

Supplement No. 1
Contractual Agreement for Third Party Administrator Services
("Supplement")

Article 1. Background

- 1.1 WHEREAS, the Employees Retirement System of Texas ("ERS") and Blue Cross and Blue Shield of Texas, an Operating Division of Health Care Service Corporation, a Mutual Legal Reserve Company ("TPA") entered into a Contractual Agreement for Third Party Administrator Services for the HealthSelectSM of Texas ("HealthSelect") program effective December 2, 2016 ("Contract"); and
- 1.2 WHEREAS, House Bill 952 enacted by the 79th Texas Legislature and Senate Bill 1761 enacted by the 80th Texas Legislature (now codified in Chapter 671, Texas Government Code), directed ERS to develop and implement a pilot program to provide health services to state employees in state office complexes ("Employee Health Center"); and
- 1.3 WHEREAS, ERS requested TPA to assist in administering the Employee Health Center;
- 1.4 WHEREAS, the Employee Health Center has been in operation at the Texas Commission on Environmental Quality ("TCEQ") since March 15, 2006, and will cease operations as of August 31, 2017, unless continued for a new term;
- 1.5 WHEREAS, both ERS and TPA desire to continue the operation of the Employee Health Center for an additional year beyond August 31, 2017 until August 31, 2018;
- 1.6 NOW, THEREFORE, in consideration of the mutual terms and conditions set forth herein, the parties have agreed to supplement the Contract and continue the Employee Health Center for a new term as follows:

Article 2. Term

- 2.1 TPA will contract with a multi-specialty medical group to operate the Employee Health Center from September 1, 2017 through August 31, 2018, the term of the Supplement, unless continued for an additional term beyond August 31, 2018 by further written agreement of the parties or unless earlier terminated in writing by the parties as provided in Article 11 of this Supplement.

Article 3. Compensation

- 3.1 TPA shall not receive compensation for providing any administrative services in connection with the Employee Health Center for the period September 1, 2017 through August 31, 2018. The parties agree that any continuance of the Employee Health Center beyond August 31, 2018 may require the consideration of mutually acceptable administrative fees payable to TPA.

Article 4. ERS Responsibilities

- 4.1 ERS Employee Health Center responsibilities include administration and operational support, establishing and maintaining contracts for essential administrative services, statutory compliance and responding to legislative requests, if any, for Employee Health Center reports and information.

Article 5. Services Provided by TPA

- 5.1 TPA will provide the following services related to the Employee Health Center:
 - A. TPA will enter into agreements with a medical group that will provide Employee Health Center staffing by licensed and appropriately credentialed health care professionals who maintain, during the term of this Supplement, professional liability insurance covering the Employee Health Center services to be provided.



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- B. TPA will provide administrative services which will include, but are not limited to, the following:
1. Billing and payment administration. ERS will reimburse TPA monthly at the rate of \$11,900.00 for the fixed fee payable to the contracted health care provider operating the Employee Health Center, so long as TCEQ continues to pay ERS for such services. For partial months the reimbursement rate will be prorated on a daily basis. TPA will be responsible for making monthly payments to contracting Employee Health Center health care providers, only so long as TCEQ continues to pay ERS for such services.
 2. ERS will not reimburse TPA for health care provider costs and expenses for periods of time beyond "regular leave," as defined below, when a qualified nurse practitioner is not physically present and providing services at the Employee Health Center. Payment for partial months shall be prorated on a daily basis.
 3. Medical group provider Contract administration related to ongoing Employee Health Center operations.
 4. Assistance in the contracted medical group's coordination of Employee Health Center operations with TCEQ. This will include collaboration with TCEQ in establishing hours of operation, site location and preparation, and securing required Employee Health Center equipment and supplies. The TPA's contract with the health care provider shall provide that a nurse practitioner ("nurse") shall work onsite at the Employee Health Center and will provide a minimum of thirty-five (35) patient contact hours per week and a minimum of five (5) hours of administrative duties per week. However, the nurse will be permitted to take a total of five (5) weeks of leave time which includes four (4) weeks total of combined sick and vacation leave, with an additional one (1) week for continuing education classes (referred to collectively as "regular leave"). TPA will also provide support for TCEQ employee communications related to utilization of the Employee Health Center.
 5. Assist ERS in establishing a process for identifying, maintaining, and securing Employee Health Center health care participants and providers' information.
 6. On a monthly basis beginning October 1, 2017, TPA will provide ERS with encounter data necessary for Employee Health Center reports and analysis, including the following data elements: Subscriber ID, date of service, primary, secondary and tertiary diagnosis code(s), and HCPCS CPT code(s).

Article 6. Collaboration

- 6.1 Services provided by TPA pursuant to this Supplement will be in compliance with provisions of the Texas Government Code, Texas Insurance Code, and Texas Administrative Code, and may change from time to time in order to reflect changes in statutes and regulations. The parties agree to cooperate in addressing required changes in Employee Health Center operations and administration.

Article 7. Relationship of the Parties

- 7.1 Employee Health Center services provided by TPA pursuant to this Supplement are in furtherance of services provided under the Contract.



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Article 8. Contract Terms

8.1 Except to the limited extent supplemented herein, the provisions of the Contract shall apply to services provided by TPA pursuant to this Supplement.

Article 9. Employee Health Center Premises Liability

9.1 The parties agree that TPA and its contracting health care providers shall not be liable for any loss, damage, or injury of any kind to any person or property arising from the use of TCEQ facilities for the Employee Health Center or any part of such facilities, or caused by any defect in any building, structure, improvement or equipment on the TCEQ facility premises or caused by or arising from an act of TCEQ, or of any of its agents, employees, licensees, or invitees or by or from any accident or casualty brought about by TCEQ's failure to maintain the TCEQ facility premises in safe condition.

Article 10. Designated Representative

10.1 ERS and TPA shall each identify a designated representative to be the primary contact person for communication and notices related to the Employee Health Center.

Article 11. Termination

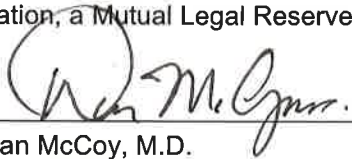
11.1 Termination. Either party may terminate this Supplement without cause upon sixty (60) days written notice.

Article 12. Complete Agreement

12.1 The Contract as supplemented by this agreement constitutes the complete agreement of the parties with respect to Employee Health Center administrative services. In the event of a conflict between the provisions of this Supplement and the Contract with regard to Employee Health Center administrative services only, the Supplement provision shall control.

IN WITNESS WHEREOF, ERS and TPA have executed this Supplement No. 1 to the Contractual Agreement for Third Party Administrator Services to be effective on the date executed by ERS below.

BLUE CROSS AND BLUE SHIELD OF TEXAS,
an Operating Division of Health Care Service
Corporation, a Mutual Legal Reserve Company

By: 
Dan McCoy, M.D.
President

Date: August 21, 2017

EMPLOYEES RETIREMENT SYSTEM OF TEXAS

By: 
Porter Wilson
Executive Director

Date: 8/25/2017