

NEW YORK STATE DEPARTMENT OF CIVIL SERVICE

and

BEACON HEALTH OPTIONS, INC., formerly known as VALUEOPTIONS, INC.

AGREEMENT NO. C000625

AMENDMENT NO. 3

This Third Amendment to Agreement C000625 ("Agreement" or "Contract") is entered into by the New York State Department of Civil Service ("Department") and Beacon Health Options, Inc., formerly known as Value Options Inc. ("Contractor") The foregoing are collectively referred to as the "Parties".

WITNESSETH

WHEREAS, in 2014 the Department issued a competitive solicitation to obtain the services of a qualified organization to administer and provide mental health and substance abuse benefits to the members of the Empire Plan;

WHEREAS, the Contract was awarded to ValueOptions, Inc. and assigned the contract number of C000625 with a termination date of February 25, 2021;

WHEREAS, ValueOptions, Inc. and Beacon Health Strategies, LLC merged with an official name change to Beacon Health Options, Inc.;

WHEREAS, C000625 provided for an initial term of five (5) years with one optional extension period not to exceed 11 months which the Parties exercised pursuant to the First Amendment to the Contract approved by OSC on June 20, 2020, extending the term of the Contract until January 25, 2022;

WHEREAS, pursuant to the Second Amendment to the Contract, the term of the Contract was extended for an additional one-year period which term is scheduled to expire on December 31, 2022;

WHEREAS, the Department submitted a request to the Office of the State Comptroller (OSC) for a single source exemption for an extension to continue the Contract with Beacon Health Options to administer the Empire Plan mental health and substance use disorder program until December 31, 2023, which was approved by OSC by letter dated December 16, 2022; and

WHEREAS, the Department has a continued need for such services;

WHEREAS, Contractor is willing to continue performing such services.

NOW THEREFORE, in consideration of the mutual covenants and considerations contained herein, the Parties agree as follows:

1. Appendix A, Standard Clauses for New York State Contracts, dated January 2014, is replaced with a new Appendix A, Standard Clauses for New York State Contracts, dated October 2019, located at https://ogs.ny.gov/system/files/documents/2019/10/AppendixA_0.pdf as if fully set forth herein.
2. The Parties agree to extend the contractual terms and conditions for an additional one-year period until December 31, 2023, unless terminated in accordance with the provisions of the Agreement.
3. The Parties agree that for the time period of January 1, 2023, through December 31, 2023:
 - a. The monthly Administrative Fee payable to the Contractor in accordance with section 13.1.2 of the Agreement shall be \$2.69 per Enrollee.
 - b. The Guaranteed Average Unit Cost (GUAC) in accordance with Section 12.1.4 of the Agreement will be modified so that both Inpatient and Outpatient services will be subject to a combined GUAC of \$107.18.
4. Article I, Section 1.34.0, Guaranteed Average Unit Cost (GAUC) definition is modified as follows:

1.34.0 Guaranteed Average Unit Cost (GAUC) means the amounts ~~as proposed by the Contractor for the combined~~ Network Outpatient Services and Network Inpatient/Alternative Level of Care (ALOC) Services ~~in RFP Exhibits V.A.2 and V.A.3, respectively as agreed to by the Department and the Contractor in Amendment 3.~~ The GAUC amounts shall be based on Plan primary claims only and be prior to the application of Copayment and Bad Debt and Charity assessments. The combined GAUC for Network Inpatient/ALOC Services may incorporate the inpatient professional service component pertaining to global reimbursement arrangements.
5. ARTICLE XII: DCS PROGRAM CLAIMS REIMBURSEMENT is modified as follows:

12.1.0 Provider Network Claims

12.1.1 The Contractor must contract with Network Providers. The amount charged to the MHSA Program shall be the contracted Network Provider fee, less any applicable Copayment and after the coordination of benefits when the claim is processed as secondary coverage.

12.1.2 Claim payments are to be made based on the requirements contained in Section IV and Articles 6.11.0 and 12.1.0 of this Agreement, including but not limited to each group's Copayments.

12.1.3 Throughout each Plan Year, the Contractor shall charge to the Program the incurred claims cost for Network services based on the amounts actually paid by the Contractor to Network Providers.

12.1.4 *Network Pricing Guarantee:* The Contractor is required to guarantee that the combined Actual Average Unit Cost (AAUC) ~~for each category~~ shall not exceed the proposed combined Guaranteed Average Unit Cost (GAUC) set forth in Amendment 3.

12.1.4a Based on incurred claims for each Plan Year that are paid as of June 30th of the following year, the Contractor shall calculate a combined the AAUC for both the Inpatient Services and Outpatient Services ~~categories~~. Such Network Services shall include all services/days paid at the Network benefit level including services/days rendered by Non-Network Providers when the Contractor determines that it is appropriate for either access or clinical reasons. Network Services shall not include non-network services where the Contractor had no opportunity to direct the care or Transition of Care services. The calculation of the AAUC shall be equal to the amounts that would be paid by the Contractor to the Network Provider for Plan primary claims only and prior to the application of the Copayment and Bad Debt and Charity assessments.

12.1.4b The Contractor acknowledges that the combined GAUC ~~for the Inpatient Services~~ as set forth in ~~Exhibit E of this Agreement~~ Amendment No. 3 may incorporate the inpatient professional service component pertaining to global reimbursement arrangements. Amounts actually paid and reported to the Department for Inpatient Services will include the inpatient professional service component of global arrangements. Any adjustments in the calculation of the AAUC shall be at the sole discretion of the Department and subject to Article 11, Agreement Duration and Amendments,

of this Agreement

12.1.4c If the combined AAUC for each category exceeds the combined GAUC, the Contractor shall forfeit a portion of the Administrative Fee for failure to meet this guarantee, as follows:

12.1.4c(1) For each [REDACTED] the combined AAUC exceeds the combined GUAC as reflected in Amendment 3 Outpatient Services ~~GAUC proposed in Exhibit V.A.2~~, the Contractor shall pay the Department a performance credit equal to [REDACTED] of the total Administrative Fee charged for the applicable Plan Year. Any amounts due from the Contractor to the Department for failure to meet the performance guarantee shall be applied as a credit against the Administration Fee charged to the MHSA Program within thirty (30) days after the Contractor is notified, in writing, that the calculated performance credit was approved by the Department. The performance credit for ~~Outpatient Services GUAC~~ the combined GUAC as reflected in Amendment 3 shall not exceed 50% of the total Administrative Fee charged for the applicable Plan Year.

~~**12.1.4c(2)** For each 1.0% the AAUC exceeds the combined GUAC as reflected in Amendment 3, the Contractor shall pay the Department a performance credit equal to 1.5% of the total Administrative Fee charged for the applicable Plan Year. Any amounts due from the Contractor to the Department for failure to meet the performance guarantee shall be applied as a credit against the Administration Fee charged to the MHSA Program within thirty (30) days after the Contractor is notified, in writing, that the calculated performance credit was approved by the Department. The performance credit for the combined GUAC as reflected in Amendment 3 shall not exceed 50% of the total Administrative Fee charged for the applicable Plan Year.~~

12.1.4d For the first Plan Year (2016), no change to the proposed GAUC will be allowed, except in the event of circumstances outside the control of the Contractor that may have a significant effect on cost, such as legislation or substantial enrollment risk profile fluctuations. Any proposed change made by the Contractor in the GAUCs for the 2016 Plan year shall be at the sole discretion of the Department and subject to Article II, Agreement Duration and Amendments, of this

Agreement.

12.1.4e For each Plan year after 2016, the Contractor may request in writing an increase in the GAUC. The annual increase shall not exceed the percentage increase in CPI-W for Medical Care, as reported by the Bureau of Labor Statistics for the month of July of the preceding calendar year. If the prior increase in the GAUC occurred more than 12 months prior to the effective date of the requested increase, the maximum increase shall not exceed the cumulative CPI-W observed since the implementation of the prior increase. Any increase in the GAUC requires written approval by the Department and amendment of the Agreement, upon documentation by the Contractor to the satisfaction of the Department, that such increase is required to maintain adequate Network access.

12.1.4f For purposes of both the development of the GAUC and AAUC, claims processed as secondary to the Plan shall be excluded from the calculations and network pricing guarantees. In addition, the GAUC and AAUC shall not include any fees or assessments set forth in Article XIV of this Agreement.

6. Except as herein modified, all other terms and conditions of C000625 remain the same and in full force and effect.

(Remainder of this page intentionally left blank)

Contract Number: **C000625**

IN WITNESS WHEREOF, the Parties hereto have caused this Third Amendment to Agreement # C000625 to be duly executed on the day and year appearing opposite their respective signatures.

Agency Certification: "In addition to the acceptance of this Third Amendment to the Agreement, I also certify that original copies of this signature page shall be attached to all other exact copies of this Agreement."

**NEW YORK STATE
DEPARTMENT OF CIVIL SERVICE**

Name: Rebecca A. Corso
Title: Executive Deputy Commissioner
By: Rebecca A. Corso
Date: 1/23/23

**BEACON HEALTH OPTIONS, INC.
FEIN: 54-1414194**

Name: Glenn MacFarlane
Title: President + Chief Executive Officer
By: Glenn MacFarlane
Date: 1/19/2023

CORPORATION ACKNOWLEDGMENT

STATE OF Indiana }
COUNTY OF Marion } SS.:

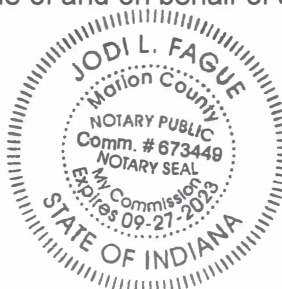
APPROVED
DEPT. OF AUDIT & CONTROL

Feb 03 2023
James M. Iwaneczko

FOR THE STATE COMPTROLLER

On the 19th day of January in the year 2023, before me personally appeared Glenn MacFarlane, known to me to be the person who executed the foregoing instrument, who, being duly sworn by me did depose and say that he/she/they maintains an office at Town of Boston County of Suffolk, State of Massachusetts, and further that: he/she/they is (are) the President & CEO of Beacon Health Options, Inc. the corporation described in and which executed the above instrument; that, by authority of the Board of Directors of said corporation, he/she/they is (are) authorized to execute the foregoing instrument on behalf of the corporation for purposes set forth therein; and that, pursuant to that authority, he/she/they executed the foregoing instrument in the name of and on behalf of said corporation as the act and deed of said corporation.

Notary Public: Jodi L. Fague



Letitia James
ATTORNEY GENERAL

By:

Date:

Approved as to form: _____

Thomas P. DiNapoli
STATE COMPTROLLER

By:

Date:

Approved: _____