



## **EXHIBIT B**

### **PRESCRIPTION BENEFIT SERVICES AGREEMENT AUDIT PROVISIONS**

**Client = Los Angeles County Employees Retirement Association (LACERA)**

#### **5. Audit Rights.**

- 5.1 Each of Client, Blue Cross or a mutually acceptable independent third party retained by either Client or Blue Cross to conduct such audit, may conduct an annual claims audit of Caremark data that directly relates to claims billings and/or administration of the PDD for the prior contract year. The scope of the claims audit shall be in accordance with the procedures set forth in Exhibit H. Neither Client nor Blue Cross shall be entitled to audit agreements with vendors, pharmaceutical companies, participating pharmacies or other providers of products or services to Caremark. The rights and obligations set forth in this Section 5.1 shall be binding on, and inure solely to the benefit of, Client and Blue Cross.
- 5.2 For purposes of audit verification, Client and Blue Cross shall maintain eligibility records for Participants for the duration of the Agreement and for one year thereafter. Such eligibility records may be reviewed by Caremark upon the same terms and conditions as are applicable to Client and Blue Cross's right of review stated above.
- 5.3 Any third party auditor engaged by Client or Blue Cross shall execute a confidentiality agreement with Caremark in a form and substance reasonably acceptable to Caremark prior to conducting an audit. If Client or Blue Cross is a party to such confidentiality agreement, then the confidentiality agreement shall be reasonably acceptable to Caremark, Client and Blue Cross.
- 5.4 Within thirty (30) days of the execution of an appropriate release document covering the audit period, any adjustments, payments and/or reimbursements determined to be necessary as a result of any examination or audit shall be paid by the appropriate party.

## **Audit Guidelines**

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An audit of the Services is intended to enable the Client to confirm that Caremark has complied with its obligations under the Agreement related to administration of the PDD. To accomplish the review in an efficient and timely manner, the following guidelines will apply to the audit process:

### **1.1 Audit Notification Letter.**

A Client or Blue Cross request for an audit of Caremark will be directed to the Client Contract Audit Manager either in writing on the Client's or Blue Cross' letterhead, or by e-mail.

### **1.2 Teleconference.**

Upon Caremark's receipt of a request for an audit, Caremark will organize and conduct an initial teleconference between Client and/or Blue Cross and Caremark. This teleconference will address the following:

- Individual audit participants
- Requirement and purpose of an approved confidentiality agreement (for use with outside audit firms or other Client and/or Blue Cross representatives, as applicable)
- Onsite requirements
- Mutually established timelines
- Claims tape needs and costs
- Prescription copies: timelines, availability and cost
- Guidelines for acceptable verification of audit questions
- Caremark's right to respond within a reasonable time after questions arise and before audit results are disseminated by the auditor to Client and/or Blue Cross
- Audit Process Confirmation Letter
- Other appropriate issues.

### **1.3 Mutually Agreed Timelines.**

Client and/or Blue Cross and Caremark will mutually agree upon an audit timeline, taking into consideration individual circumstances and constraints. An example of a standard timeline is as follows (*from the time a signed confidentiality agreement is secured*):

- Claim tape request – two (2) weeks
- Standard screen prints – two (2) weeks
- Mail service prescription copies – six (6) weeks (cost is typically \$5.00 per script copy)
- Audit Report Reply – one (1) month.

### **1.4 Response To Sampling Questions**

Client and/or Blue Cross can submit to Caremark questions related to provided claim samples. Answers to sampling questions are normally provided within two (2) weeks after the questions have been presented.

### **1.5 Claims Tape Requests**

Claims tape specifications shall be clarified during the initial teleconference and processed in the order of receipt following execution of a mutually acceptable signed Confidentiality Agreement. Delivery to the specified party normally takes place within two (2) weeks. The cost typically is \$125.00 per month of data.

### **1.6 Audit Report**

In the event of an audit by a third party, Caremark, Client and/or Blue Cross will be provided a copy of any proposed audit report and Caremark will have a reasonable opportunity to comment on any such report before it is finalized.

### **1.7 Close Of Audit**

Upon finalization of audit results and agreement between Client and/or Blue Cross and Caremark on any identified financial discrepancies, the period under review will be considered closed.