality Management Audits. Provider acknowledges that BCBSAZ, other Blue Cross and Blue Shield plans, CMS and/or certain large employer groups, and any auditors retained by such entities, may conduct audits of the utilization, case and quality management procedures, billing practices and other product-specific requirements, as set out more fully in the Operating Guide, during regular business hours upon reasonable advance notice to Provider. Provider shall cooperate with any audit as specified in Section 7 of this Agreement.

5.05 Reporting. In addition to any other express obligations that Provider may have under this Agreement to make records and data available to BCBSAZ, Provider shall cooperate with BCBSAZ and respond to commercially reasonable requests for information from BCBSAZ, such as reporting that may be required for certification of BCBSAZ by the National Committee on Quality Assurance (NCQA), URAC, or other accrediting organization. Provider shall not charge BCBSAZ for costs that may be associated with responding to commercially reasonable requests for information under this section.

5.06 Precertification for Covered Medicare Subscribers. Provider shall notify the BCBSAZ precertification department in writing within five (5) days of the date upon which a Senior Security, Senior Preferred or other BCBSAZ subscriber with Medicare supplement coverage is admitted to its facility (whether or not BCBSAZ is the primary or secondary payer) and again when such Subscriber has exhausted his/her "Medicare Lifetime Reserve Days" and has begun to use his/her "Additional 365 Days" as defined in the Subscriber's Benefit Plan booklet. Payment for Medicare Lifetime Reserve Days and "Additional 365 Days" is subject to BCBSAZ review for medical necessity and other applicable criteria, as set forth in this Agreement. If Provider does not give BCBSAZ the written notices required by this section, BCBSAZ is not required to reimburse Provider for any claims for services provided under the "Additional 365 Days" benefit.

5.07 Appeals and Grievance Procedure. Provider shall abide by the appeals and grievance procedure prescribed by BCBSAZ for its products, for its Providers and by state and federal law, including timely provision of medical records required for the appeal or grievance. Provider shall also abide by any appeal or grievance procedure prescribed by the Plan Administrator for any Benefit Plan that is not administered by BCBSAZ.

## 6.00 Representations, Credentialing, Insurance.

6.01 Representations. Provider represents that it:

- (a) is licensed or certified to provide Covered Services, if the State of Arizona requires such license or certification for Provider's business;

- (b) is either certified to participate in Medicare, or is accredited by a nationally recognized accrediting body, as determined by BCBSAZ;
- (c) has not been sanctioned by Medicare, Medicaid, the Federal Employee Program, or any governmental entitlement or federal health program; and
- (d) shall maintain, in good standing and without any restrictions or limitations, required licensure, certification, and accreditation, as applicable, during the term of this Agreement.

6.02 Warranties. Provider warrants:

- (a) All radiology and imaging equipment that Provider uses to provide Covered Services to Subscribers has been inspected to the full extent required by law, is in compliance with all applicable laws and safety standards regarding radiology and imaging equipment, and will remain in compliance during the term of this Agreement.
- (b) Any radiology or imaging tests performed under Provider's supervision will be performed by a person who is appropriately licensed or certified by law to do so.
- (c) Any radiology and imaging equipment for computed tomography ("CT"), computed axial tomography ("CAT"), magnetic resonance imaging ("MRI"), or positron emission tomography ("PET"), and any other radiology or imaging equipment identified in the Provider Operating Guide, that Provider uses to provide Covered Services to Subscribers has been accredited by the American College of Radiology, or by another entity consented to by BCBSAZ, and will remain accredited during the term of this Agreement. Upon request, Provider will provide BCBSAZ with proof of accreditation or application for accreditation.

6.03 Licensure. Provider shall maintain licensure necessary to comply with state and federal law and BCBSAZ credentialing standards.

6.04 Notice of Change in Information. Provider shall provide the information shown on Exhibit C, which is incorporated by this reference, and notify BCBSAZ of any change in address, professional affiliation, tax identification number, licensure status, staff privileges, Provider shall use best efforts to notify BCBSAZ at least sixty (60) days prior to the date of the change, or at the earliest opportunity. If advance notification is not possible, Provider shall notify BCBSAZ no later than fourteen (14) days after the effective date of the change.

6.05 Change in Status; Impact on Reimbursement. If Provider fails to notify BCBSAZ of a change in certification, licensure, location, or other status, as required by Section 6.04, and the change may result in a change to Provider's reimbursement, neither BCBSAZ nor the Subscriber is liable to Provider for any increased reimbursement until BCBSAZ receives notice of the change, and Provider shall hold the Subscriber harmless for any claims denied, in whole or in part, prior to the date of notice of the change.

6.06 Insurance. During the term of this Agreement, Provider shall have and keep in force both general and professional liability insurance in an amount appropriate to the services rendered by Provider, and in accordance with BCBSAZ credentialing criteria, which require current malpractice coverage with liability limits of at least one million per occurrence and three million aggregate (\$1M/3M). On request by BCBSAZ, Provider shall present certificates of such insurance and renewals. Provider shall give BCBSAZ at least thirty (30) days prior written notice of cancellation, nonrenewal, or amendment of such policies.

6.07 Compliance With Law. Provider warrants and certifies that it is in, and will remain in, compliance with all state and federal laws and BCBSAZ credentialing requirements applicable to providing health care services and performing under the terms of this Agreement.

## 7.00 Medical Records and Right to Audit.

7.01 Access to Records. BCBSAZ shall have access, at reasonable times and upon reasonable prior written notice, to Provider's books, records and papers relating to health care services provided to Subscribers and the billings and payments for such services under this Agreement. Such access shall include, but is not limited to, allowing review by BCBSAZ's medical director or his or her designee for audit, as described in Section 7.03 below. Such records shall also be accessible to state and federal agencies on reasonable request as required by law and as otherwise set forth in this Agreement. Provider shall maintain records for the time periods required by applicable state and federal laws and regulations. The provisions of this Section 7.01 shall survive the expiration or termination of this Agreement.

7.02 Medical Records. Provider shall provide information and records requested for claims adjudication, peer review, utilization and quality management within ten (10) working days of the request by BCBSAZ or sooner when required for expedited grievance or appeal, and without charge to BCBSAZ or patient.

7.03 Audit. Audit staff from BCBSAZ or its agents are authorized to perform audits relating to Provider's services. The scope of the audit shall be limited to Provider's performance under this Agreement, and to assuring that Provider is complying with the terms and conditions of this Agreement, and accurately reporting information. On-site audits shall be performed during normal business hours after BCBSAZ has provided reasonable prior written notice to Provider. Telephone or e-mail notification on the day prior to the on-site audit is deemed to be reasonable notice under this section. Provider is responsible for the cost associated with providing assistance and information to BCBSAZ auditors.

7.04 Confidentiality. Provider warrants that Provider complies and will continue to comply with the Health Insurance Portability and Accountability Act (HIPAA). Provider shall keep medical records and information confidential, and take

precautions to prevent the unauthorized disclosure of any and all medical records. The provisions of this Section 7.04 shall survive the expiration or termination of this Agreement.

7.05 Trading Partner Agreement. If Provider conducts electronic transactions with BCBSAZ, Provider shall comply with the Trading Partner Addendum attached as Exhibit A and incorporated by this reference.

## 8.00 Term and Termination.

8.01 Term. This Agreement shall begin on the Effective Date for an initial one (1) year term, and shall automatically renew each year on the effective date for successive one-year terms, unless terminated by either party. A party shall provide written notice of non-renewal at least ninety (90) days prior to the anniversary date.

8.02 Termination Without Cause. After this Agreement has been in effect for one (1) year, either party may terminate this Agreement without cause by giving the other party at least ninety (90) days prior written notice. A party cannot give notice until this Agreement has been in effect for one (1) year.

8.03 Immediate Termination. BCBSAZ may immediately terminate this Agreement on written notice to Provider for any one or a combination of the following events:

- (1) Provider's license, certification or accreditation necessary to perform any services contemplated by this Agreement is denied, modified, suspended, revoked or restricted, placed on provisional or probational status, or terminated (either voluntarily or involuntarily), or Provider is no longer Medicare-eligible, Medicaid-eligible, or eligible to participate in any other government program;
- (2) Provider's liability coverage as required under this Agreement is reduced below required amounts or is no longer in effect;
- (3) At any time, Provider fails to meet BCBSAZ's recredentialing, quality management or utilization management criteria or fails to comply with BCBSAZ policies and procedures communicated to Provider;
- (4) Provider fails to provide material information or provides erroneous information on a credentialing application or recredentialing application;
- (5) BCBSAZ makes a reasonable and good faith determination that such termination is necessary in order to protect the health or welfare of Subscribers;

- (6) Provider ceases to actively perform its business or dissolves;
- (7) Provider is unable to pay its debts in the ordinary course of business;
- (8) Provider files a petition in bankruptcy or an involuntary petition is filed against Provider which is not dismissed within forty-five (45) days of the filing;
- (9) The Department of Insurance or other state or federal agency with jurisdiction over BCBSAZ or Provider determines that it is improper for Provider to provide services in accordance with this Agreement and the parties cannot agree on an acceptable amendment to this Agreement within a time frame acceptable to the applicable state or federal agency or within fifteen (15) days after the determination of the agency, whichever is sooner; or
- (10) Provider or any one of its officers is arrested on felony charges that directly or indirectly relate to provision of services under this Agreement and BCBSAZ makes a reasonable and good faith determination that the nature of the charges are such that termination is necessary to avoid unnecessary risk of harm to Subscribers that could occur during the pendency of the criminal proceedings.

If Provider is a professional corporation, limited liability company, partnership, IPA or network and one of the events listed above occurs with respect to one or more individual shareholders, partners, employees, or contract Providers, this Agreement may be continued if Provider prohibits the affected individual(s) from providing services under this Agreement.

8.04 Material Breach. Either party may terminate this Agreement for any material breach of this Agreement by the other party, but only if that breach is not cured within thirty (30) days after written notice to the breaching party.

8.05 Termination for Abusive Practices. BCBSAZ may terminate the Provider if the Provider fails to refrain from abusive practices, following written notice from BCBSAZ to desist. As used in this section, abusive practices include the following:

- (a) Provider or provider's staff have physically threatened a BCBSAZ employee or representative;
- (b) Provider or provider's staff have engaged in a pattern of verbal threats, intimidation, rude and insulting behavior directed at BCBSAZ employees.

Prior to terminating a Provider under this section, BCBSAZ shall give the Provider written notice of the objectionable behavior, an opportunity to explain

the behavior, and an opportunity to propose remedial action. If Provider does not respond to the notice or implement remedial action, or if Provider or Provider's staff repeats the abusive behavior, BCBSAZ may immediately terminate the Agreement by giving the Provider written notice.

8.06 Partial Termination. BCBSAZ may terminate this Agreement with respect to one or more products or lines of business, which BCBSAZ shall indicate in the notice of termination to Provider. This Agreement shall remain in full force and effect with respect to all other products or lines of business for which Provider has contracted to provide services.

If applicable, BCBSAZ shall have the right to terminate this Agreement in accordance with the termination provisions with regard to any individual institution or other provider contracted pursuant to this Agreement. This Agreement shall remain in full force and effect with respect to all other institutions or providers contracted pursuant to this Agreement.

8.07 Effect of Termination. If a Subscriber is receiving Covered Services when this Agreement terminates, Provider shall continue to provide Covered Services to the Subscriber at the rates and terms specified in this Agreement until: (a) treatment is completed; (b) the Subscriber is transferred to another Network Provider; or (c) for such other period required by applicable federal or state law. Notwithstanding the other requirements of this section and upon request of BCBSAZ, the Federal Employee Program (FEP) director's office or Office of Personnel Management (OPM), Provider shall continue to provide Covered Services to FEP members through the end of the calendar year in which the termination occurs (or longer if required by this Agreement) in accordance with the terms of this agreement and at the rates provided herein. Upon termination, all rights and obligations of the parties under this Agreement shall immediately cease, except as otherwise provided in this Agreement. Termination of this Agreement shall not relieve either party of any obligation incurred before termination and shall not relieve Provider of its obligation to cooperate with BCBSAZ in arranging for the transfer of care of Subscribers then receiving treatment.

## 9.00 Reimbursement and Coordination of Benefits.

9.01 Reimbursement. BCBSAZ (or the applicable Plan Administrator) shall pay Provider the reimbursement set forth in Exhibit B. Subscriber coinsurance is calculated based on the BCBSAZ Allowed Amount.

9.02 Amendments to Reimbursement. BCBSAZ may, at any time, adjust the BCBSAZ fee schedule, including the DRGs referenced in Exhibit B; however, BCBSAZ shall not lower any fees without giving Provider thirty (30) days prior notice either in the provider newsletter or in some other form of written or electronic communication.

9.03 Submission/Claim Payment. After providing Covered Services to a Subscriber, Provider shall submit a complete and accurate claim or encounter form in accordance with BCBSAZ's policies. Provider shall use best efforts to submit all claims within thirty (30) days of the date of service. Provider shall use best efforts to submit claims electronically in a HIPAA standard 837 transaction, and shall otherwise submit claims on a UB-04 or CMS 1500 (or such successor standard forms), as applicable, using the appropriate CPT-4, HCPCS and revenue codes. BCBSAZ may refuse to pay any claims received more than one (1) year after the date of service.

9.04 Collection of Subscriber Responsibility. Provider shall collect all amounts that are the Subscriber Responsibility and shall not waive such amounts without the prior written consent of BCBSAZ. However, this section shall not prohibit the Provider from negotiating arrangements with the Subscriber for payment of the Subscriber Responsibility or from considering hardship circumstances in negotiating payment arrangements.

9.05 Limitation on Subscriber Liability. Provider shall not seek, and shall not cause any third party to seek, payment for Covered Services from Subscribers, except for the Subscriber Responsibility amount. Provider agrees not to bill, and shall not cause any third party to bill, BCBSAZ or Subscribers for services that are: (a) in violation of BCBSAZ billing policies and procedures; (b) not Medically Necessary, (c) deemed Investigational by BCBSAZ, or (d) denied because Provider failed to timely file the claim under Section 9.03 or request adjustment under Section 9.08.

In no event, including, but not limited to non-payment by BCBSAZ, insolvency of BCBSAZ, or breach of this Agreement, shall Provider bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against or cause any third party to bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against a Subscriber for Covered Services. This provision shall not prohibit collection of Subscriber Responsibility amounts otherwise permitted under the terms of the Subscriber's Benefit Plan or this Agreement, or from collecting for services that are excluded from coverage.

This provision shall survive the termination of this Agreement regardless of the cause giving rise to termination and shall be construed to be for the benefit of the Subscriber. This provision supersedes any oral or written contrary agreement now existing or hereafter entered into between Provider and Subscriber or persons acting on his/her behalf. Provider agrees to hold Subscribers harmless for any amounts owed by BCBSAZ to Provider for Covered Services under the terms of the Agreement, as set forth in A.R.S. §20-1072, or subsequent applicable state or federal law.

9.06 Obligations in the Event of Insolvency. If BCBSAZ is declared insolvent, Provider shall provide Covered Services to Subscribers at the same rates and

pursuant to the same terms and conditions contained in this Agreement until the earliest of the following:

- (a) The expiration of the period during which BCBSAZ is required to continue providing benefits to Subscribers pursuant to A.R.S. § 20-1069(A); which is the later of sixty (60) days or the duration of the Subscriber's contract;
- (b) A notification from the bankruptcy receiver pursuant to A.R.S. § 20-1069(F) or a determination by the court that BCBSAZ cannot provide adequate assurance it will be able to pay Provider's claims for Covered Services that were rendered after BCBSAZ is declared insolvent;
- (c) A determination by the court that BCBSAZ is unable to pay Provider's claims for Covered Services that were rendered after BCBSAZ is declared insolvent;
- (d) A determination by the court that continuation of the Agreement will constitute undue hardship to Provider; or
- (e) A determination by the court that BCBSAZ has satisfied its obligations to all Subscribers under its health care plans.

If BCBSAZ is declared insolvent and a reinsurer assumes administration of this Agreement, Provider shall continue to provide Covered Services to Subscribers pursuant to the terms and conditions of this Agreement, including, but not limited to, the reimbursement rates in this Agreement, for the length of time required by applicable federal and state law.

**9.07 Offset.** Provider is responsible to repay BCBSAZ for all identified overpayments or incorrect payments paid pursuant to this Agreement to BCBSAZ. BCBSAZ shall recover any overpayments or incorrect payments by credit transaction on the remittance advice from either fee-for-service payments due to Provider under this Agreement or any other agreement in effect between Provider and BCBSAZ at the time of recovery of such overpayment or incorrect payment. Offsets shall be applied on a "first in/first out" basis until the overpayment is fully recovered. BCBSAZ may offset the full amount of any incorrect payment (not merely the overpaid portion) and reissue payment for the correct amount.

**9.08 Request for Reconsideration or Adjustment of Adjudicated Claims.** Provider may request reconsideration or adjustment of an adjudicated claim if Provider disagrees with the adjudication. BCBSAZ may also adjust an adjudicated claim if BCBSAZ determines that the claim was incorrectly paid or denied. Except as otherwise provided in this section, each party shall provide the other party with written notice of a request for reconsideration or adjustment of adjudicated claims within one (1) year of the date of the disallowance, payment, or other notice of adjudication. Provider shall so indicate in the writing in a manner that is reasonably sufficient to put BCBSAZ on notice of Provider's request. Provider shall not bill or seek to collect from a subscriber any reimbursement that was denied because Provider failed to timely request adjustment of a claim.

This section shall not prohibit adjustment of the following claims after the one (1) year period:

- a) Claims for services rendered to a member of the Federal Employee Health Benefits Program (FEP).
- b) Claims involving subrogation and coordination of benefits for self-funded groups not governed by state law.
- c) Claims involving fraud. As used in this subsection, fraud means a claim which includes or is based on a misstatement or omission of material fact by a Subscriber or Provider, which resulted in incorrect adjudication of a claim, and includes, without limitation, failure to disclose other applicable coverage, use of CPT® codes that do not accurately reflect services provided, billing for services not rendered, billing for services under the name of a provider other than the provider who actually rendered the service.
- d) Claims where a longer period of time is required by applicable state or federal law., including, without limitation, adjustments required because of federally mandated changes in Medicare reimbursement rates, federal requirements that certain government payers be payer of last resort or secondary payer, and federal laws prohibiting providers from accepting more than the Medicare limiting charge.
- e) Claims where BCBSAZ is ordered to adjust a claim because a member or provider has prevailed on a health care appeal.
- f) Claims under a worker's compensation policy.

9.09 Claim Audit. Provider acknowledges and agrees that BCBSAZ may delay payment due to an audit for appropriateness of the billing, a medical review of the Subscriber's records, or review for Medical Necessity of treatment or services rendered by Provider. BCBSAZ and Provider shall cooperate to expeditiously resolve any questions or disputes regarding billing for services to encourage timely payment of claims.

9.10 Coordination of Benefits. Services to which a Subscriber is entitled under a Benefit Plan may also be covered under another group or non-group health plan, prepaid medical plan, or health insurance policy. In those cases, BCBSAZ and Provider shall cooperate to coordinate benefits in accordance with applicable state or federal law concerning coordination of benefits (COB) or non-duplication of benefits and the COB or non-duplication provisions of the Subscriber's Benefit Plan. When COB or non-duplication of benefits laws or Benefit Plan provisions apply, the total of all payments will not exceed Provider's billed charges and BCBSAZ will not be required to pay more than the BCBSAZ Allowed Amount. The Provider shall write off any balance as if BCBSAZ was the sole source of payment except as stated in the circumstances described in Section 9.11.

9.11 Other Sources of Payment. Provider may be entitled to recover the difference between primary and secondary payments and billed charges from another source, not currently subject to COB, such as liability insurance, pursuant to A.R.S. §33-931, if applicable, and not prohibited by the Subscriber's

Benefit Plan or other applicable law. Provider and Subscriber shall resolve any billing or recovery from these other sources without intervention or involvement of BCBSAZ.

#### 10.00 General Provisions.

10.01 The Blue Cross and Blue Shield Association. Provider expressly acknowledges its understanding that this Agreement constitutes an agreement between Provider and BCBSAZ, that BCBSAZ is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield plans, permitting BCBSAZ to use the Blue Cross and/or Blue Shield Service Mark(s) in the State of Arizona, and that BCBSAZ is not acting as the agent of the Association.

Provider further acknowledges and agrees that it has not entered into this Agreement based on representations by any person or entity other than BCBSAZ and that no person, entity or organization other than BCBSAZ shall be held accountable or liable to Provider for any of BCBSAZ's obligations to Provider created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of BCBSAZ other than those obligations created under other provisions of this Agreement.

10.02 Independent Contractor. The relationship between Provider and BCBSAZ is that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement. Provider acts as an independent contractor and not as partner, employee, or agent of BCBSAZ. Provider is solely responsible for all tax withholding, social security, worker's compensation insurance and other obligations with respect to its employees.

10.03 Trade Name Ownership. The parties acknowledge that BCBSAZ has the sole right to use, in Arizona, the "Blue Cross" and "Blue Shield" trade names and service marks. Provider shall not use these names and marks without express written permission of BCBSAZ.

10.04 Amendment. Provider shall be bound by all written amendments or addenda to this Agreement, unless Provider notifies BCBSAZ in writing, within thirty (30) days after receipt of the addendum or amendment, that Provider objects to the addendum or amendment. BCBSAZ shall give Provider reasonable notice before an addendum or amendment becomes effective.

This Section 10.04 does not apply to adjustments or changes in the BCBSAZ Fee Schedule or DRG, which may be adjusted as described on Exhibit B, subject to the limitations in Section 9.02.

10.05 Business Combination. In the event Provider acquires, merges, or combines with (through merger, stock purchase or exchange, asset purchase, or any other transaction in which Provider is the surviving entity) an institutional or

ancillary provider or a portion of an institutional or ancillary provider (the "Acquired Provider"), Provider shall notify BCBSAZ thirty (30) days prior to the closing date of the transaction. If, at the time such transaction closes, the Acquired Provider is bound to an agreement with BCBSAZ to provide Covered Services to BCBSAZ Subscribers (the "Acquired Provider's Agreement"), BCBSAZ shall have the right to continue to process and pay claims under terms and conditions of the Acquired Provider's Agreement for Covered Services provided to BCBSAZ Subscribers and using the Acquired Provider's facilities, equipment, or employees. If, at the time the transaction closes, the Acquired Provider is not bound to an agreement with BCBSAZ to provide Covered Services to BCBSAZ Subscribers, Provider and BCBSAZ shall negotiate in good faith to determine the terms and conditions under which Covered Services provided to BCBSAZ Subscribers by the Acquired Provider or using the facilities, locations, or employees previously associated with the Acquired Provider, will be processed and paid.

**10.06 Assignment; Indemnification for Breach.** Provider acknowledges that payments made pursuant to this Agreement arise out of a Subscriber's interest in or claim under a policy of insurance for healthcare goods or services. Provider shall not, without prior written consent of BCBSAZ, sell, assign, transfer, pledge, or grant a security interest in any right, benefit, obligation or duty including, without limitation, any right to payment or account under the terms of this Agreement to any third party. BCBSAZ shall not unreasonably withhold consent. Notwithstanding any such consent, Provider agrees that: (i) any assignment of any right to payment is not enforceable against BCBSAZ and shall not impose any duty or obligation on BCBSAZ; (ii) BCBSAZ is not required to recognize the assignment or security interest or to pay or render performance to the assignee or other secured party or to accept payment or performance from the assignee or other secured party; (iii) any assignment or security interest shall not permit an assignee or other secured party to use or further assign Provider's rights under such payments or entitle the assignee or other secured party to enforce the security interest in the right to payment. If BCBSAZ receives any notice or demand from any such assignee or other secured party requesting or requiring that any payments under this Agreement be made to such assignee or other secured party, in the sole and absolute discretion of BCBSAZ, BCBSAZ may (a) require Provider to immediately cause such notice to be withdrawn and terminated; (b) suspend or withhold any payments otherwise due to Provider until such notice is withdrawn and terminated; (c) interplead any such payment or otherwise hold such payment in such manner as BCBSAZ may determine; or (d) make such payment to the assignee or other secured party, without any duty to verify the validity or sufficiency of any such claim.

Provider shall defend, indemnify and hold harmless BCBSAZ from any claims, losses, damages, liabilities, costs, expenses or obligations (including court costs and attorneys' fees) arising out of or resulting from Provider's breach of this section, including without limitation, any assignment of payments due or to

become due under this Agreement, regardless of whether the assignment is permitted under the Agreement or consented to by BCBSAZ.

BCBSAZ may assign its rights or obligations hereunder upon at least thirty (30) days prior written notice to Provider to a parent, subsidiary or affiliate of BCBSAZ or a party that acquires all or substantially all of its assets.

Any purported assignment or transfer in violation of this section is null and void.

10.07 Benefit. The terms and provisions of this Agreement are for the benefit of and are binding on the respective parties, their successors and assigns, where assignment is permitted.

10.08 Indemnification. Provider shall defend, indemnify and hold harmless BCBSAZ from any claims, losses, damages, liabilities, costs, expenses or obligations (including court costs and attorneys' fees) arising out of or resulting from the negligence or willful misconduct of Provider, its officers, employees, and agents in the performance of Provider's obligations under this Agreement.

BCBSAZ shall defend, indemnify and hold harmless Provider from any claims, losses, damages, liabilities, costs, expenses or obligations (including court costs and attorneys' fees) arising out of or resulting from the negligence or willful misconduct of BCBSAZ, its officers, employees, and agents in the performance of its obligations under this Agreement.

The parties shall cooperate in the defense of any claim made against them both. However, if either party determines that its own interests are adverse to the interests of the other party, each party may direct its own defense. The obligations and indemnities in this Section 10.07 shall survive the expiration or termination of this Agreement.

10.09 Entire Agreement; Materiality. This Agreement, including any documents referenced in it, contains the entire understanding of the parties and supersedes all prior agreements between the parties with respect to the same subject matter. Each term, provision and condition of this Agreement shall be deemed material, in the absence of which this Agreement would not have been made.

10.10 Severability. If any provision of this Agreement is deemed illegal, unenforceable or in conflict with any law of a federal, state or local government having jurisdiction over this Agreement, the validity of the remaining sections shall not be affected. In addition, the illegal, unenforceable or invalid provision shall be replaced by a mutually acceptable provision, which, being valid, legal and enforceable comes closest to the intention of the parties concerning the illegal, unenforceable or invalid provision.

If a provision of this Agreement is rendered invalid or unenforceable as provided in this Section 10.09, and its removal has the effect of materially altering (a) the

obligations of BCBSAZ in such manner as, in the sole judgment of BCBSAZ, will cause it to act in violation of its corporate Articles or Bylaws or its licenses, or (b) the obligations of BCBSAZ in such manner as, in the sole judgment of BCBSAZ, will cause serious financial hardship to BCBSAZ, BCBSAZ may terminate this Agreement on thirty (30) days prior written notice to the other party. If termination occurs pursuant to this Section 10.09, the provisions of Section 8.00 shall govern the termination.

**10.11 Notices and Communications.** All notices and other communications, other than notices under Article 8 and Sections 6.04 and 10.04, may be provided electronically, by email, newsletter, or through posting on BCBSAZ's website. Notices required under Article 8 and Sections 6.04 and 10.04 shall be in writing, served or delivered by hand delivery, by U.S. mail, or by a national overnight delivery service with proof of delivery. Notice is complete on delivery if hand-delivered, or delivered by overnight delivery service, or if mailed, on receipt by the party, or five (5) days after deposit in the United States mail, postage prepaid. Notices and other communications in writing need not be mailed either by registered or certified mail, although a signed return receipt received through the U.S. Post Office is conclusive proof as between the parties of delivery of any notice or communication and of the date of such delivery.

If to BCBSAZ:

Blue Cross Blue Shield of Arizona, Inc.  
2480 West Las Palmaritas Drive  
Phoenix, AZ 85021

Attn: Vice President Network Management

If to Provider, at the address set forth below the signature space.

Provider is responsible for timely notifying BCBSAZ of any change in email address. Provider shall be deemed to have received any communications that are sent to provider's email address of record with BCBSAZ.

**10.12 Venue, Jurisdiction, Choice of Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Arizona or such federal law as may be applicable. Although this Agreement requires that all disputes are subject to arbitration, in the event a dispute involving this Agreement is determined not to be subject to arbitration, BCBSAZ and Provider consent to the jurisdiction of and to venue in the state courts of Maricopa County, State of Arizona or the Federal District Courts of Maricopa County, State of Arizona.

**10.13 Waiver.** No waiver of any term, provision or condition of this Agreement, whether by conduct or otherwise, in one or more instances, shall be deemed to

be or construed as a further or continuing waiver of such term, provision or condition.

**10.14 Arbitration.** All claims, disputes or disagreements, including without limitation, any claims arising under the Employee Retirement Income Security Act (ERISA), Racketeer Influenced and Corrupt Organizations Act (RICO), the Americans With Disabilities Act (ADA) or any other state or federal law, regulation or statute that arises out of or relates in any way to this Agreement are subject to arbitration. The parties agree that any arbitration commenced under this provision shall be held exclusively in Maricopa County, Arizona. The parties expressly agree to waive any and all defenses they may have to jurisdiction or venue in Maricopa County, Arizona.

Before commencing any arbitration under this provision, the parties shall each designate a member of senior management to meet in a mutually agreeable place, time and manner to attempt resolution of the claim, dispute or disagreement. If the parties are unable to resolve the matter, either party may commence arbitration thirty (30) days after such meeting.

Either party may initiate arbitration by sending the other party, via certified mail, a written demand for arbitration setting forth the specific nature of the controversy, the dollar amounts involved, and the remedies sought. There shall be one arbitrator. If the parties fail to select a mutually agreeable arbitrator within thirty (30) days after receipt of the demand, then each party shall select a designee of their choice and disclose the identity of the designee to the opposing party within forty (40) days after receipt of the demand. The designee shall not be an employee, agent, officer or director of the selecting party. The designees shall confer and within twenty (20) days after their selection by the parties, the designees shall select a single arbitrator. The arbitrator shall conduct the arbitration in accordance with the rules of the American Arbitration Association (AAA); however, the proceedings will not be conducted before AAA.

The parties shall share equally in the costs of the arbitration. The non-prevailing party shall reimburse the prevailing party for its attorneys' fees and costs and any arbitration fees and expenses incurred in connection with the arbitration. The arbitrator's decisions are final, binding, and conclusive on the parties, and are not subject to appeal under the Federal Arbitration Act or any other similar state or federal law. The arbitrator or a court of competent jurisdiction may issue a writ of execution to enforce the arbitrator's award. Judgment may be entered upon such a decision in accordance with applicable law in any court of competent jurisdiction.

**10.15 Dispute Resolution.** The Parties agree to resolve any disputes under this Agreement in accordance with the process described in the Provider Operating Guide. A dispute that cannot be resolved to the satisfaction of the Parties using this process can be referred for arbitration in accordance with Section 10.13.

10.16 Exhibits; Schedules; Attachments. Any and all exhibits, schedules and attachments referred to in this Agreement are attached and incorporated by this reference.

10.17 Force Majeure. Neither party shall be liable for any delay or failure in the performance of any obligation under this Agreement or for any loss or damage to the extent that such nonperformance, delay, loss or damage results from any contingency which is beyond the control of such party, provided such contingency is not caused by the fault or negligence of such party. For the purpose of this Agreement, such contingencies shall include Acts of God, fires, floods, epidemic sickness, earthquakes, explosions, storms, wars, public disorders, and terrorist attacks. The party that asserts inability to perform due to such contingency shall give immediate notice to the other party, and shall use all reasonable effort to remedy the nonperformance to the extent possible. The existences of such contingencies shall justify the suspension of performance hereunder by either party and shall extend the time for such performance for a period of time equal to the delay. If the period of delay exceeds sixty (60) days from the date of notice, either party shall have the right to terminate this Agreement.

I have reviewed the foregoing Provider Participation Agreement and agree to the terms and conditions set forth therein.

BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC.

By \_\_\_\_\_  
(Signature)  
Marcus Montoya  
Vice President, Network Management

Date \_\_\_\_\_

Cochise Health and Social Services PROVIDER

By Mary Gomez  
(Signature)  
Print Name MARY GOMEZ

Title DIRECTOR - COCHISE HEALTH & SOCIAL SERVICES

Date \_\_\_\_\_

Address:  
1415 Melody Ln Bldg A  
Bisbee, AZ 85603

**STANDARD PARTICIPATION AGREEMENT DETERMINATION**

Re: Standard Participation Agreement to expand the Cochise Health & Social Services network of insurance company payers, while at the same time, Blue Cross & Blue Shield of Arizona is working to expand their network of providers in Cochise County; between the Cochise Health & Social Services and Blue Cross & Blue Shield of Arizona, Inc.

The attached agreement, which is an agreement between public agencies, has been reviewed pursuant to A.R.S. §11-952 on behalf of the Cochise Health & Social Services by the undersigned Deputy County Attorney who has determined that it is in proper form and is within the powers and authority granted under the laws of the State of Arizona.

Approved as to form this 17<sup>th</sup> day of April, 2013.

EDWARD G. RHEINHEIMER  
Cochise County Attorney

By:   
Terry Bannan  
Deputy County Attorney

## TRADING PARTNER AGREEMENT EXHIBIT A

If Provider conducts electronic transactions with BCBSAZ, Provider agrees to the following requirements:

1. Provider agrees that in conducting electronic transmissions for which the Secretary of the U.S. Department of Health and Human Services ("HHS") has established a "standard transaction," Provider shall comply fully, and shall cause all subcontractors and agents to comply fully, with the requirements of the HIPAA Standards for Electronic Transactions (currently set forth in 45 C.F.R. parts 160 and 162) and the BCBSAZ EDI Instructions, each as may be amended from time to time.
2. Provider understands and agrees that in connection with BCBSAZ's receipt and acceptance of standard transactions into its system, BCBSAZ is not pre-authorizing any medical treatment by the Provider, or in any way agreeing to pay for any medical services rendered by the Provider, and such determinations will be made through the normal claims adjudication process in effect between the Parties.
3. Provider agrees that, in connection with the transmission of standard transactions, it will not (and it will not permit any of its agents or subcontractors) to: (a) change the definition, data condition, or use of a data element or segment in a standard transaction; (b) add any data elements or segments to the maximum defined data set; (c) use any code or data elements that are either marked "not used" in the standard's implementation specification, or are not in the standard's implementation specification; or (d) change the meaning or intent of the standard's implementation specification(s).
4. Provider acknowledges and agrees that BCBSAZ, in conducting electronic transactions with Provider, is not acting as a Clearinghouse (as Clearinghouse is defined by the HIPAA Regulations).
5. As may be required by BCBSAZ, Provider shall test and cooperate with BCBSAZ in testing its system to ensure the accuracy, timeliness, completeness, confidentiality and compliance with the HIPAA Standards for Electronic Transactions and BCBSAZ's EDI Instructions.
6. Provider shall: (a) Immediately notify BCBSAZ and dispose of the data as instructed by BCBSAZ (or cause its agents or subcontractors to do so) if, in conducting electronic transactions with BCBSAZ, Provider (or its agent or subcontractor) receives data or data transmissions not intended for Provider; and (b) Protect and maintain the confidentiality of communications protocols that BCBSAZ might issue to Provider, the disclosure of which shall be limited to authorized personnel of the Provider on a need-to-know basis. Any additional hardware, software or other requirements necessary as a result of a communications protocol will be at Provider's cost.

7. Provider will develop, implement, maintain and use appropriate administrative, technical, and physical safeguards ("Safeguards"), in compliance with standard business practices, the HIPAA Security Standards and/or any BCBSAZ EDI Instructions provided, to preserve the integrity and confidentiality of, and to prevent non-permitted or violating use or disclosure of, data exchanged by the Parties. Additionally, Provider will require its agents and subcontractors to comply with the same security requirements with which Provider is required to comply.
8. With respect to the exchange of electronic transactions, neither BCBSAZ nor Provider shall be liable for any delay or failure in the performance of any obligation related to the exchange of electronic transactions or for any loss or damage to the extent that such nonperformance, delay, loss or damage results from any contingency which is beyond the control of such party, provided such contingency is not caused by the fault or negligence of such party. A contingency for the purposes of this Agreement shall be Acts of God, fires, floods, epidemic sickness, earthquakes, explosions, storms, wars, public disorders.
9. Provider acknowledges and agrees that BCBSAZ may use and rely upon certain third party service providers ("TPSP") to provide database storage, database access, switching and other data communication services to BCBSAZ ("TPSP Services"). PROVIDER ACKNOWLEDGES AND AGREES THAT IT SHALL HAVE NO RIGHTS OR RECOURSE AGAINST BCBSAZ WHATSOEVER, EITHER DIRECTLY OR INDIRECTLY, FOR SUCH TPSP SERVICES AND PROVIDER HEREBY WAIVES ANY SUCH RIGHTS OR RECOURSE AGAINST BCBSAZ.
10. IN CONNECTION WITH THE EXCHANGE OF ELECTRONIC TRANSACTIONS, BCBSAZ SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, RELIANCE OR SPECIAL DAMAGES, OR LOST PROFITS. PROVIDER ALSO AGREES AND UNDERSTANDS THAT BCBSAZ SHALL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR RELATING TO INTEROPERABILITY, ACCESS, EQUIPMENT, SERVICES, SOFTWARE, CONTENT, OR NETWORKS PROVIDED BY PROVIDER OR OTHER PERSONS.
11. IN CONNECTION WITH THE EXCHANGE OF ELECTRONIC TRANSACTIONS, BCBSAZ MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT OR ANY WARRANTY ARISING BY USAGE OF TRADE, COURSE OF DEALING OR COURSE OF PERFORMANCE.
12. The foregoing limitations of liability shall apply regardless of the form of the action, whether in contract, tort, strict liability or otherwise; and whether or not damages were foreseeable. These limitations of liability shall survive failure of any exclusive remedy provided in this Agreement.

**BLUE CROSS AND BLUE SHIELD OF ARIZONA  
STANDARD PARTICIPATION AGREEMENT - ANCILLARY  
EXHIBIT B - REIMBURSEMENT EXHIBIT**

**BLUE CROSS AND BLUE SHIELD OF ARIZONA  
STANDARD PARTICIPATION AGREEMENT - ANCILLARY PROVIDER  
EXHIBIT B - REIMBURSEMENT EXHIBIT**

**CONTRACTED SERVICES: Immunizations and other County Health Services**

BCBSAZ reserves the right to adjust the BCBSAZ Fee Schedule(s) from time to time.

The reimbursement set forth below is the only payment required from BCBSAZ or the Subscriber, less applicable Subscriber Responsibility, if any, subject to the Coordination of Benefits and Other Sources of Payment provisions of the Agreement.

For Subscribers covered under the products indicated in this Exhibit B, Provider agrees to accept the following reimbursement terms:

Indemnity                       PPO                       HMO

For Covered Services rendered to Subscribers covered under the products indicated above, reimbursement will be the lesser of billed charges or the applicable BCBSAZ Fee Schedule, less a twenty percent (20%) discount.

Medicare Supplement – Senior Preferred

For Covered Services rendered to Medicare Supplement Subscribers, reimbursement will be the balance payable after Medicare has made payment, up to the Medicare Allowed Amount. For Covered Services rendered to Medicare Supplement Subscribers for which Medicare does not make payment, Provider agrees to accept the lesser of billed charges or the applicable BCBSAZ Fee Schedule, less a twenty percent (20%) discount.

Workers' Compensation

For services rendered to employees covered through the BCBSAZ Workers' Compensation program, reimbursement will be the lesser of: the applicable Industrial Commission of Arizona (ICA) fee, billed charges, or the applicable BCBSAZ global Fee Schedule, less a twenty percent (20%) discount.

## EXHIBIT C

### PROVIDER INFORMATION

Corporation Name: Cochise Health & Social Services

Provider Name  
(if different): \_\_\_\_\_

Tax ID Number: 86-6000398

Administrative  
Contact: Ray Falkenberg, Administrative Services Manager

Administrative Office: Cochise Health & Social Services, 1415 Melody Lane, Bldg. A, Bisbee, AZ 85603

Office Email: rfalkenberg@cochise.az.gov

Phone Number: 520-432-9414

Fax Number: 520-432-9480

Billing Company: Cochise Health & Social Services

Billing Company Address: 1415 Melody Lane, Bldg. A, Bisbee, AZ 85603

Billing Company Phone No.: 520-432-9414

#### Locations:

|            |               |   |
|------------|---------------|---|
| Address:   | Bisbee:       | 1415 Melody Lane, Bldg. A, Bisbee, AZ 85603     |
| Phone No.: |               | Phone: 520-432-9400 Fax: 520-432-9480           |
| Address:   | Benson:       | 126 W. 5th Street, Benson, AZ 85602             |
| Phone No.: |               | Phone: 520-586-8200 Fax: 520-586-2051           |
| Address:   | Douglas:      | 1012 N. G. Ave, Ste. 101, Douglas, AZ 85607     |
| Phone No.: |               | Phone: 520-805-5600 Fax: 520-364-5453           |
| Address:   | Sierra Vista: | 4115 E. Foothills Drive, Sierra Vista, AZ 85635 |
| Phone No.: |               | Phone: 520-803-3900 Fax: 520-459-8195           |
| Address:   | Willcox:      | 450 S. Haskell Avenue, Willcox, AZ 85643        |
| Phone No.: |               | Phone: 520-384-7100 Fax: 520-384-0309           |