

**AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR**

between

**COUNTY OF SANTA BARBARA**

and

**340B HOLDINGS, LLC (formerly SUNRx LLC)**

for

**PRESCRIPTION DRUG ADMINISTRATIVE SERVICES**

**FIRST AMENDMENT**

**Effective January 1, 2014**

**THIS IS THE FIRST AMENDMENT** (hereinafter **First Amendment**) to the Agreement for Prescription Drug Administrative Services, (hereinafter **Agreement**), by and between the County of Santa Barbara (hereafter **Eligible Entity**) and 340B Holdings, LLC. (hereinafter referred to as **SUNRx**) for the provision of 340B Drug Discount Program Administrative Services. (Each a "Party" and collectively the "Parties".)

**WHEREAS**, the Agreement is effective through June 18, 2015; and

**WHEREAS**, MedImpact Healthcare Systems, Inc., purchased the assets of SUNRx, LLC on or about November 20, 2012 to create a new entity called 340B Holdings, LLC which continues to operate as SUNRx; and

**WHEREAS**, the parties desire to amend the Agreement to clarify oversight, administration and compliance for the Public Health Department's pharmacies; and

**WHEREAS**, the parties desire to add certain terms and conditions to the Agreement which will allow for a 340B In-House Pharmacy by way of a new exhibit as provided in this Amendment; and

**WHEREAS**, SUNRx and Eligible Entity desire to amend the Agreement to provide for an exception to the exclusivity requirements set forth in Section 9 of the Agreement, to enable the Eligible Entity to enter into a direct relationship with Walgreens Pharmacies and to receive 340B Administrative Services in connection therewith, in accordance with the terms of this Amendment; and

**WHEREAS**, this First Amendment incorporates the terms and conditions set forth in the Agreement approved by the County of Santa Barbara.

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. **Incorporation.** Except as otherwise stated in this Amendment, all terms and provisions of the Agreement are hereby incorporated into this Amendment, as if fully restated herein. In the event that the terms of this Amendment conflict with the terms of the Agreement, the terms of this Amendment shall govern. All capitalized terms in this Amendment, not

specifically defined herein, shall have the meaning of such terms as defined in the Agreement.

2. **Amendments.**

The Agreement is amended as follows:

Sections **9. Exclusivity** and **10.10 Compliance with Law** set forth in the Agreement shall be deleted in their entirety and replaced with the following:

**9. Exclusivity.** Unless expressly prohibited by applicable HRSA guidelines or requirements, Eligible Entity agrees that, during the term of this Agreement, SUNRx shall be the sole and exclusive agent for Eligible Entity for each of the services described in this Agreement, including without limitation the 340B virtual inventory services. Notwithstanding the above, SUNRx agrees that the exclusivity requirements of this Section 9, shall not apply to the Walgreens company, and Eligible Entity may enter into a direct contract pharmacy relationship with Walgreens and its retail pharmacy locations.

**10.10 Compliance with Law.** Each Party hereby agrees to comply with all applicable federal, state and local laws in performing its obligations hereunder, including but not limited to the federal and anti-kickback and self-referral laws and regulations, Office of Inspector General and General Services Administration 'exclusion lists' at all times during the term of this Agreement.

3. **Exhibits.**

The Exhibits are amended as follows:

**Exhibit III** dated May 19, 2010 shall be deleted and replaced in its entirety with **Exhibit III dated May 1, 2013**, attached hereto and incorporated herein by reference.

**Exhibit V**, attached hereto and incorporated herein, shall be added to the Agreement.

4. **Counterparts.** This First Amendment may be executed in several counterparts, all of which taken together shall constitute a single agreement between the parties.

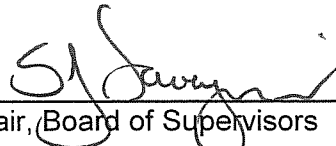
First Amendment to Agreement for Prescription Drug Administrative Services between the County of Santa Barbara and 340B Holdings, LLC.

IN WITNESS WHEREOF, the parties have executed this First Amendment to be effective January 1, 2014.

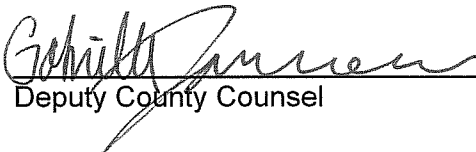
COUNTY OF SANTA BARBARA

ATTEST:  
MONA MIYASATO  
CLERK OF THE BOARD

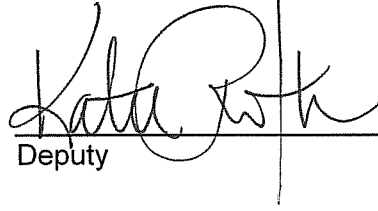
By:   
Deputy Clerk

  
Chair, Board of Supervisors  
Date: 1-7-14

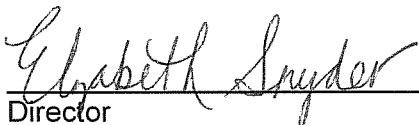
APPROVED AS TO FORM:  
MICHAEL C. GHIZZONI  
COUNTY COUNSEL

By:   
Deputy County Counsel

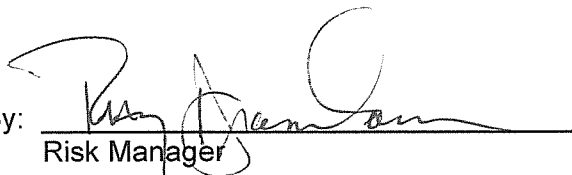
APPROVED AS TO ACCOUNTING FORM:  
ROBERT W GEIS, CPA  
AUDITOR-CONTROLLER

By:   
Deputy

APPROVED:  
TAKASHI WADA, MD, MPH  
DIRECTOR/HEALTH OFFICER  
PUBLIC HEALTH DEPARTMENT

By:   
Director

APPROVED AS TO FORM:  
RAY AROMATORIO, ARM, AIC  
RISK MANAGER

By:   
Risk Manager

First Amendment to Agreement for Prescription Drug Administrative Services between the County of Santa Barbara and 340B Holdings, LLC.

IN WITNESS WHEREOF, the parties have executed this First Amendment to be effective January 1, 2014.

340B Holdings, LLC.

By: John C. Schumacher  
Name: John Schumacher, General Manager

Date: 12/4/2013

**EXHIBIT III**  
**HIPAA BUSINESS ASSOCIATE AGREEMENT (BAA)**  
**Revised: May 1, 2013**

This Business Associate Agreement ("BAA") supplements and is made a part of the Agreement between COUNTY (referred to herein as "Covered Entity") and CONTRACTOR (referred to herein as "Business Associate").

**RECITALS**

Covered Entity wishes to disclose certain information to Business Associate pursuant to the terms of the Agreement, some of which may constitute Protected Health Information ("PHI") (defined below).

Covered Entity and Business Associate intend to protect the privacy and provide for the security of PHI disclosed to Business Associate pursuant to the Agreement in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("HITECH Act"), and 45 CFR Parts 160 and 164, Subpart C (the "Security Rule"), Subpart D (the "Data Breach Notification Rule") and Subpart E (the "Privacy Rule") (collectively, the "HIPAA Regulations").

As part of the HIPAA Regulations, the Privacy Rule and the Security Rule (defined below) require Covered Entity to enter into a contract containing specific requirements with Business Associate prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.314(a), 164.502(e) and 164.504(e) of the Code of Federal Regulations (C.F.R.) and contained in this BAA.

In consideration of the mutual promises below and the exchange of information pursuant to this BAA, the parties agree as follows:

**1. Definitions**

- a. **Breach** shall have the meaning given to such term under the HITECH Act [42 U.S.C. Section 17921].
- b. **Business Associate** shall have the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including but not limited to, 42 U.S.C. Section 17938 and 45 C.F.R. Section 160.103.
- c. **Covered Entity** shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Section 160.103.
- d. **Data Aggregation** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- e. **Designated Record Set** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

- f. **Electronic Protected Health Information** means Protected Health Information that is maintained in or transmitted by electronic media.
- g. **Electronic Health Record** shall have the meaning given to such term in the HITECT Act, including, but not limited to, 42 U.S.C. Section 17921.
- h. **Health Care Operations** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.
- i. **Privacy Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and E.
- j. **Protected Health Information or PHI** means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. Protected Health Information includes Electronic Protected Health Information [45 C.F.R. Sections 160.103, 164.501].
- k. **Protected Information** shall mean PHI provided by Covered Entity to Business Associate or created or received by Business Associate on Covered Entity's behalf.
- l. **Security Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and C.
- m. **Unsecured PHI** shall have the meaning given to such term under the HITECH Act and any guidance issued pursuant to such Act including, but not limited to, 42 U.S.C. Section 17932(h).

## 2. Obligations of Business Associate

- a. **Permitted Uses.** Business Associate shall not use Protected Information except for the purpose of performing Business Associate's obligations under the Agreement and as permitted under the Agreement and this BAA. Further, Business Associate shall not use Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so used by Covered Entity. However, Business Associate may use Protected Information (i) for the proper management and administration of Business Associate, (ii) to carry out the legal responsibilities of Business Associate, or (iii) for Data Aggregation purposes for the Health Care Operations of Covered Entity [45 C.F.R. Sections 164.504(e)(2)(ii)(A) and 164.504(e)(4)(i)].
- b. **Permitted Disclosures.** Business Associate shall not disclose Protected Information except for the purpose of performing Business Associate's obligations under the Agreement and as permitted under the Agreement and this BAA. Business Associate shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by Covered Entity. However, Business Associate may disclose Protected Information (i) for the proper management and administration of Business Associate; (ii) to carry out the legal responsibilities of Business Associate; (iii) as required by law; or (iv) for Data Aggregation purposes for the Health Care Operations of Covered Entity. If Business Associate

discloses Protected Information to a third party, Business Associate must obtain, prior to making any such disclosure, (i) reasonable written assurances from such third party that such Protected Information will be held confidential as provided pursuant to this BAA and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify Business Associate of any breaches of confidentiality of the Protected Information, to the extent the third party has obtained knowledge of such breach [42 U.S.C. Section 17932; 45 C.F.R. Sections 164.504(e)(2)(i), 164.504(e)(2)(i)(B), 164.504(e)(2)(ii)(A) and 164.504(e)(4)(ii)].

- c. **Prohibited Uses and Disclosures.** Business Associate shall not use or disclose Protected Information for fundraising or marketing purposes. Business Associate shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which the PHI solely relates [42 U.S.C. Section 17935(a)]. Business Associate shall not directly or indirectly receive remuneration in exchange for Protected Information, except with the prior written consent of Covered Entity and as permitted by the HITECH Act, 42 U.S.C. section 17935(d)(2); however, this prohibition shall not affect payment by Covered Entity to Business Associate for services provided pursuant to the Agreement. Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of this Agreement, the BAA, or the HIPAA Regulations.
- d. **Appropriate Safeguards.** Business Associate shall implement appropriate safeguards as are necessary to prevent the use or disclosure of Protected Information otherwise than as permitted by the Agreement or this BAA, including, but not limited to, administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the Protected Information, in accordance with 45 C.F.R. Sections 164.308, 164.310, and 164.312. [45 C.F.R. Section 164.504(e)(2)(ii)(B); 45 C.F.R. Section 164.308(b)]. Business Associate shall comply with the policies and procedures and documentation requirements of the HIPAA Security Rule, including, but not limited to, 45 C.F.R. Section 164.316 [42 U.S.C. Section 17931].
- e. **Reporting of Improper Access, Use or Disclosure.** Business Associate shall report to Covered Entity in writing of any access, use or disclosure of Protected Information not permitted by the Agreement and this BAA, and any Breach of Unsecured PHI, as required by the Data Breach Notification Rule, of which it becomes aware without unreasonable delay and in no case later than 60 calendar days after discovery [42 U.S.C. Section 17921; 45 C.F.R. Section 164.504(e)(2)(ii)(C); 45 C.F.R. Section 164.308(b)].
- f. **Business Associate's Subcontractors and Agents.** Business Associate shall ensure that any agents and subcontractors to whom it provides Protected Information, agree in writing to the same restrictions and conditions that apply to Business Associate with respect to such PHI and implement the safeguards required by paragraph (c) above with respect to Electronic PHI [45 C.F.R. Section 164.504(e)(2)(ii)(D); 45 C.F.R. Section 164.308(b)]. Business Associate shall implement and maintain sanctions against agents and subcontractors that violate such restrictions and conditions and shall mitigate the effects of any such violation (see 45 C.F.R. Sections 164.530(f) and 164.530(e)(1)).

- g. **Access to Protected Information.** To the extent that the Covered Entity keeps a designated record set then Business Associate shall make Protected Information maintained by Business Associate or its agents or subcontractors in Designated Record Sets available to Covered Entity for inspection and copying within ten (10) days of a request by Covered Entity to enable Covered Entity to fulfill its obligations under state law [Health and Safety Code Section 123110] and the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.524 [45 CF.R. Section 164.504(e)(2)(ii)(E)]. If Business Associate maintains an Electronic Health Record, Business Associate shall provide such information in electronic format to enable Covered Entity to fulfill its obligations under the HITECH Act, including, but not limited to, 42 U.S.C. Section 17935(e).
- h. **Amendment of PHI for Business Associate who is Required to Maintain a Record Set.** If Business Associate is required to maintain a designated record set on behalf of the Covered Entity the Business Associate shall within ten (10) days of receipt of a request from Covered Entity for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, Business Associate or its agents or subcontractors shall make such Protected Information available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.526. If any individual requests an amendment of Protected Information directly from Business Associate or its agents or subcontractors, Business Associate must notify Covered Entity in writing within five (5) days of the request. Any approval or denial of amendment of Protected Information maintained by Business Associate or its agents or subcontractors shall be the responsibility of Covered Entity [45 C.F.R. Section 164.504(e)(2)(ii)(F)].
- i. **Accounting Rights.** Within ten (10) days of notice by Covered Entity of a request for an accounting of disclosures of Protected Information, Business Associate and its agents or subcontractors shall make available to Covered Entity the information required to provide an accounting of disclosures to enable Covered Entity to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.528, and the HITECH Act, including but not limited to 42 U.S.C. Section 17935(c), as determined by Covered Entity. Business Associate agrees to implement a process that allows for an accounting to be collected and maintained by Business Associate and its agents or subcontractors for at least six (6) years prior to the request. However, accounting of disclosures from an Electronic Health Record for treatment, payment or health care operations purposes are required to be collected and maintained for only three (3) years prior to the request, and only to the extent that Business Associate maintains an electronic health record and is subject to this requirement. At a minimum, the information collected and maintained shall include: (i) the date of disclosure; (ii) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (iii) a brief description of Protected Information disclosed and (iv) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or a copy of the individual's authorization, or a copy of the written request for disclosure. In the event that the request for an accounting is delivered directly to Business Associate or its agents or subcontractors, Business Associate shall within five (5) days of a request forward it to Covered Entity in writing. It shall be Covered Entity's responsibility to prepare and deliver any such accounting requested. Business Associate shall not disclose any Protected Information except as set forth in Sections 2.b. of this BAA [45 C.F.R. Sections 164.504(e)(2)(ii)(G) and 165.528]. The provisions of this subparagraph shall survive the termination of this Agreement.



- j. **Governmental Access to Records.** Business Associate shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to Covered Entity and to the Secretary of the U.S. Department of Health and Human Services (Secretary) for purposes of determining Business Associate's compliance with the Privacy Rule [45 C.F.R. Section 164.504(e)(2)(ii)(H)]. Business Associate shall provide to Covered Entity a copy of any Protected Information that Business Associate provides to the Secretary concurrently with providing such Protected Information to the Secretary.
- k. **Minimum Necessary.** Business Associate (and its agents or subcontractors) shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use, or disclosure [42 U.S.C. Section 17935(b); 45 C.F.R. Section 164.514(d)(3)]. Business Associate understands and agrees that the definition of "minimum necessary" is in flux and shall keep itself informed of guidance issued by the Secretary with respect to what constitutes "minimum necessary."
- l. **Data Ownership.** Business Associate acknowledges that Business Associate has no ownership rights with respect to the Protected Information.
- m. **Business Associate's Insurance.** Business Associate represents and warrants that it purchases commercial insurance to cover its exposure for any claims, damages or losses arising as a result of a breach of the terms of this BAA.
- n. **Notification of Possible Breach.** During the term of the Agreement, Business Associate shall notify Covered Entity within twenty-four (24) hours of any suspected or actual breach of security, or any access, use or disclosure of Protected Information not permitted by the Agreement or this BAA or unauthorized use or disclosure of PHI of which Business Associate becomes aware and/or any actual or suspected use or disclosure of data in violation of any applicable federal or state laws or regulations. Business Associate shall take (i) prompt corrective action to cure any such deficiencies and (ii) any action pertaining to such unauthorized disclosure required by applicable federal and state laws and regulations. [42 U.S.C. Section 17921; 45 C.F.R. Section 164.504(e)(2)(ii)(C); 45 C.F.R. Section 164.308(b)]
- o. **Breach Pattern or Practice by Covered Entity.** Pursuant to 42 U.S.C. Section 17934(b), if the Business Associate knows of a pattern of activity or practice of the Covered Entity that constitutes a material breach or violation of the Covered Entity's obligations under the Agreement or this BAA or other arrangement, the Business Associate must take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, the Business Associate must terminate the Agreement or other arrangement if feasible, or if termination is not feasible, report the problem to the Secretary. Business Associate shall provide written notice to Covered Entity of any pattern of activity or practice of the Covered Entity that Business Associate believes constitutes a material breach or violation of the Covered Entity's obligations under the Agreement or this BAA or other arrangement within five (5) days of discovery and shall meet with Covered Entity to discuss and attempt to resolve the problem as one of the reasonable steps to cure the breach or end the violation.
- p. **Audits, Inspection and Enforcement.** Within ten (10) days of a written request by Covered Entity, Business Associate and its agents or subcontractors shall allow Covered Entity to conduct a reasonable inspection of the facilities, systems, books, records, agreements, policies and

procedures relating to the use or disclosure of Protected Information pursuant to this BAA for the purpose of determining whether Business Associate has complied with this BAA; provided, however, that (i) Business Associate and Covered Entity shall mutually agree in advance upon the scope, timing and location of such an inspection, (ii) Covered Entity shall protect the confidentiality of all confidential and proprietary information of Business Associate to which Covered Entity has access during the course of such inspection; and (iii) Covered Entity shall execute a nondisclosure agreement, upon terms mutually agreed upon by the parties, if requested by Business Associate. The fact that Covered Entity inspects, or fails to inspect, or has the right to inspect, Business Associate's facilities, systems, books, records, agreements, policies and procedures does not relieve Business Associate of its responsibility to comply with this BAA, nor does Covered Entity's (i) failure to detect or (ii) detection, but failure to notify Business Associate or require Business Associate's remediation of any unsatisfactory practices, constitute acceptance of such practice or a waiver of Covered Entity's enforcement rights under the Agreement or this BAA, Business Associate shall notify Covered Entity within ten (10) days of learning that Business Associate has become the subject of an audit, compliance review, or complaint investigation by the Office for Civil Rights.

### 3. Termination

- a. **Material Breach.** A breach by Business Associate of any provision of this BAA, as determined by Covered Entity, shall constitute a material breach of the Agreement and shall provide grounds for immediate termination of the Agreement, any provision in the Agreement to the contrary notwithstanding [45 C.F.R. Section 164.504(e)(2)(iii)].
- b. **Judicial or Administrative Proceedings.** Covered Entity may terminate the Agreement, effective immediately, if (i) Business Associate is named as a defendant in a criminal proceeding for a violation of HIPAA, the HITECH Act, the HIPAA Regulations or other security or privacy laws or (ii) a finding or stipulation that the Business Associate has violated any standard or requirement of HIPAA, the HITECH Act, the HIPAA Regulations or other security or privacy laws is made in any administrative or civil proceeding in which the party has been joined.
- c. **Effect of Termination.** Upon termination of the Agreement for any reason, Business Associate shall, at the option of Covered Entity, return or destroy all Protected Information that Business Associate or its agents or subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by Covered Entity, Business Associate shall continue to extend the protections of Section 2 of this BAA to such information, and limit further use of such PHI to those purposes that make the return or destruction of such PHI infeasible. [45 C.F.R. Section 164.504(e)(ii)(2)(I)]. If Covered Entity elects destruction of the PHI, Business Associate shall certify in writing to Covered Entity that such PHI has been destroyed.

### 4. Indemnification

If Business Associate fails to adhere to any of the privacy, confidentiality, and/or data security provisions set forth in this BAA or if there is a Breach of PHI in Business Associate's possession and, as a result, PHI or any other confidential information is unlawfully accessed, used or disclosed, Business Associate agrees to reimburse Covered Entity for any and all costs, direct or indirect, incurred by Covered Entity associated with any Breach notification obligations. Business Associate also agrees to pay for any and

all fines and/or administrative penalties imposed for such unauthorized access, use or disclosure of confidential information or for delayed reporting if it fails to notify the Covered Entity of the Breach as required by this BAA.

#### **5. Disclaimer**

Covered Entity makes no warranty or representation that compliance by Business Associate with this BAA, HIPAA, the HITECH Act, or the HIPAA Regulations will be adequate or satisfactory for Business Associate's own purposes. Business Associate is solely responsible for all decisions made by Business Associate regarding the safeguarding of PHI.

#### **4. Certification**

To the extent that Covered Entity determines that such examination is necessary to comply with Covered Entity's legal obligations pursuant to HIPAA relating to certification of its security practices, Covered Entity or its authorized agents or contractors, may, at Covered Entity's expense, examine Business Associate's facilities, systems, procedures and records as may be necessary for such agents or contractors to certify to Covered Entity the extent to which Business Associate's security safeguards comply with HIPAA, the HITECH Act, the HIPAA Regulations or this BAA.

#### **5. Amendment to Comply with Law**

The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of the Agreement or this BAA may be required to provide for procedures to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HITECH Act, the Privacy Rule, the Security Rule and other applicable laws relating to the security or confidentiality of PHI. The parties understand and agree that Covered Entity must receive satisfactory written assurance from Business Associate that Business Associate will adequately safeguard all Protected Information. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this BAA embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act, the Privacy Rule, the Security Rule or other applicable laws. Covered Entity may terminate the Agreement upon thirty (30) days written notice in the event (i) Business Associate does not promptly enter into negotiations to amend the Agreement or this BAA when requested by Covered Entity pursuant to this Section or (ii) Business Associate does not enter into an amendment to the Agreement or this BAA providing assurances regarding the safeguarding of PHI that Covered Entity, in its sole discretion, deems sufficient to satisfy the standards and requirements of applicable laws.

#### **6. Assistance in Litigation of Administrative Proceedings**

Business Associate shall make itself, and any subcontractors, employees or agents assisting Business Associate in the performance of its obligations under the Agreement or this BAA, available to Covered Entity, at no cost to Covered Entity, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against Covered Entity, its directors, officers or employees based upon a claimed violation of HIPAA, the HITECH Act, the Privacy Rule, the Security Rule, or other laws relating to security and privacy, except where Business Associate or its subcontractor, employee or agent is named adverse party.

## **7. No Third-Party Beneficiaries**

Nothing express or implied in the Agreement or this BAA is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity, Business Associate and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

## **8. Effect on Agreement**

Except as specifically required to implement the purposes of this BAA, or to the extent inconsistent with this BAA, all other terms of the Agreement shall remain in force and effect.

## **9. Entire Agreement of the Parties**

This BAA supersedes any and all prior and contemporaneous business associate agreements between the parties and constitutes the final and entire agreement between the parties hereto with respect to the subject matter hereof. Covered Entity and Business Associate acknowledge that no representations, inducements, promises, or agreements, oral or otherwise, with respect to the subject matter hereof, have been made by either party, or by anyone acting on behalf of either party, which are not embodied herein. No other agreement, statement or promise, with respect to the subject matter hereof, not contained in this BAA shall be valid or binding.

## **10. Interpretation**

The provisions of this BAA shall prevail over any provisions in the Agreement that may conflict or appear inconsistent with any provision in this BAA. This BAA and the Agreement shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, the Privacy Rule and the Security Rule. The parties agree that any ambiguity in this BAA shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HITECH Act, the Privacy Rule and the Security Rule.

**EXHIBIT V**

**340B IN-HOUSE PHARMACY**

**ADDENDUM TO  
PRESCRIPTION DRUG ADMINISTRATIVE SERVICES AGREEMENT**

**with**

**SANTA BARBARA COUNTY PUBLIC HEALTH DEPARTMENT**

## EXHIBIT V

### 340B IN-HOUSE PHARMACY

#### ADDENDUM TO PRESCRIPTION DRUG ADMINISTRATIVE SERVICES AGREEMENT

**This Addendum** ("Addendum") is to the Prescription Drug Administrative Services Agreement ("Agreement") dated June 19, 2012, between 340B Holdings, LLC, located at 3260 Tillman Drive, Suite 75, Bensalem, PA 19020, hereinafter referred to as "SUNRx," and Santa Barbara Public Health Department, located at 300 North San Antonio Road, Santa Barbara, CA 93110, hereinafter referred to as "Eligible Entity." The effective date of this Amendment is January 1, 2014 ("Effective Date").

**WHEREAS**, SUNRx and Eligible Entity desire to add and/or modify certain terms and conditions of the Agreement to allow for a 340B In-House Pharmacy by way of a new exhibit, as provided in this Addendum.

In consideration of the mutual promises in this Addendum and in the Agreement, SUNRx and Eligible Entity agree to add this Exhibit V as follows:

**1. Definitions.**

**1.1. 340B In-House Pharmacy.** The term "340B In-House Pharmacy" shall mean the pharmacy owned by, operated by, and on-site at Eligible Entity.

**1.2 On-Line Claim Adjudication System.** The term "On-Line Claim Adjudication System" shall mean the telecommunication system maintained by MedImpact and used by 340B Contract Pharmacy, 340B In-House Pharmacy and MedImpact to communicate benefit and claims information (also known as the "POS" claim adjudication system).

**2. Pharmacy Services.** If Eligible Entity has a 340B In-House Pharmacy, Eligible Entity agrees as follows:

**2.1 Authority to Contract.** Eligible Entity has the necessary power and legal authority to contract on behalf of 340B In-House Pharmacy and any obligation of or term or condition applicable to 340B In-House Pharmacy in this Agreement is an obligation of or term or condition applicable to Eligible Entity.

**2.2 Eligibility.** 340B In-House Pharmacy shall verify through the POS claim adjudication system (i) whether an individual is a 340B Eligible Patient and (ii) whether the drug prescribed to the individual is a 340B Covered Drug; all Claims must be verified through the POS claim adjudication system and submitted for payment through the POS claim adjudication system. MedImpact shall not be obligated to pay any Claim for a 340B Covered Drug provided to a person who is not eligible.

**2.3 Dispensing.** Following such verification, 340B In-House Pharmacy shall dispense the prescribed drug to the 340B Eligible Patient in the following circumstances: (i) upon presentation of a prescription form bearing the 340B Eligible Patient's name, and the signature of a legally qualified health care provider affiliated with Eligible Entity or (ii) upon

receipt of a prescription ordered by telephone or electronically on behalf of a 340B Eligible Patient by a legally qualified health care provider affiliated with Eligible Entity who prescribes a prescription for an individual who is subsequently verified to be a 340B Eligible Patient, in accordance to Section 2.2. As used in this Addendum, the term "affiliated" refers to providers that are employed by, under contract with, or in referral arrangements with Eligible Entity. Prior to dispensing a 340B Covered Drug to a 340B Eligible Patient, 340B In-House Pharmacy shall collect from each 340B Eligible Patient the applicable copayment as communicated to 340B In-House Pharmacy via the POS claim adjudication system or as otherwise notified in writing by SUNRx.

- 2.4 Representations and Warranties.** 340B In-House Pharmacy represents and warrants that it is, and its pharmacists and technicians are, and will maintain, in good standing, all federal, state, and local licenses and certifications as required by law. 340B In-House Pharmacy further represents and warrants that it can legally dispense prescriptions for Medicare and Medicaid and that it is not subject to exclusion, suspension, or debarment from Medicare, Medicaid, or other government healthcare programs. 340B In-House Pharmacy further represents and warrants that it has, and will maintain, policies for general and professional liability insurance in such forms and amounts reasonable for the industry, which shall in no event be less than the greater of the amount required by law or \$1 million per occurrence and \$3 million aggregate. 340B In-House Pharmacy agrees to immediately notify SUNRx and MedImpact in writing of any suspension, revocation, limitation, or disciplinary action taken by any State Board of Pharmacy or other licensing or regulatory authority, including Medicaid or Department of Health and Human Services (DHHS), and of any suspensions, cancellations, or material changes of insurance coverage. 340B In-House Pharmacy acknowledges that failure to maintain the appropriate licenses, certifications, and/or insurance policies will result in immediate termination of this Addendum. 340B In-House Pharmacy must provide to SUNRx evidence of such licenses, certifications, and insurance policies upon request.
- 2.5 Claim Submission.** All cash Claims under this Exhibit shall be submitted by 340B In-House Pharmacy through the POS claim adjudication system in accordance with this Addendum and the MedCare Pharmacy Networks Policies and Procedures Manual, which is made a part hereof.
- 2.6 Claim Adjudication.** SUNRx shall adjudicate each Claim in accordance with the Agreement and this Addendum. To the extent a Claim is covered by a third-party Payor that is contracted with MedImpact to be its PBM, 340B In-House Pharmacy acknowledges that MedImpact operates only as an intermediary between Payors and 340B In-House Pharmacy with respect to payment. Such Payors have agreed with MedImpact to pay sufficient funds for Claims submitted by 340B In-House Pharmacy and approved for payment. Provided that sufficient payment has been received by MedImpact from such Payors, MedImpact will forward payment to 340B In-House Pharmacy for Claims as directed by Eligible Entity upon its 340B In-House Pharmacy, as allowed by law. If any taxes, assessments and/or similar fees ("taxes") are imposed on 340B In-House Pharmacy by a governmental authority based on 340B In-House Pharmacy's provision of 340B Covered Drugs to 340B Eligible Patients, 340B In-House Pharmacy may request reimbursement from Payors or 340B Eligible Patient for such taxes that are allowed and imposed by applicable law in accordance with the Payor's plan. 340B In-House

Pharmacy must transmit the applicable tax amount allowed by law through the POS claim adjudication system. In no event does this give 340B In-House Pharmacy any additional or different rights than those allowed by law. In no event shall SUNRx or MedImpact be liable for any such taxes or the determination of the amount of such taxes. 340B In-House Pharmacy shall assume the responsibility of making timely payments to the appropriate taxing authorities the amount of any taxes received by Payor.

- 2.7 340B Covered Drug Replenishment.** 340B In-House Pharmacy shall dispense 340B Covered Drugs using a physical inventory model. 340B In-House Pharmacy shall be solely responsible for its inventory replenishment. If 340B In-House Pharmacy desires to use a virtual inventory model, Eligible Entity and its 340B In-House Pharmacy agree to exclusively use the virtual inventory system offered through SUNRx.
- 2.8 Patient Choice.** Eligible Entity shall inform each 340B Eligible Patient of his or her freedom to choose a provider of pharmacy services and that he or she may be eligible for a discount on 340B Covered Drugs but that such discount may be obtained only at 340B Contract Pharmacies and 340B In-House Pharmacy.
- 2.9 Compliance with Law.** 340B In-House Pharmacy acknowledges that various state and federal mandates and guidelines may apply with respect to the Addendum and the pharmacy services provided under this Addendum. 340B In-House Pharmacy represents and warrants that it is, and shall remain, in compliance with all applicable laws, including but not limited to all applicable Medicaid laws, Section 340B, all laws applicable to individuals and entities receiving federal funds and all other applicable federal and state laws, Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act, the Rehabilitation Act of 1973, all applicable federal and state anti-kickback statutes, and all federal and state privacy and security requirements. For purposes of this Addendum, pharmacy services include, but are not limited to, dispensing drugs to 340B Eligible Patients, conducting drug utilization review, maintaining 340B Eligible Patient drug profiles, and counseling and advising 340B Eligible Patients consistent with the rules, limitations, and privileges incident to the pharmacy-patient relationship. 340B In-House Pharmacy shall ensure, in accordance with Section 340B and DHHS requirements, there is no diversion, transfer, or resale of 340B drugs.
- 2.10 Transaction Fees/POS Fees.** 340B In-House Pharmacy may be responsible for any applicable transaction charges/POS fees associated with the submission of Claims information to SUNRx. Such charges may be deducted by SUNRx from any amounts owed to such 340B In-House Pharmacy. Charges may apply to each data submission when submitted by the 340B In-House Pharmacy with response by SUNRx.
- 2.11 Administrative Fees/Dispensing Fees.** Eligible Entity shall be responsible for those fees as outlined in Exhibit II to the Agreement. In addition, if Eligible Entity desires to reimburse 340B In-House Pharmacy for Dispensing Fee(s) for those Claims adjudicated by 340B In-House Pharmacy through the POS claim adjudication system, such Dispensing Fees shall be outlined in Exhibit II in the Agreement and processed in accordance with Section 2.4 of the Agreement.

**3.** Except as modified by this Addendum and to the extent not inconsistent with this Addendum, all



terms and conditions of the Agreement shall remain in full force and effect.

4. Each Party represents and warrants that it has the necessary power and authority to enter into this Addendum and to consummate the transactions contemplated in this Addendum.