

ORDINANCE 2022-09-01-0646

**AUTHORIZING THE EXECUTION OF AGREEMENTS WITH WALGREEN CO. FOR 340B DRUG DISPENSING SERVICES FOR A REVENUE AMOUNT UP TO \$250,000 AND CARDINAL HEALTH 110, LLC AND CARDINAL HEALTH 112, LLC (CARDINAL HEALTH) TO SERVE AS THE 340B PRESCRIPTION DRUG WHOLESALE DISTRIBUTORS FOR AN AMOUNT UP TO \$250,000 ASSOCIATED WITH THE SAN ANTONIO METROPOLITAN HEALTH DISTRICT'S PARTICIPATION IN THE 340B PRESCRIPTION DRUG PRICING PROGRAM FOR A TERM COMMENCING OCTOBER 1, 2022 AND ENDING SEPTEMBER 30, 2023, WITH OPTIONS TO RENEW FOR TWO, ONE-YEAR TERMS.**

\* \* \* \* \*

**WHEREAS**, the 340B Drug Pricing Program (340B Program) is a federal program that enables participating drug manufacturers to provide discounted prices on covered outpatient drugs to eligible health care organizations known as covered entities; and

**WHEREAS**, the commonly stated intent of the 340B Program is to permit covered entities to stretch scarce resources as far as possible to more eligible patients and provide more comprehensive services; and

**WHEREAS**, covered entities participating in the 340B Program may contract with pharmacies to dispense drugs purchased through the 340B Program on their behalf from contracted prescription drug wholesalers/distributors; and

**WHEREAS**, with this agreement, Walgreen Co. will serve as a contract pharmacy, for the San Antonio Metropolitan Health District (Metro Health) a covered entity; and;

**WHEREAS**, with this agreement, Cardinal Health 110, LLC and Cardinal Health 112, LLC (Cardinal Health) will serve as a contract prescription drug wholesaler/distributor for the San Antonio Metropolitan Health District (Metro Health) a covered entity; and

**WHEREAS**, Walgreen Co. and Cardinal Health have participated in Metro Health's 340B Drug Pricing Program as the contract pharmacy and the contract prescription drug wholesale distributor since 2019, and

**WHEREAS**, On March 11, 2022 and March 22, 2022, two (2) Requests for Proposals (RFP) were issued to solicit responses from qualified respondents for prescription drug dispensing services; and

**WHEREAS**, RFP for the 340B Drug Pricing Program Contract Pharmacy closed on April 14, 2022 and one response was received and submitted to the Evaluation Committee for scoring; and

**WHEREAS**, the RFP for the 340B Drug Pricing Program Vendor Wholesaler closed on April 25, 2022 and one response was received and submitted to the Evaluation Committee for scoring; and

**WHEREAS**, the Evaluation Committee recommended awards to Walgreen Co. and Cardinal Health; and

**WHEREAS**, by consensus vote, the committee is recommending to enter into an agreement with Walgreen Co. to serve as a contract pharmacy and Cardinal Health to serve as a contract wholesaler/distributor for Metro Health to provide certain low cost prescription drugs for patients seen at Metro Health clinics; **NOW THEREFORE:**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1** The City Manager or designee, or the Director of the San Antonio Metropolitan Health District or designee, is authorized to negotiate and execute agreements with Walgreen Co. for 340B drug dispensing services for a program income amount up to \$250,000.00, and Cardinal Health 110, LLC and Cardinal Health 112, LLC (Cardinal Health) to serve as the 340B prescription drug wholesale distributors for an amount up to \$250,000.00 associated with the San Antonio Metropolitan Health District's participation in the 340B Prescription Drug Pricing Program for a term commencing October 1, 2022 and ending September 30, 2023, with options to renew for two, one-year terms. The agreements in substantially final form are attached hereto and incorporated herein for all purposes as **Attachment I** and **Attachment II**. The execution authority granted by this Ordinance shall expire 60 days after the effective date.

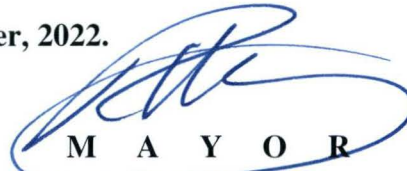
**SECTION 2.** Internal Order Number 136000000879, Fund 2201636120 entitled "STD Staff Support Program FY22" is hereby designated for use in the accounting for the fiscal transaction in the acceptance and expenditure of these funds. Upon acceptance, the sum of up to \$250,000.00 in program income funds from Walgreen Co. will be appropriated in said fund. Payment not to exceed \$250,000.00 is authorized to Cardinal Health upon issuance of a purchase order to serve as the 340B prescription drug wholesale distributor.

**SECTION 3.** The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

SS  
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**SECTION 4.** This Ordinance is effective immediately upon the receipt of eight affirmative votes; otherwise, it is effective ten days after passage.


**PASSED AND APPROVED this 1st day of September, 2022.**

  
**M A Y O R**  
Ron Nirenberg

**ATTEST:**

  
Debbie Racca-Sittre, City Clerk

**APPROVED AS TO FORM:**

 for  
Andrew Segovia, City Attorney





## City of San Antonio

### City Council Meeting September 1, 2022

15.

2022-09-01-0646

Ordinance approving agreements with Walgreen Co. for 340B drug dispensing services for a revenue amount up to \$250,000 and Cardinal Health 110, LLC and Cardinal Health 112, LLC (Cardinal Health) to serve as the 340B prescription drug wholesale distributors for an amount up to \$250,000 associated with the San Antonio Metropolitan Health District's participation in the 340B Prescription Drug Pricing Program for a term commencing October 1, 2022 and ending September 30, 2023, with options to renew for two, one-year terms.[Erik Walsh, City Manager; Claude A. Jacob, Director, Health]

Councilmember Sandoval moved to Approve on the Consent Agenda. Councilmember Cabello Havrda seconded the motion. The motion carried by the following vote:

**Aye:** Nirenberg, Bravo, McKee-Rodriguez, Viagran, Rocha Garcia, Castillo, Cabello Havrda, Sandoval, Courage, Perry

**Absent:** Pelaez



SS  
09/01/22  
Item No. 15

# **ATTACHMENT I**

## 340B CONTRACT PHARMACY SERVICES AGREEMENT

This 340B Contract Pharmacy Services Agreement ("**Agreement**") is made and entered into October 1, 2022 ("**Effective Date**") by and between the City of San Antonio ("**City**") on behalf of the San Antonio Metropolitan Health District ("**Covered Entity**" or "**Metro Health**") and Walgreen Co. ("**Walgreens**" or "**Contractor**").

### 1. RECITALS

- 1.1. Covered Entity qualifies for and participates in a federal drug discount program established under Section 340B of the Public Health Service Act that requires participating pharmaceutical manufacturers to extend discounted pricing to certain health care providers classified as covered entities;
- 1.2. Covered Entity is authorized: (i) to purchase prescription and non-prescription medications at reduced cost through Section 340B of the Public Health Service Act for outpatients of Covered Entity Locations; and (ii) to contract with a licensed pharmacy to manage and dispense its 340B Drugs;
- 1.3. Covered Entity desires to contract with Walgreens to manage and dispense Covered Entity's 340B Drugs pursuant to Covered Entity's 340B Drug Program; and
- 1.4. Walgreens agrees to manage and dispense Covered Entity's 340B Drugs pursuant to the terms and conditions of this Agreement.
- 1.5. In consideration of the promises, covenants and agreements hereinafter set forth, Covered Entity and Walgreens hereby agree to the following terms and conditions:

### 2. DEFINITIONS

- 2.1. "**340B Drugs**" means drugs which are "covered outpatient drugs" as defined in Section 1927(k) of the Social Security Act, 42 USC 1396r-8(k)(2), and which are prescribed by an authorized medical provider affiliated with Covered Entity. All 340B Drugs shall be subject to the limiting definition of "covered outpatient drug" set forth in Section 1927(k) of the Social Security Act, 42 USC 1396r-8(k)(3).
- 2.2. "**340B Drug Program**" means the Covered Entity's program to purchase and either dispense or arrange for the dispensing of 340B Drugs to Eligible Patients in accordance with Section 340B of the Public Health Service Act (the "**Act**").
- 2.3. "**Aged Drug**" means a 340B Drug dispensed by Walgreens in an amount less than full package size that has not subsequently been dispensed within ninety (90) days of the date that such 340B Drug was last dispensed by any Pharmacy Location.
- 2.4. "**Average Wholesale Price**" or "**AWP**" means the Average Wholesale Price for each drug product in the database as defined by MediSpan or another nationally recognized source used by Walgreens.
- 2.5. "**Contracted Rate**" means the contracted and/or agreed upon reimbursement rate between Walgreens and the applicable Private Insurer and includes any Taxes, Eligible Patient co-pay, or other amounts that may be due from an Eligible Patient or Private Insurer or arise out of the coordination of

benefits, as applicable. The Contracted Rate is Walgreen's proprietary and confidential information; therefore, Covered Entity acknowledges and agrees that it will not request, and Walgreens will not provide, the Contracted Rate or any information which may disclose or enable the Covered Entity to determine the Contracted Rate.

2.6. **"Covered Entity Location(s)"** means those individual Covered Entity locations related to Covered Entity that are authorized by HRSA to contract with a licensed pharmacy to manage and dispense 340B Drugs to Eligible Patients, including but not limited to all associated eligible child sites that are listed on the HRSA web-site pursuant to an executed enrollment or registration form. Covered Entity Locations shall only be eligible under this Agreement for so long as Covered Entity is the designated billing entity and such locations are registered and identified as active in the HRSA 340B database, or otherwise authorized by HRSA to contract with a licensed pharmacy to manage and dispense 340B Drugs to Eligible Patients.

2.7. **"DHHS"** means the United States Department of Health and Human Services.

2.8. **"Eligible Patient(s)"** means those Covered Entity outpatients who Covered Entity determines are eligible to purchase and/or receive 340B Drugs from Covered Entity Locations, subject to the limiting definition of "Patient" set forth in 61 Federal Register 55156 (1996), as the same may be modified or amended. All Covered Entity patients who are Medicaid beneficiaries and for whom claims for pharmaceuticals are reimbursable by a state fee-for-service Medicaid program are expressly excluded from this definition.

2.9. **"HRSA"** means the Health Resources and Services Administration.

2.10. **"Inventory Replenishment Rate"** means the amount due Walgreens for each 340B Drug dispensed by Walgreens but for which Walgreens does not receive replenishment from the Supplier. The Inventory Replenishment Rate will be determined in accordance with Exhibit A.

2.11. **"Manufacturer"** means any pharmaceutical manufacturer of 340B Drugs purchased by Covered Entity and delivered to Walgreens via Supplier pursuant to the terms of this Agreement.

2.12. **"NDC-11"** means a medication's unique 11-digit number containing: (i) the labeler code assigned by the Food and Drug Administration; (ii) the product code; and (iii) the package size of the pharmaceutical product.

2.13. **"Non-Eligible 340B Drugs"** means drugs (based upon the NDC-11) that are not a 340B Drug, on the 340B Price File, and/or eligible for the 340B Drug Program.

2.14. **"Pharmacy Location"** means the specific pharmacy location(s) referenced in Exhibit B, which may include retail, mail order/online, and specialty pharmacies. Walgreens shall provide Covered Entity with written notice of any change in the specific pharmacy locations through which Walgreens manages and dispenses medications pursuant to Covered Entity's 340B Drug Program. The notice shall be accompanied by an updated Exhibit B reflecting such change(s), and shall identify the effective date of the change(s), which shall not be less than thirty (30) days following the issuance of the notice. Unless Covered Entity provides Walgreens with written notice of objection to the change(s) prior to the effective date specified in the notice, the term "Pharmacy Location" shall be deemed to refer to the pharmacy locations listed on the updated Exhibit B as of that effective date and the parties shall



cooperate in posting the revised list of Pharmacy Locations with HRSA. For purposes of clarity, the parties acknowledge and agree that the pharmacy locations listed in Exhibit B are contract pharmacies for purposes of HRSA's contract pharmacy guidelines (75 Federal Register 10272 (2010)), and as such they may be utilized to manage and dispense medications pursuant to Covered Entity's 340B Drug Program. The Pharmacy Locations shall only be available to provide 340B Pharmacy Services for so long as such locations are registered and identified as active in the HRSA 340B database.

2.15. **"Prescriber List"** means the list of prescribers eligible to write prescriptions for 340B Drugs under the terms of this Agreement and the 340B Drug Program.

2.16. **"Price File"** means the list of 340B Drugs and associated pricing available from the Supplier.

2.17. **"Private Insurer"** means the third-party payor responsible: (i) for an Eligible Patient's prescription coverage; and (ii) to reimburse Walgreens the Contracted Rate for pharmacy services. Covered Entity acknowledges and agrees that absent a request from Covered Entity to remove a Private Insurer from Covered Entity's 340B Drug Program, all Private Insurers with whom Walgreens is in-network may be included in Covered Entity's 340B Drug Program. Private Insurer does not include a state fee-for-service Medicaid program. Walgreens shall not be obligated to identify the Private Insurer to Covered Entity for any 340B transaction.

2.18. **"Report"** means the report(s) available to Covered Entity via Walgreens' online reporting and tracking system that describes activity pertaining to Walgreens' provision of 340B Pharmacy Services and Inventory Maintenance Services. Covered Entity acknowledges availability of the Report is conditioned upon Supplier maintaining an Electronic Data Interchange with Walgreens during the applicable Report period.

2.19. **"Slow Moving Drug"** means a 340B Drug dispensed by Walgreens that has not reached a full package size within one hundred eighty (180) days from the date that the 340B Drug was initially dispensed by any Pharmacy Location.

2.20. **"Supplier"** means the pharmaceutical manufacturer, supplier, or drug wholesaler that has entered into a written agreement with Covered Entity to provide 340B Drugs to Walgreens via a ship-to, bill-to arrangement.

2.21. **"Tax"** means any sales tax, imposition, assessment, excise tax or other government levied amount based on Walgreens' retail sales of prescriptions to Covered Entity's patients either on gross revenues or by transaction, whether such tax is designated a sales tax, gross receipts tax, retail occupation tax, value added tax, health care provider tax, transaction privilege tax, assessment, pharmacy user fee, or charge otherwise titled or styled. It includes any tax in existence or hereafter created whether or not the bearer of the tax is the retailer or consumer.

2.22. **"Usual and Customary Charge"** means the amount charged by the Pharmacy Location at the time of dispensing of a pharmaceutical product or service to a customer with no coverage by a third party payor, exclusive of: (i) Tax; (ii) discounts claimed; or (iii) discounts provided for prescription drug savings card or other similar discounts.



### 3. COVERED ENTITY RESPONSIBILITIES

3.1. Patient Eligibility Verification. Covered Entity prescribers will provide all Eligible Patients with a valid prescription as required by law which will contain, but not necessarily be limited to, the applicable Covered Entity Location name, address and identification number, the eligible prescriber's name, and the Eligible Patient's full name. The prescription must be written or sent to Walgreens by an individual on the Prescriber List. Covered Entity may also provide each Eligible Patient whose prescriptions are not reimbursable by a Private Insurer with a voucher or similar document that sets forth the amount that Walgreens shall collect from the Eligible Patient at the time of dispensing. In addition, Covered Entity will provide Walgreens (or an entity designated by Walgreens) with: (i) the Prescriber List on a mutually agreed upon frequency; (ii) either (a) a mutually agreed upon unique identifier affixed to prescriptions, or (b) an electronic file of Covered Entity's patients that contains the data elements agreed to by the parties, updated a minimum of one time each day via electronic interface and subject to the terms of the Business Associate Addendum, attached hereto as Exhibit C; and (iii) any other patient eligibility information agreed to by the parties. The information described herein, as mutually agreed by the parties, and that Covered Entity provides to Walgreens or its delegate, will establish patient eligibility and serve as evidence of Covered Entity's authorization for Eligible Patients to receive 340B Drugs ("**Authorization**"). In the event that at any time during the term of this Agreement Walgreens does not receive the information necessary to establish Authorization, Walgreens shall not be obligated to perform under this Agreement, including its obligations to provide 340B Pharmacy Services or Inventory Maintenance Services (except with respect to any 340B Drugs already dispensed by Walgreens), until such time as Walgreens receives the necessary Authorization information.

3.2. Supplier. Covered Entity acknowledges and agrees that establishing a successful replenishment process with the Supplier is essential to this Agreement and Walgreens' provision of 340B Pharmacy Services and Inventory Maintenance Services. Covered Entity will use best efforts to establish and maintain a Supplier arrangement agreeable to Walgreens. Concurrent with the Effective Date or as soon as reasonably practicable thereafter, Covered Entity shall provide Walgreens with written notice of the identity of the Supplier. Covered Entity shall not utilize any Supplier to which Walgreens reasonably objects. In the event that at any time during the term of this Agreement Walgreens is unable to successfully place an order with Supplier for replacement 340B Drugs or reasonably believes such orders shall not be replenished by Supplier, Walgreens shall not be obligated to perform its obligations under this Agreement, including its obligations to provide 340B Pharmacy Services or Inventory Maintenance Services (except with respect to any 340B Drugs already dispensed by Walgreens), until such time as Walgreens is able to place a successful order for replenishment.

3.3. Orders and Payment to Supplier. Covered Entity shall purchase 340B Drugs through a written contract with Supplier and will ensure that Supplier: (i) bills Covered Entity for such 340B Drugs; and (ii) ships such 340B Drugs to the applicable Pharmacy Location. Covered Entity will notify Walgreens at least one hundred twenty (120) calendar days prior to any change in the Supplier used to provide 340B Drugs hereunder. In the event Covered Entity fails to notify Walgreens of a change in Supplier as required herein: (i) Covered Entity will reimburse Walgreens in accordance with the Usual and Customary Charge for any pharmaceuticals dispensed by Walgreens after the effective date of such change; and (ii) Walgreens will not reverse any claim or make adjustments to its Invoices due to changes in the Supplier. The parties further agree that:



- 3.3.1. For each 340B Drug dispensed that reaches depletion at a full package size, Walgreens will order from Supplier (on behalf of Covered Entity) replacement 340B Drugs with the same NDC-11 as the 340B Drug dispensed. Covered Entity, through Supplier, will ensure that such replacement 340B Drugs are delivered by Supplier to the applicable Pharmacy Location.
- 3.3.2. Covered Entity shall promptly review the Report and notify Walgreens of any discrepancies between the information contained on the Report and the amount billed to Covered Entity by the Supplier. Upon request from Walgreens, Covered Entity will promptly provide Walgreens with copies of Supplier invoices pertaining to 340B Drugs received by Walgreens.
- 3.3.3. Covered Entity will establish account numbers with Supplier for each Pharmacy Location and otherwise ensure that each such location may order and receive deliveries of replenishment 340B Drugs from Supplier.
- 3.3.4. Covered Entity will make timely payments to Supplier in accordance with the terms of Covered Entity's written agreement with Supplier.
- 3.3.5. Covered Entity will hold title to replacement 340B Drugs from the time Supplier fills an order from Walgreens made on behalf of Covered Entity until the time that Walgreens takes delivery of such drugs at the applicable Pharmacy Location, at which time title shall pass to Walgreens.

3.4. Price File. Walgreens will endeavor to obtain the Price File from Supplier. Covered Entity acknowledges and agrees that: (i) if for any reason Walgreens is unable to obtain the Price File from Supplier, Covered Entity will provide the Price File to Walgreens upon request from Walgreens; and (ii) Walgreens may rely on all information set forth on any Price File that Walgreens receives. In the event that Covered Entity fails to comply with the requirements of this Section 3.4, Walgreens will not retroactively adjust claims.

3.5. Changes with Benefit Design. Covered Entity will notify Walgreens at least sixty (60) calendar days prior to any changes to the amount that Walgreens shall collect at the time of dispensing from each Eligible Patient whose prescription is not reimbursable by a Private Insurer.

3.6. Patient Choice. Covered Entity will inform Eligible Patients that they are free to choose a pharmacy provider of their choice and, at its discretion, advise Eligible Patients that they may be eligible for a discount on certain prescription drugs at Covered Entity's authorized 340B pharmacy locations.

3.7. Compliance with Laws. Covered Entity's compliance with laws shall include establishing appropriate control procedures to ensure that only Eligible Patients receive 340B Drugs from Covered Entity's authorized 340B pharmacy locations. In addition, Covered Entity represents and warrants that it has received all necessary approvals of its 340B Drug Program and this Agreement from the applicable State Board of Pharmacy and as otherwise required by applicable laws and regulations. Covered Entity agrees to execute any documents Walgreens deems reasonably necessary to effectuate the terms of this Agreement, including the provision of 340B Pharmacy Services and Inventory Maintenance Services, consistent with applicable law.

3.8. Product Warranty. Upon request from Walgreens and to the extent it is reasonably able to do so, Covered Entity shall pass through to Walgreens all applicable benefits under any and all manufacturer warranties and indemnification obligations with respect to any merchandise which Walgreens receives to replenish its inventory of 340B Drugs dispensed to Eligible Patients. Upon request



from Walgreens, Covered Entity will obtain from the Supplier a certificate of insurance for product liability, continuing guarantee and indemnification for 340B Drugs. Covered Entity will use commercially reasonable efforts to ensure that the Supplier obtains from all merchandise manufacturers an assumption of responsibility and the defense and indemnification of Covered Entity and Walgreens in connection with 340B Drugs, the packaging thereof, and any related materials for third party claims made against Covered Entity and Walgreens. In addition, Covered Entity will use commercially reasonable efforts to ensure the Supplier complies with the applicable rules and regulations as promulgated by the U.S. Food and Drug Administration, and any other applicable federal, state and local laws and regulations in effect as of the Effective Date of this Agreement or as enacted or adopted during the term hereof, with respect to title and transfers thereof to the merchandise.

#### 4. WALGREENS' SERVICES AND RESPONSIBILITIES

4.1. 340B Pharmacy Services. Upon receipt of an Authorization, Walgreens shall render to Eligible Patients all professional advice and comprehensive pharmacy services customarily provided by it to its patients or as otherwise required by law ("**340B Pharmacy Services**"). Eligible Patients may receive 340B Pharmacy Services from any Pharmacy Location as requested by the Eligible Patient, subject to Private Insurer benefit and coverage information and Walgreens' customary business practice. Walgreens agrees to render 340B Pharmacy Services as herein provided in accordance with the rules and regulations of the applicable State Board of Pharmacy and all applicable federal laws and regulations. It is expressly understood that relations between an Eligible Patient and Walgreens shall be subject to the rules, limitations, and privileges incident to the pharmacy-patient relationship. Walgreens shall be solely responsible, without interference from Covered Entity or its agents, to said Eligible Patient for pharmaceutical advice and service, including the right to refuse to serve any individual where such service would violate pharmacy ethics or any pharmacy laws or regulations.

4.2. Withholding of Walgreens Services. Notwithstanding any provision to the contrary, Covered Entity acknowledges and agrees that Walgreens may withhold dispensing of a 340B Drug to an Eligible Patient for good cause, including but not necessarily limited to, the Eligible Patient's failure to pay for services rendered (e.g., patient payment responsibility amounts); requests by Eligible Patient for quantities of drugs in excess of prescribed quantities or refill limitations; or where, in the professional judgment of the dispensing pharmacist, the prescription should not be filled.

4.3. Inventory Maintenance Services. Walgreens shall provide the 340B Drug inventory maintenance services set forth herein with respect to Covered Entity ("**Inventory Maintenance Services**"). Each 340B Drug shall be dispensed from a Pharmacy Location's customarily maintained non-340B-priced inventory at the 340B price and shall be replenished with 340B-priced inventory with the same NDC-11 as the drug dispensed. The Inventory Maintenance Services provided by Walgreens hereunder will include the following:

- 4.3.1. In accordance with Section 3.3 of this Agreement, including sub-parts, for each 340B Drug that reaches depletion at a full package size, Walgreens will order 340B Drugs from the Supplier on behalf of the applicable Covered Entity Location in order to replenish the 340B Drugs dispensed to Eligible Patients by Walgreens.
- 4.3.2. Covered Entity will reimburse Walgreens the Inventory Replenishment Rate for any 340B Drugs which Walgreens cannot or does not receive at the NDC-11 level replenishment from the Supplier for a period greater than forty-five (45) calendar days from the original date of an order fulfillment attempt by the Supplier ("**Overdue Drug**").



- 4.3.3. Walgreens may block the dispensing of any 340B Drugs on the Price File that Walgreens determines it is unable to manage and dispense due to logistical and/or operational constraints ("**Blocked Drug**"). In addition, Walgreens may require Covered Entity to remove Blocked Drugs from the Price File or discontinue prescribing such drugs for their 340B Drug Program. Covered Entity acknowledges that any 340B Drugs dispensed prior to becoming a Blocked Drug shall be subject to the Aged Drug or Slow Moving Drug replenishment process, as applicable. In the event a Covered Entity prescriber writes a prescription for a Blocked Drug, Covered Entity acknowledges and agrees such prescription shall be considered a Non-Eligible 340B Drug and Walgreens may collect the Usual and Customary Charge from the patient.
- 4.3.4. Covered Entity will reimburse Walgreens the Inventory Replenishment Rate for Aged Drugs and Slow Moving Drugs.

4.4. Tracking System. Walgreens maintains proprietary electronic tracking software that is capable of tracking 340B Drugs received from the Supplier, preventing the diversion of 340B Drugs to individuals who are not Eligible Patients, and verifying that such diversion has not occurred ("**340B Complete®**"). 340B Complete® shall be able to provide comparisons of Eligible Patient prescriptions and dispensing records and a comparison of 340B Drug purchasing and dispensing records. Walgreens will reasonably cooperate with Covered Entity to address any potential irregularities detected in 340B Complete® and will make adjustments to 340B Complete® that are reasonably necessary to prevent diversion of 340B Drugs to individuals who are not Eligible Patients. Notwithstanding the foregoing, however, Covered Entity acknowledges and agrees it is the sole responsibility of the Covered Entity to review the Report and information available in 340B Complete® to confirm that no diversion has occurred and that the Report and 340B Complete® are tools provided by Walgreens to assist Covered Entity in that review. Covered Entity agrees to report any suspected instance of diversion to Walgreens within forty-five (45) days from the end of the month in which the prescription was dispensed and upon the mutual agreement of the parties, Walgreens shall make adjustments to the claim (e.g., reclassify the product as a Non-Eligible 340B Drug).

4.5. Inventory Reconciliation. On a monthly basis, Walgreens will reconcile 340B Drug inventory using the information available in the Report and 340B Complete®, and make any necessary financial or accumulator adjustments as described below ("**Reconciliation**"). Reconciliation shall be conducted at the NDC-11 level and only apply with respect to pharmaceuticals that have reached full package size, or are an Aged Drug or Slow Moving Drug, and for which Walgreens has or should have received replenishment from the Supplier.

- 4.5.1. *Non-Eligible Patients and Excess Replenishment*. In the event Walgreens determines that 340B Drugs have been dispensed to non-Eligible Patients or that the quantity of 340B Drugs provided to Walgreens exceeds the quantity of 340B Drugs dispensed to Eligible Patients hereunder, Walgreens will adjust the virtual inventory so that such excess is applied against existing or future 340B Drug prescriptions dispensed hereunder. If such inventory credits are not depleted by subsequent 340B dispenses from Pharmacy Locations, Walgreens will reimburse Covered Entity for such remaining drugs in accordance with the wholesale acquisition cost. Covered Entity shall be responsible for assessing if the adjustment is the result of any noncompliance and if so determine whether it is required to self-disclose the noncompliance per HRSA guidelines. Walgreens shall not contact a drug manufacturer regarding a 340B Drug purchased by Covered Entity without the express prior approval of Covered Entity. The parties



acknowledge and agree that Covered Entity shall remain ultimately responsible for the compliance of its 340B Drug Program and any corresponding self-reporting as necessary. With respect to adjustments made for dispenses of 340B Drugs to non-Eligible Patients, the following additional financial adjustments will apply:

4.5.1.1. *Non-Eligible Patients With a Private Insurer.* The drugs associated with the adjusted claim(s) shall be considered Non-Eligible 340B Drugs and Covered Entity shall not receive any amounts arising out of the Contracted Rate. To the extent Covered Entity previously received, or was credited for, any amounts arising out of the Contracted Rate, Covered Entity shall immediately remit such amounts to Walgreens or forfeit such credits.

4.5.1.2. *Non-Eligible Patients Without a Private Insurer.* The drugs associated with the adjusted claim(s) shall be considered Non-Eligible 340B Drugs and Covered Entity shall reimburse Walgreens the difference between the Usual and Customary Charge and any amounts Walgreens has already received with respect to such Non-Eligible 340B Drugs.

4.5.2. *Deficient Replenishment:* In the event Walgreens determines that the quantity of 340B Drugs provided to Walgreens is less than the quantity of 340B Drugs dispensed to Eligible Patients hereunder, Walgreens will notify Covered Entity and Covered Entity will instruct the Supplier to provide 340B Drugs to Walgreens. If, for whatever reason, the Supplier is unable to provide 340B Drugs as the 340B Drug ordered hereunder, Covered Entity will reimburse Walgreens for said drugs at the Inventory Replenishment Rate.

4.6. Insurance. Walgreens will self-insure or maintain at its sole expense, and in amounts consistent with industry standards, insurance for general and professional liability and such other insurance as may be necessary to insure Walgreens, its employees, and agents against any claim or claims for damages arising directly or indirectly in connection with Walgreens' negligent performance of any services under this Agreement, and the use of any property or facilities provided by Walgreens. Walgreens' insurance information is available at [www.walgreens.com/insurance](http://www.walgreens.com/insurance).

Covered Entity reserves the right to review the insurance requirements of this Article during the effective period of this Agreement and any extension or renewal hereof and to modify insurance coverages and their limits when deemed necessary and prudent by Covered Entity's Risk Manager based upon changes in statutory law, court decisions, or changes in circumstances surrounding this Agreement. In no instance will Covered Entity allow modification whereby Covered Entity may incur increased risk.

## 5. REIMBURSEMENT AND BILLING

5.1. Invoice for Services. Walgreens will invoice Covered Entity on a monthly basis by the 15<sup>th</sup> of the month for all amounts arising under this Agreement during the previous calendar month ("**Invoice**"). The Invoice will identify: (i) the number of prescriptions dispensed hereunder; (ii) any amounts due Walgreens including any and all fees, costs, charges, or reimbursement amounts, including but not necessarily limited to any amount arising out of the Tax, changes in the Supplier, Overdue Drugs, Aged Drugs, Slow Moving Drugs, 340B Pharmacy Services, Inventory Maintenance Services and a Reconciliation ("**Walgreens Balance**"); and (iii) any amounts due Covered Entity arising out of a Reconciliation or Exhibit A, if applicable ("**Covered Entity Balance**").



5.2. Monthly Payments. If the Walgreens Balance is less than the Covered Entity Balance, Walgreens shall pay Covered Entity the difference between such amounts within thirty (30) calendar days from the Invoice date. Walgreens' payment to Covered Entity shall be made via electronic funds transfer or to the location set forth in Section 8.11 of this Agreement. If the Covered Entity Balance is less than the Walgreens Balance, Covered Entity shall pay Walgreens the difference between such amounts within thirty (30) calendar days from the Invoice date.

5.3. Late Payment Charge. Covered Entity is solely responsible for all payments required herein and shall at no time withhold payment due Walgreens, nor pay an amount less than that billed by Walgreens on the Invoice. All sums owed to Walgreens by Covered Entity will bear interest of one and a half percent (1.5%) per month from the date payment is due until paid; however in no event will such interest rate be greater than the rate permitted by law. Covered Entity is solely responsible for any and all costs associated with Walgreens' collection of any delinquent amounts.

5.4. Payment for Private Insurer Coverage. For those Eligible Patients whose prescriptions are reimbursable by a Private Insurer, Walgreens is responsible to process and bill such Private Insurer at the existing Contracted Rates.

5.5. Over/Underpayments. In the event Covered Entity believes that it has made an overpayment, Covered Entity shall immediately notify Walgreens and provide a complete explanation thereof with specific details and documentation to support any claim of overpayment. Upon review and acceptance by Walgreens of such overpayment, Walgreens will pay Covered Entity an amount equal to the overpaid amount within thirty (30) calendar days of Walgreens' written acceptance of such overpayment. If Walgreens believes that Covered Entity made any underpayments to Walgreens, Walgreens shall immediately notify Covered Entity and provide a complete explanation thereof with specific details and documentation to support any claim of underpayment. Upon review and acceptance by Covered Entity of such underpayment, Covered Entity will pay Walgreens an amount equal to the underpaid amount within thirty (30) calendar days of Covered Entity's written acceptance of such underpayment. Except for verified amounts arising out of any audit or Reconciliation permitted by this Agreement, or as otherwise required by law, all claims of overpayment or underpayment must be made within one hundred eighty (180) calendar days after payment is due.

## 6. AUDITS AND RECORDS

6.1. Audit by DHHS or Manufacturer. Both parties understand that, under Section 340B(a)(5)(C) of the Act, records that directly pertain to compliance with the Act are subject to audit by the Manufacturer and DHHS. The parties further understand that DHHS has published guidelines for such audits. Each party agrees to cooperate with such audits and to comply with applicable provisions of the audit guidelines and amendments thereto that may be published from time to time. Walgreens and Covered Entity understand and agree that a copy of this Agreement will be provided, upon request, to the Manufacturer; provided that the Manufacturer has signed a purchasing agreement with DHHS. In the event either party hereto receives such a request, it shall immediately inform the other party. Covered Entity acknowledges and agrees that Walgreens may, in its sole discretion, delete and/or redact all Walgreens confidential and proprietary information set forth herein prior to the release of this Agreement.



6.2. Covered Entity Records. Covered Entity shall maintain customary records relating to its responsibilities under this Agreement, including but not limited to eligibility records for patients and payment information regarding the services provided by Walgreens hereunder, for the periods required by law and shall make such records available to Walgreens.

6.3. Walgreens Records. Walgreens shall maintain customary business and pharmacy records relating to its responsibilities under this Agreement, including without limitation prescription dispensing records regarding Eligible Patients, payments received from Eligible Patients and Covered Entity, and 340B Drug ordering, receiving, and dispensing information (“**Walgreens Records**”) in an accessible and auditable form, separate from the records of Walgreens’ other operations, and in full compliance with all applicable state and federal laws, rules and regulations. Walgreens Records shall be maintained by Walgreens for such period as is required by applicable law. Notwithstanding the foregoing, unless otherwise provided for elsewhere in this Agreement or required by federal and state laws and regulations, Walgreens Records shall not include Walgreens’ usual and customary pricing data, any other financial and administrative records not related to Walgreens responsibilities under this Agreement, or any proprietary or confidential information related to Private Insurers or the Contracted Rate, including but not limited to the identity of a Private Insurer by claim.

6.4. Covered Entity Audits. During normal working hours and upon fifteen (15) business days advance written notice to the address set forth in Section 8.11, below, Walgreens shall permit Covered Entity access to review Walgreens Records in order to confirm that no diversion of 340B Drugs to non-Eligible Patients and no duplicate discounts have occurred (“**Audit**”) and also the right to make photocopies of Walgreens Records. Walgreens acknowledges that Covered Entity may contract with auditors with experience auditing pharmacies to conduct the Audit. Covered Entity shall provide Walgreens a list identifying auditors. Walgreens may select which auditor is used from the list provided by Covered Entity. Covered Entity shall conduct no more than one Audit per calendar year. The parties acknowledge and agree that in no event shall Audit findings or conclusions be based upon either statistical sampling or extrapolation. Nothing in this paragraph shall be construed to prevent or limit: (i) an audit originated by Manufacturer, DHHS, HRSA, or as otherwise required by law; or (ii) review of the Report by Covered Entity or an Audit of the information contained therein.

6.5. Compliance Violations. In the event that Covered Entity determines that 340B Drug diversion or duplicate discounts have occurred or that it is otherwise unable to comply with its responsibility to ensure compliance with the 340B Drug Program, then it must take immediate remedial action to assure compliance and notify the Office of Pharmacy Affairs regarding such compliance problems and actions taken to remedy those problems.

## 7. TERM AND TERMINATION

7.1. Term. The term of this Agreement shall commence on October 1, 2022 and shall terminate on September 30, 2023, unless terminated earlier as provided herein. Upon expiration of the initial term, this Agreement shall be renewed automatically for up to two (2) successive one (1) year terms.

7.2. Implementation of this Agreement. Covered Entity and Walgreens will establish a mutually agreed upon implementation schedule, which may include implementing 340B Drugs, Pharmacy Locations, Covered Entity Locations, and eligible prescribers on a rolling basis. The implementation schedule will be documented in an email or other written communication between the parties. Walgreens’ obligation to provide services hereunder, including but not limited to 340B Pharmacy



Services and Inventory Maintenance Services, will commence upon the applicable date(s) set forth in the implementation schedule established by the parties ("**Implementation Date(s)**"). Individual Pharmacy Locations will only be implemented after they are registered and identified as active in the HRSA 340B database. Unless otherwise mutually agreed upon by the parties, 340B claims will not be processed retroactively for the period preceding the applicable Implementation Date(s); provided that in no event shall any claims be processed retroactively for the period preceding the HRSA effective date.

7.3. Termination. Either party may immediately terminate this Agreement at any time upon written notice to the other party in the event any of the following occurs:

- 7.3.1. The omission or the commission by the other party of any act or conduct for which its authority to provide services may be revoked or suspended by any governmental or administrative body (whether or not such suspension or revocation actually occurs);
- 7.3.2. The other party becomes insolvent or bankrupt;
- 7.3.3. It is determined by the terminating party that the other party lacks any federal, state, or local license, permit, or approval, including, without limitation, certificate of need approval required for the services and operations contemplated by this Agreement or that such services and operations or the arrangements set forth in this Agreement may be inconsistent with, or subject a party to, potential negative consequences under any provision of federal or state law regulating the services contemplated by this Agreement or the arrangements between the parties as set forth herein; or
- 7.3.4. There is a material breach of the Agreement by the other party, which includes, but is not limited to, non-payment by a Party of any required fees and/or reimbursement amounts within the time frames set forth in this Agreement.

7.4. Termination without Cause. Notwithstanding any provision to the contrary, either party may terminate this Agreement at any time and without cause upon thirty (30) calendar days' prior written notice to the other party. In addition, either party may terminate any or all of the Pharmacy Locations at any time and without cause upon thirty (30) days' prior written notice to the other party. Termination of such locations shall not be deemed a termination of the remaining Pharmacy Locations or of this Agreement.

7.5. Suspension. Either party may suspend this Agreement or any portion thereof (including but not limited to, any 340B Drugs, Pharmacy Locations, Covered Entity Locations, and eligible prescribers) at any time either: (i) without cause upon thirty (30) calendar days' prior written notice to the other party; or (ii) for material breach immediately upon written notice to the other party. Further, in the event any Pharmacy Location or Covered Entity Location is not properly registered and identified as active in the HRSA 340B database, such locations will be automatically suspended under this Agreement until such time as they are properly registered and identified as active. In the event the Agreement or any portion thereof is suspended, the parties shall document (in an email or other written communication) their mutual agreement to reinstate the Agreement, or portion thereof, prior to such reinstatement.

7.6. Effect of Termination or Suspension. Upon termination or suspension of this Agreement, Walgreens will provide Covered Entity with an Invoice, which will include those drugs dispensed under the 340B Drug Program which have not been replenished as of the termination or suspension effective date. Covered Entity will reimburse Walgreens for those pharmaceutical products at the Inventory Replenishment Rate, and all other amounts identified on the Invoice, within thirty (30) days of receipt of the Invoice. Walgreens will remit to Covered Entity any amounts due Covered Entity identified on the



Invoice following termination or suspension. Termination or suspension will have no effect upon the rights or obligations of the parties arising out of any transactions occurring prior to the effective date of such termination or suspension.

## 8. GENERAL PROVISIONS

8.1. Advertising. Neither party may advertise or use any trademarks, service marks, or symbols of the other party without first receiving the written consent of the party owning the mark and/or symbol with the following exceptions: (i) Covered Entity may use the name and the addresses of Walgreens in Covered Entity's informational brochures or other publications Covered Entity provides to its patients or potential patients; and (ii) Walgreens may use Covered Entity's name, trademark, service mark, and/or symbols to inform patients and the general public that Walgreens is a pharmacy contracted for the dispensing of 340B Drugs to Eligible Patients. Any other reference must be pre-approved, in writing, by both parties.

8.2. Assignment. Neither party may assign or otherwise transfer its rights, obligations, and/or duties under this agreement without the prior written consent of the other party. Walgreens may assign this Agreement to any direct or indirect parent, subsidiary or affiliated company or to a successor company, upon prior approval by Covered Entity. Any permitted assignee will assume all obligations of Walgreens under this Agreement. No assignment will relieve Walgreens of responsibility for the performance of any obligations which have already occurred. This Agreement will inure to the benefit of and be binding upon Walgreens, its respective successors and permitted assignees. Covered Entity may not assign this Agreement without the prior written consent of Walgreens.

8.3. Confidentiality. To the extent allowed by law, the parties agree to protect the confidentiality of each other's records and business information disclosed to them and not to use such information other than as necessary and appropriate in connection with performance of this Agreement. Each party acknowledges that disclosure of confidential information of the other would cause the other party irreparable harm and may, without limiting the remedies available for such breach, be enjoined at the instance of the harmed party. Upon termination of the Agreement, each party agrees to cease use of the other's information and to return it, or destroy it, if allowed by law. The parties further agree that: (i) the negotiations of the terms of this Agreement and the entire Agreement are confidential; and (ii) they may disclose, on an as needed basis, the terms of this Agreement only to their employees (including employees of affiliates) and contractors, and as otherwise necessary and appropriate in connection with the performance of this Agreement. Nothing in this paragraph shall be construed to prevent either party from providing a copy of this Agreement to the Manufacturer or DHHS upon their request. Walgreens acknowledges that Covered Entity, as a Texas municipality, is subject to the Texas Public Information Act.

8.4. Delegation. Walgreens may delegate or subcontract the performance of any obligation agreed to be performed by Walgreens hereunder to a related entity, contractor, or subcontractor, provided that as a condition precedent to such delegation or subcontract, all services or other activities performed by such entity, contractor or subcontractor shall be consistent with and comply with Walgreens' obligations under this Agreement.

8.5. Dispute Resolution. The parties shall attempt to resolve any dispute or claim arising out of the interpretation of or performance under this Agreement through informal discussions. When a dispute arises, either party may submit a written complaint to the other party describing and proposing the



manner of resolving that dispute. The party receiving that complaint shall respond by accepting, rejecting, or modifying that proposal, in writing, within thirty (30) calendar days upon receipt of such complaint. If the claim or dispute cannot be resolved through informal discussions, the claimant may bring a legal action in a court of competent jurisdiction to adjudicate its claim or to enforce or interpret any part of this Agreement. The prevailing party in a legal action will be entitled to recover reasonable attorneys' fees to be determined by the judicial body. The attorneys' fees will be in addition to the amount of judgment or any other relief obtained by the prevailing party.

8.6. Enforceability. If any term or provision of this Agreement is held to be invalid, illegal, or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances, other than those to which it is held invalid or unenforceable, will not be affected or impaired thereby.

8.7. Entire Agreement. This Agreement represents the entire understanding of the parties and supersedes any previous contract. Each party hereto warrants and represents that there are no other agreements or understandings between the parties, either oral or written, relating to the subject matter of this Agreement. Contract amendments and/or modifications to this Agreement on behalf of Covered Entity in the following circumstances: cost of living adjustments (COLA) to be applied to the dispensing fee, shall be in writing and will become effective and binding upon execution by The Director of Metro Health without further City Council action. Except for the stated circumstances above or where this Agreement expressly provides otherwise, further alterations, additions, or deletions to the terms hereof, shall be effected by amendment, in writing, executed by both Covered Entity and Walgreens, and subject to approval by the City Council, as evidenced by passage of an ordinance.

8.8. Force Majeure. The performance by either party hereunder will be excused to the extent of circumstances beyond such party's reasonable control, such as flood, tornado, earthquake, or other natural disaster, epidemic, war, material destruction of facilities, fire, acts of God, etc. In such event, the parties will use their best efforts to resume performance as soon as reasonably possible under the circumstances giving rise to the party's failure to perform.

8.9. Indemnification. Only to the extent permitted by the laws and Constitution of the State of Texas and limited by the limits of liability as set forth in the Texas Tort Claims Act (Tex. Civ. Prac. & Rem. Code Ch. 101) with respect to the City and Covered Entity, each party shall indemnify, defend, and hold harmless the other party from and against all third party claims, damages, causes of action, costs or expense, including court costs and reasonable attorneys' fees, which may arise as a result of the indemnifying party's negligent performance of or failure to perform, any term or condition of this Agreement. The obligation to indemnify shall survive termination of this Agreement regardless of the reason for termination. In the event Walgreens and the City and/or Covered Entity are found jointly liable by a court of competent jurisdiction, liability shall be apportioned in accordance with the laws of the State of Texas, without, however, waiving any governmental immunity available to the City under Texas law and without waiving any defenses of the parties under Texas law. Both parties shall promptly advise the other in writing of any claim or demand against them related to or arising out of their activities under this Agreement.

8.10. Independent Contractor. None of the provisions of this Agreement are intended to create, nor shall they be deemed or construed to create, any relationship between the parties hereto other than that of independent entities contracting solely for the purposes of effecting the provisions of this



Agreement. Neither of the parties shall be construed to be the partner, co-venturer, or employee or representative of the other party.

8.11. Notice. Any notice required or given under this Agreement shall be provided in writing sent by U. S. certified mail, return receipt requested, postage prepaid, or by overnight delivery service providing proof of receipt, to the addresses of the parties as set forth below:

CITY OF SAN ANTONIO  
ATTN: DIRECTOR  
SAN ANTONIO METROPOLITAN  
HEALTH DISTRICT  
100 W HOUSTON, 14TH FLOOR  
SAN ANTONIO, TX 78205

WALGREEN CO.  
104 WILMOT ROAD, MS-1446  
DEERFIELD, IL 60015  
ATTN: 340B LEGAL (MM)

AND SEND VIA EMAIL TO:  
[HealthLawLegalNotices@Walgreens.com](mailto:HealthLawLegalNotices@Walgreens.com)

Each party may designate by notice any future or different addresses to which notices will be sent. Notices will be deemed delivered upon receipt or upon refusal to accept delivery.

8.12. Patient Privacy and HIPAA Compliance. The parties recognize that each may be a healthcare provider and a covered entity within the meaning of the federal Health Insurance Portability and Accountability Act ("HIPAA"). The parties agree to protect and respect the patient's right to privacy and confidentiality concerning their medical and pharmaceutical records, and to protect all individually identifiable health information as protected health information from misuse or disclosure, in compliance with all applicable state and federal law. Walgreens shall maintain protected health information pursuant to applicable federal and state laws, rules and regulations, this Agreement and **Attachment C-Business Associate Addendum** attached hereto and incorporated herein. Without limiting the generality of the foregoing, the parties agree to use patient-specific information: (i) only for permitted treatment, billing and related record-keeping purposes; (ii) if written authorization provided by the patient allows for PHI to be released; or (iii) as may otherwise be permitted by law. In the event that any patient information created, maintained or transmitted in connection with this Agreement is to be transmitted electronically, the parties agree that they shall comply in all respects with the requirements of HIPAA governing electronic transmission of individually identifiable patient information. Failure by either party to abide by these requirements shall be a basis for immediate termination of this Agreement.

8.13. Regulatory Compliance. Each party agrees to comply with applicable federal and state laws and regulations. Covered Entity and Walgreens mutually acknowledge that their intent in entering into this Agreement is solely to facilitate Covered Entity's 340B Drug Program. The services provided hereunder are only those necessary in order to fulfill this intent, and all financial arrangements established herein are mutually determined to represent either cost or fair market value for the items and services received. The parties expressly do not intend to take any action that would violate state or federal anti-kickback prohibitions, such as those appearing in Section 1128B of the Social Security Act, 42 USC Section 1320a-7b. Instead, it is the intention of the parties that this Agreement, and all actions taken in connection herewith, shall to the greatest extent possible be construed to be consistent with the regulatory requirements of the safe harbor for personal services and management contracts appearing in 42 CFR Section 1001.952(d) or health centers appearing in 42 CFR Section 1001.952(w). Both parties agree that they will neither knowingly resell nor transfer a 340B Drug to an individual who is not an Eligible Patient nor will they dispense 340B Drugs to any person whose prescription is reimbursable by a State Medicaid Agency.



8.14. Signature Authority. Each party to this Agreement warrants that it has full power and authority to enter into this Agreement and that the person signing this Agreement on behalf of either party warrants that he or she has been duly authorized and empowered to enter into this Agreement.

8.15. Trademark License. Both Walgreens and Covered Entity grant a reciprocal trademark license for use of the other party's Trademarks on mutually agreed items identifying the relationship between Walgreens and the Covered Entity for the term of this Agreement. Each of the parties hereto shall have a right of inspection and approval of such trademark use prior to release of such mutually agreed items bearing the Trademarks. Such approval shall be at the sole discretion of the party whose Trademark is incorporated on the agreed item. Subsequent to the termination of this Agreement, the parties agree that the items will not be used subsequent to the Termination date and such items will be destroyed within a reasonable time period mutually agreed to by the Parties with the destroying party confirming such destruction. For purposes of this provision, the term "Trademark" means registered and common law trademarks of the parties hereto as identified by the parties.

8.16. Waiver. The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as or be construed to be a waiver of any subsequent breach thereof.

8.17 Non-Discrimination. As a party to this Agreement, Walgreens understands and agrees to comply with the Non-Discrimination Policy of the City of San Antonio contained in Chapter 2, Article X of the City Code and further, shall not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein.

8.18 Debarment. Each party certifies that neither it nor its officers or directors are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in any State or Federal Program. Each party shall provide immediate written notice to the other party, in accordance with Section 8.11 Notice, if, at any time during the term of this Agreement, including any renewals hereof, a party learns that its certification was erroneous when made or has become erroneous by reason of changed circumstances.

8.19 Contracts with companies engaged in business with Iran, Sudan, or foreign terrorist organizations prohibited. Walgreens hereby certifies that it is not identified on any list of companies engaged in business with Iran, Sudan, or foreign terrorist organisations maintained by the Texas Comptroller and that it will notify Covered Entity should it be placed on such a list while under contract with Covered Entity. Covered Entity hereby relies on Walgreen's certification. If found to be false, or if Walgreens is identified on said list during the course of its contract with Covered Entity, Covered Entity may terminate the Agreement for material breach.

8.20 Prohibition on contracts with companies boycotting Israel. Walgreens verifies that it does not boycott Israel, and will not boycott Israel during the term of the Agreement.

8.21 Prohibit on contracts with companies that boycott certain energy companies and discriminate against firearm and ammunition industries.

Company hereby acknowledges Texas Government Code Section 2274 and that it may apply to the terms of this Agreement.



**IN WITNESS WHEREOF**, Covered Entity and Walgreens have executed and delivered this Agreement by their representatives duly authorized.

CITY OF SAN ANTONIO

WALGREEN CO.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Approval:

\_\_\_\_\_  
Legal

**Exhibit A**  
**Fee Schedule**

1. Self-Pay Patients. For those Eligible Patients whose prescriptions are not reimbursable by a Private Insurer, Walgreens shall be reimbursed the following amounts:

- 1.1 \$0.50 administrative fee for the Inventory Maintenance Services ("**Self-Pay Administrative Fee**"); and
- 1.2 \$13.00 dispensing fee for the 340B Pharmacy Services ("**Self-Pay Dispensing Fee**").

At the time of dispensing, Walgreens shall collect from the Eligible Patient the patient responsibility amount in accordance with Covered Entity's 340B Drug Program benefit design or as may be communicated to Walgreens via the Authorization, and which such amount may include the price for the 340B Drug as set forth in the Price File ("**Self-Pay Co-Pay**"). The Self-Pay Administrative Fee and the Self-Pay Dispensing Fee shall collectively be referred to as the "**Self-Pay Fees**." If the Self-Pay Fees exceed the Self-Pay Co-Pay, Walgreens shall invoice Covered Entity in accordance with Article 5 for any remaining amounts due Walgreens. If the Self-Pay Fees are less than the Self-Pay Co-Pay, upon determination by Walgreens that Covered Entity is otherwise current in its payment obligations to Walgreens, Walgreens shall, in accordance with Article 5, remit to Covered Entity the difference between the Self-Pay Co-Pay and the Self-Pay Fees.

If at the time of dispensing Walgreens determines the Usual and Customary Charge is equal to or less than the total of the Self-Pay Administrative Fee, Self-Pay Dispensing Fee, and the price for the 340B Drug as set forth in the Price File, such drug shall be considered a Non-Eligible 340B Drug and Walgreens shall collect the Usual and Customary Charge from the Eligible Patient, unless the Covered Entity has chosen to subsidize its self pay program. In that event the Covered Entity has chosen to subsidize, Walgreens shall collect the lesser of either the Usual and Customary Charge or the Self-Pay Co-Pay from the Eligible Patient, and if the Self-Pay Co-Pay is less than the Usual and Customary Charge, Walgreens shall invoice Covered Entity in accordance with Article 5 for remaining amounts due Walgreens for the Non-Eligible 340B Drug (i.e., the difference between the Usual and Customary Charge and the Self-Pay Co-Pay collected from the Eligible Patient).

2. Private Insurer Patients. For those Eligible Patients whose prescriptions are reimbursable by a Private Insurer, Walgreens will process and bill the Eligible Patient's Private Insurer for the Contracted Rate provided to the Pharmacy Location at the time of dispensing. Subject to the provisions that follow, Walgreens shall be entitled to retain 13% of the Contracted Rate for the Inventory Maintenance Services and such billing services ("**Private Insurer Administrative Fee**") and a \$13.00 dispensing fee for the 340B Pharmacy Services ("**Private Insurer Dispensing Fee**"). Upon determination by Walgreens that it has received the Contracted Rate for the Eligible Patient's prescription and provided that: (i) Covered Entity is current in its payment obligations to Walgreens; and (ii) the Contracted Rate exceeds the sum of Private Insurer Dispensing Fee, the Private Insurer Administrative Fee, and the 340B Drug price as set forth on the Price File; Walgreens will retain an amount equal to the sum of the Private Insurer Dispensing Fee and the Private Insurer Administrative Fee (such sum the "**Private Insurer Fee**") and, in accordance with Article 5, remit to Covered Entity the difference between the Private Insurer Fee and the Contracted Rate. If the difference between the Contracted Rate and the Private Insurer Fee is less than or equal to the 340B Drug price as set forth on the Price File, Walgreens agrees to accept and retain the Contracted Rate as payment in full and there will be no further adjustment between the parties.



3. Inventory Replenishment Rate. The Inventory Replenishment Rate shall be the following:

3.1 *Brand Name Drugs:* the Average Wholesale Price of the dispensed pharmaceutical product minus 16.65%.

3.2 *Generic Drugs:* the Average Wholesale Price of the dispensed pharmaceutical product minus not less than 70%.

4. Price Adjustment During Renewal Terms. Walgreen's may recommend the dispensing fees described in this Exhibit A be increased for the renewal term in an amount equal to the then current Consumer Price Index-All Urban Consumers, All Items, for the Region where Covered Entity is located, as reported by the U.S. Department of Labor, Bureau of Statistics. The dispensing fee increase will be submitted to Covered Entity for review and approval at least sixty (60) days prior to the end of a contract term. If Covered Entity agrees to the amount of the adjusted dispensing fee, the parties shall agree to it in writing in accordance with Section 8.7.

**Exhibit B**  
**Retail Pharmacy Locations**

In the event there is a nonmaterial discrepancy between the information in the table below and corresponding information on the 340B OPAIS listing (e.g., a typographical error, punctuation, and abbreviation), the 340B OPAIS listing shall control and the parties agree an amendment to this Agreement shall not be required.

NO.	LOCATION NO.	ADDRESS	CITY	STATE	ZIP CODE
1	2458	7802 WURZBACH RD	SAN ANTONIO	TX	78229
2	3141	1105 GOLIAD RD	SAN ANTONIO	TX	78223
3	3224	6901 SAN PEDRO AVE	SAN ANTONIO	TX	78216
4	4160	2200 E HOUSTON ST	SAN ANTONIO	TX	78202
5	4552	4703 W COMMERCE ST	SAN ANTONIO	TX	78237
6	5964	3401 SAN PEDRO AVE	SAN ANTONIO	TX	78212
7	7371	7019 ZARZAMORA ST	SAN ANTONIO	TX	78224
8	16485	7302 LOUIS PASTEUR DR, #104	SAN ANTONIO	TX	78229
9	21214	660 N MAIN AVE	SAN ANTONIO	TX	78205



**Exhibit C**  
**Business Associate Addendum**

This Business Associate Addendum ("**Addendum**") is entered into by and between the City of San Antonio on behalf of Covered Entity and Walgreen Co. ("**BA**") and is effective as of the Effective Date of Underlying Agreement (as defined below) ("**Addendum Effective Date**"). This Addendum shall be incorporated into and made a part of the Underlying Agreement.

Covered Entity and BA have entered into an agreement whereby BA provides administrative services related to patient eligibility determinations in addition to dispensing pharmaceutical products pursuant to that certain 340B Contract Pharmacy Services Agreement ("**Underlying Agreement**");

The parties acknowledge that the provision of administrative services related to patient eligibility determinations are services provided by BA outside the scope of BA's normal covered pharmacy operations function and this Addendum is limited to the provision of such services ("**Services**");

Pursuant to the terms of the Underlying Agreement, Covered Entity wishes to disclose certain information to BA, some of which may constitute Protected Health Information (as defined below), and the parties wish to establish satisfactory assurances that BA will appropriately safeguard this PHI; and

The purpose of this Addendum is to satisfy certain standards and requirements of the HIPAA Rules (as defined herein), including, but not limited to, those at 45 C.F.R. §§ 164.314(a), 164.502(e), and 164.504(e), as the same may be amended from time to time, to be 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, as incorporated in the American Recovery and Reinvestment Act of 2009 ("**HITECH Act**"), and the regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and E ("**Privacy Rule**"), the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and C ("**Security Rule**"), and the Notification of Breach of Unsecured Protected Health Information requirements at 45 C.F.R. Part 164, Subpart D ("**Breach Notification Rule**").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. Definitions. For the purposes of this Addendum, terms used, but not otherwise defined, shall have the meaning as those in 45 C.F.R. §§ 160.103, 164.304, 164.402, 164.501, and 164.504, and the following terms have the definitions set forth below:
  - 1.1. "**Breach**" shall have the same meaning as the term "breach" at 45 C.F.R. § 164.402.
  - 1.2. "**HIPAA Rules**" shall mean the Privacy Rule, the Security Rule, and the Breach Notification Rule collectively.
  - 1.3. "**Individual**" shall mean the person who is the subject of the PHI and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).

1.4. **"Protected Health Information"** or **"PHI"** shall have the same meaning as the term "protected health information" at 45 C.F.R. § 160.103, limited to the information created or received by BA from or on behalf of Covered Entity. PHI shall include Electronic Protected Health Information. Notwithstanding anything to the contrary in this Addendum, the term "PHI" as used in this Addendum shall not include any information that BA would otherwise be able to receive as a HIPAA covered entity in the patient's continuum of care.

1.5. **"Secretary"** shall mean the Secretary of the United States Department of Health and Human Services or his or her designee.

1.6. **"Security Incident"** shall have the same meaning as the term "security incident" at 45 C.F.R. § 164.304.

1.7. **"Unsecured PHI"** shall have the same meaning as the term "unsecured protected health information" at 45 C.F.R. § 164.402.

2. **BA Obligations.** The parties agree that BA shall:

2.1. Not use or disclose PHI other than as permitted by this Addendum, the Underlying Agreement, the Privacy Rule, or as Required By Law;

2.2. Use appropriate safeguards to prevent the use or disclosure of PHI other than as provided for by this Addendum. BA shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of Electronic PHI that it creates, receives, maintains, or transmits on behalf of Covered Entity. BA shall comply with the applicable requirements of Subpart C of Part 164 of the Security Rule;

2.3. Limit any uses, disclosures, and requests for PHI to the minimum amount necessary to perform or fulfill a specific function required or permitted by this Addendum in accordance with the HIPAA Rules;

2.4. Mitigate to the extent practicable, any harmful effect that is known to BA from a use or disclosure of PHI by BA in violation of this Addendum;

2.5. Immediately, and in no event later than three business days from discovery, notify Covered Entity of any breach of PHI, including PHI, and will cooperate with Covered Entity to identify, record, investigate, and report to an affected individual and US Department of Health and Human Services, as required, any covered PHI breach. Breach notification to Covered Entity must include if known: names of individuals with contact information for those who were or may have been impacted by the HIPAA Breach; a brief description of the circumstances of the HIPAA Breach, including the date of the breach and date of discovery; a description of the types of unsecured PHI involved in the breach; a brief description of what the BA has done or is doing to investigate the breach and mitigate harm. BA will appoint a breach liaison and provide contact information to provide information and answer questions Covered Entity may have concerning the breach;



2.6. In accordance with 45 C.F.R. §§ 164.308(b)(2) and 164.502(e)(1)(ii), require any of its agents or subcontractors that maintain, create, receive, and/or transmit PHI on behalf of BA to agree, in writing, to the same restrictions, conditions and obligations with respect to the use and disclosure of PHI that apply to BA under this Addendum;

2.7. Make available to Covered Entity such information in such form as Covered Entity may require to fulfill Covered Entity's obligations to provide an Individual with access to, amendment of, and an accounting of disclosures of PHI pursuant to 45 C.F.R. §§ 164.524, 164.526, and 164.528, respectively;

2.8. Make available to the Secretary its internal practices, books and records relating to the use and disclosure of PHI received from, or created by, BA on behalf of Covered Entity, for purposes of determining Covered Entity's compliance with the HIPAA Rules; and

2.9. To the extent BA is delegated to carry out any of Covered Entity's obligations under the Privacy Rule, comply with the requirements of the Privacy Rule that apply to Covered Entity in the performance of such delegated obligations.

2.10. Under no circumstances may BA sell PHI in such a way as to violate Texas Health and Safety Code, Chapter 181.153, effective September 1, 2012, nor shall BA use PHI for marketing purposes in such a manner as to violate Texas Health and Safety Code Section 181.152, or attempt to re-identify any information in violation of Texas Health and Safety Code Section 181.151, regardless of whether such action is on behalf of or permitted by the Covered Entity.

3. Permitted Uses and Disclosures. The parties agree that BA may:

3.1. Use and disclose PHI to perform the Services provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity;

3.2. Use PHI in its possession for its proper management and administration and to fulfill any of its present or future legal responsibilities;

3.3. Use PHI in its possession to provide Data Aggregation services relating to the Health Care Operations of Covered Entity;

3.4. Disclose PHI in its possession to third parties for the purpose of its proper management and administration or to fulfill any of its present or future legal responsibilities provided that: (i) the disclosures are Required By Law; or (ii) BA has received from the third party receiving the PHI reasonable assurances that the PHI will be held confidentially, that the PHI will only be used or further disclosed as Required By Law or for the purpose for which it was disclosed to the third party, and that the third party will notify BA of any instances of which it is aware in which the confidentiality of the information has been breached; or

3.5. De-identify PHI and use and disclose the de-identified information, provided that the de-identification conforms to the requirements of 45 C.F.R. § 164.514(b) and use the de-identified information for any purpose.

3.6. BA may use PHI to report violations of law to appropriate Federal and State authorities, consistent with 45 C.F.R. 502(j)(1).

4. Obligations of Covered Entity. With respect to the use and/or disclosure of PHI by BA, Covered Entity shall:

4.1. Notify BA, in writing and in a timely manner, of any limitations in its notice of privacy practices, to the extent that such limitations may affect BA's use or disclosure of PHI;

4.2. Notify BA, in writing and in a timely manner, of any change in, or revocation of, consent or authorization by an Individual to use or disclose PHI, to the extent that such change may affect BA's permitted or required use or disclosure of the PHI;

4.3. Notify BA, in writing and in a timely manner, of any restriction to the use and/or disclosure of PHI to which Covered Entity is required, or has agreed in accordance with 45 C.F.R. § 164.522 to the extent such restriction may affect BA's use or disclosure of PHI;

4.4. Have entered into a "Business Associate Agreement", as required by 45 C.F.R. § 164.502(e) with any third parties to which Covered Entity directs and authorizes BA to disclose PHI; and

4.5. Only disclose to BA the minimum necessary PHI for BA to provide the Services to Covered Entity.

5. Term. This Addendum shall become effective on the effective date of the Underlying Agreement and shall expire when all of the PHI provided by Covered Entity to BA is destroyed or returned to Covered Entity pursuant to Section 7.

6. Termination. Notwithstanding any other provision under the Underlying Agreement, the parties agree that this Addendum may be terminated without penalty at any time by either Party if the other Party violates a material obligation under this Addendum, provided, however, the other Party is afforded thirty (30) days opportunity to cure the breach and the other Party does not cure the breach or end the violation within said thirty (30) days. If the parties mutually agree that cure is not possible, this Addendum shall terminate immediately.

7. Return or Destruction of PHI. Upon termination or expiration of this Addendum, BA shall return to Covered Entity any and all PHI received from, or created by BA on behalf of, Covered Entity that is maintained by BA in any form whatsoever, including any copies or replicas. If returning the PHI to Covered Entity is not feasible, BA shall destroy any and all PHI maintained by BA in any form whatsoever, including any copies or replicas. Should the return or destruction of the PHI be determined by BA to be not feasible, the parties agree that the terms of this Addendum shall extend to the PHI, and any further use or disclosure of the PHI by BA shall be limited to that purpose which renders the return or destruction of the PHI infeasible.

8. 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 this Addendum may be required to provide for procedures to ensure compliance with such developments. The parties agree to take such action as is necessary to comply with the standards and requirements of the HIPAA Rules and other applicable laws relating to the security or confidentiality of PHI. Upon either Party's request due to



a change in the law, the other Party agrees to promptly enter into negotiations concerning the terms of an amendment to this Addendum.

9. Independent Contractors. In the performance of the Services and the obligations under this Addendum, the parties acknowledge and agree that each Party is at all times acting and performing as an independent contractor and at no time shall the relationship between the parties be construed as a partnership, joint venture, employment, principal/agent, or master/servant relationship.

10. Interpretation. Any ambiguity in this Addendum shall be resolved in favor of a meaning that permits Covered Entity and BA to comply with the HIPAA Rules. The provisions of this Addendum shall prevail over any provisions in the Underlying Agreement between the parties that may conflict or appear inconsistent with any provision of this Addendum.

11. No Third Party Beneficiaries. Nothing expressed or implied in this Addendum is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity, BA, and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

12. Notice. Any notice required under this Addendum shall be delivered in writing to BA or Covered Entity, as appropriate, and submitted to the address indicated below:

For BA: Walgreens Privacy Office  
200 Wilmot Road, MS 9000  
Deerfield, Illinois 60015  
Phone: (847) 236-6518  
Fax: (847) 236-0862  
Email: [privacy.office@walgreens.com](mailto:privacy.office@walgreens.com)  
Attn: Privacy Officer

For Covered Entity: The address set forth in the Underlying Agreement

13. Regulatory References. A reference in this Addendum to a section in the HIPAA Rules means the section in effect or as amended and for which compliance is required at the time.

14. Survival. The respective rights and obligations of the BA under Sections 2, 3.9 and 3.11, and 7 shall survive the termination of this Agreement.

15. INDEMNIFICATION. THE INDEMNITY PROVISIONS IN THE SERVICE CONTRACT SHALL APPLY TO THIS AGREEMENT AND ARE HEREBY INCORPORATED BY REFERENCE FOR ALL PURPOSES.

16. Reimbursement. BA will reimburse Covered Entity for reasonable and substantiated costs incurred to satisfy Covered Entity's legal obligations in relation to responding to a PHI breach by BA or any of BA's subcontractors.

17. Waiver. No provision of this Agreement or any breach thereof shall be deemed waived unless such waiver is in writing and signed by the party claimed to have waived such provision or breach. No waiver of a breach shall constitute a waiver of or excuse any different or subsequent breach.

18. Assignment. Neither party may assign (whether by operation of law or otherwise) any of its rights or delegate or subcontract any of its obligations under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, Covered Entity shall have the right to assign its rights and obligations hereunder to any entity that is an affiliate or successor of Covered Entity, without the prior approval of BA.

19. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Texas.

**COVERED ENTITY**  
**By City of San Antonio**

**BUSINESS ASSOCIATE:**  
**Walgreen Co.**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: Claude A. Jacob  
Print Title: Health Director  
San Antonio Metropolitan Health District

Print Name: Karl Meehan  
Print Title: VP Health System Programs



SS  
09/01/22  
Item No. 15

# **ATTACHMENT II**

## PRIME VENDOR AGREEMENT

This Prime Vendor Agreement (the “Agreement”) is made by and between Cardinal Health 110, LLC and Cardinal Health 112, LLC (“Cardinal Health”) and City of San Antonio, a Texas Municipal Corporation (“City”) acting by and through the Director of the San Antonio Metropolitan Health District, (“Metro Health”), (collectively, the “Buyer”), who hereby agree as follows:

### 1. Term and Termination.

a) *Term.* The initial term of the Agreement shall commence on October 1, 2022, (the “Effective Date”) and shall continue in effect thereafter through September 30, 2023. Thereafter, the Agreement will automatically renew for two (2) additional one (1)-year renewal terms unless either party provides written notice of non-renewal to the other party at least ninety (90) days prior to the end of the initial term or the then-current renewal term, as applicable.

b) *Termination for Cause.* Either party may affect an early termination of the Agreement upon the occurrence of a material breach by the other party. The non-breaching party must give written notice to the breaching party of the nature and occurrence of such breach. If the breach is not cured by the expiration of sixty (60) days from the date of such notice, or if the breaching party has not made reasonable efforts to effect the cure if the breach cannot reasonably be cured within such sixty (60) day period, then the non-breaching party may provide written notice to the breaching party that the Agreement will be terminated in thirty (30) days following the expiration of such sixty (60) day period.

c) *Termination Without Cause.* Notwithstanding any other provision in the Agreement, either party may terminate the Agreement for any reason by providing written notice to the other party of such party’s intent to terminate the Agreement at least sixty (60) days prior to the effective date of such termination.

d) *Termination by Cardinal Health.* Notwithstanding any other provision in the Agreement, in the event of a payment default by Buyer, or based upon other credit considerations deemed relevant by Cardinal Health, Cardinal Health may immediately terminate the Agreement upon the provision of notice to Buyer.

Termination-Funding. City retains the right to terminate this contract at the expiration of each of City’s budget periods. This contract is conditioned on a best efforts attempt by City to obtain and appropriate funds for payment of any debt due by City herein.

Termination by City may be affected by Director of Metro Health, without further action by the San Antonio City Council.

2. Purchase Requirement & Usage. Buyer will designate Cardinal Health as its primary 340B Prescription Drug Pricing Program wholesale pharmaceutical supplier to all the pharmacies (retail pharmacy locations and non-retail pharmacy locations) hospitals, nursing homes, clinics and/or other facilities to the extent applicable, owned, managed or operated by Buyer during the term of the Agreement (collectively, the “Pharmacies” and individually, a “Pharmacy”), and Buyer will purchase from Cardinal Health at least ninety five percent (95%) of the prescription pharmaceuticals (branded and generic) (the “Rx Products”) (“Merchandise”) required for each Pharmacy (the “Primary Requirements”) if they are carried by Cardinal Health. Notwithstanding any other provision in the Agreement, Cardinal Health reserves the absolute right to determine what Merchandise it will carry. Buyer must provide accurate six (6) months’ usage figures (including NDC numbers) for all items for each Pharmacy in compatible electronic (disk) format at least forty-five (45) days prior to participation under the Agreement by that Pharmacy. In addition, Buyer will provide usage information related to new and/or replacement items on an ongoing basis, as necessary. As used in the Agreement, the term “Net Purchases” will mean all purchases made and paid for by Buyer and/or the Pharmacies under the terms of the Agreement, net of all returns, credits, late charges, or other similar items, on an annual, quarterly, or monthly basis, as applicable. A current list of the Pharmacies is attached hereto as **Exhibit A**. Additional pharmacies may be added to Exhibit A from time to time subject to the prior approval of Cardinal Health.

3. Purchase Price. Except as otherwise set forth in the Agreement, Buyer will pay a purchase price for all Merchandise purchased under the Agreement in an amount equal to Cardinal Health’s Cost for such Merchandise, plus the percentage specified in the pricing matrix attached hereto as **Exhibit B** (the “Pricing Matrix”), plus all applicable taxes or other assessments on such purchases. For purposes of the Agreement, the term “Cardinal Health’s Cost” will mean the manufacturer’s published wholesale acquisition cost for the Merchandise at the time the Buyer’s order is submitted to Cardinal Health. Notwithstanding any other provision in the Agreement, the purchase price for certain Merchandise (sometimes referred to herein as “Specially Priced Merchandise”), including, but not limited to, the following items, will not be based upon Cardinal Health’s Cost-plus pricing described above: multisource pharmaceuticals,



Cardinal Health Source Program (“**Source Program**”) Merchandise, private label products, medical/surgical supplies, home health care/durable medical equipment, contrast media, drop-shipped Merchandise, Merchandise acquired from vendors not offering customary cash discount or other terms, branded and biosimilar Rx Products introduced to the market after the Effective Date of this Agreement, and other slow moving, specially-handled Merchandise, and non-pharmaceutical Merchandise.

4. Payment Terms. Buyer’s initial payment terms shall be as follows: 30.0 DSO- the Buyer will cause Cardinal Health to receive payment in full on or before thirty (30) days from the invoice date. All payments due from Buyer to Cardinal Health for Merchandise delivered and services rendered by Cardinal Health under the Agreement will be made to the applicable servicing division specified in Cardinal Health’s invoice (or as otherwise specified by Cardinal Health) by electronic funds transfer or other method acceptable to Cardinal Health so as to provide Cardinal Health with good funds by the due date. Deductions for Merchandise returns or shipping discrepancies (quantity and price) may not be taken until a valid credit memo is issued by Cardinal Health. Cardinal Health retains the right to place Buyer on C.O.D. status, and/or refuse orders from Buyer if Cardinal Health has not received payment when due for Merchandise delivered or services provided to Buyer, or based upon credit considerations deemed relevant by Cardinal Health. For purposes of this Section, Cardinal Health, its affiliates, parent or related entities shall be deemed to be a single creditor. Buyer may from time to time (but not more often than once per calendar quarter) request that its payment terms be changed as to future Merchandise purchases under the Agreement, subject to Cardinal Health’s prior written consent. In such event, Buyer acknowledges and agrees that Buyer’s purchase price may be adjusted by Cardinal Health to reflect Buyer’s new payment terms and credit considerations deemed relevant to Cardinal Health.

5. Service Charge. Buyer will pay a service charge calculated at the rate of 0.75% per month (or the maximum rate allowed by law, if such rate is less than 0.75% per month) on any amount not paid by Buyer to Cardinal Health when due under the terms of the Agreement from the first day of delinquency until such amount is paid in full. Failure or delay by Cardinal Health to bill Buyer for any such service charge will not waive Cardinal Health’s right to receive the same.

6. Ordering. To qualify for the pricing set forth in the Pricing Matrix, Buyer must electronically transmit all orders (excluding Schedule II and emergency orders) to Cardinal Health via Order Express, or such other electronic order entry system as Cardinal Health may approve from time to time. Cardinal Health will provide Buyer with access to such electronic ordering system at no additional charge; provided, however, Buyer must supply all hardware required to access such electronic ordering system, all required Internet access and any required interfaces or other network enhancements, all at Buyer’s expense. Buyer may not use such electronic ordering system for any purpose unrelated to the Agreement. If electronic order entry is temporarily interrupted for reasons beyond the control of Buyer or Cardinal Health, Buyer may place orders manually and both parties will use reasonable efforts to fix the problem. All orders for Schedule II controlled substances must be submitted to Cardinal Health via Cardinal Health’s electronic Controlled Substance Ordering System (“CSOS”). If Schedule II controlled substance orders are not submitted via CSOS, Cardinal Health reserves the right to increase Buyer’s purchase price by 0.05%. Schedule II orders will be delivered with Buyer’s next scheduled delivery following Cardinal Health’s receipt of the CSOS order. Regardless of any other terms of the Agreement, no Schedule II orders will be delivered other than in compliance with DEA regulations.

7. Delivery. All Merchandise shall be shipped FOB destination in accordance with the general delivery schedules as are established from time to time by the applicable Cardinal Health servicing division (exclusive of holidays, etc.). Excluding Pharmacies located outside of the contiguous United States or other Pharmacies mutually agreed upon by the parties from time to time, each Pharmacy shall be eligible to receive deliveries as set forth on Exhibit A at no additional charge.

The Buyer will incur a separate per delivery charge for additional scheduled deliveries or deliveries to multiple locations or departments within a Pharmacy (i.e., materials management, dietary department, etc.) and non-standard or custom deliveries.

Notwithstanding any other provision in the Agreement, all deliveries will be subject to the Fuel Surcharge and Small Volume Order Fee, each as defined below.

Cardinal Health reserves the right to charge a Fuel Surcharge (“**Fuel Surcharge**”) for each delivery stop made to a Pharmacy if the national average price per gallon of U.S. regular gasoline, as published by the U.S. Energy Information Administration at [https://www.eia.gov/dnav/pet/PET\\_PRI\\_GND\\_DCUS\\_NUS\\_M.htm](https://www.eia.gov/dnav/pet/PET_PRI_GND_DCUS_NUS_M.htm) (the “**Average Price Per Gallon**”), is at least \$3.00 (“**Threshold**”). The amount of the Fuel Surcharge begins at \$0.50 per stop when the Average Price Per Gallon reaches the Threshold and increases incrementally by \$0.50 per stop for the first \$0.25 increase in the Average Price Per Gallon above the Threshold, and subsequently, increases by \$0.75 per stop for each \$0.25 increase in the Average Price Per Gallon thereafter. For example, if the Average Price per Gallon is between \$3.500 & \$3.749, then the Fuel Surcharge will be \$1.75 per stop. The Average Price Per Gallon will be



evaluated on a monthly basis, and any adjustments to the Fuel Surcharge will be applicable on the first day of each calendar month. The Fuel Surcharge will be billed, as applicable, as a separate invoice line item for each stop. (CIN #5767025)

Cardinal Health will assess a fee of Twenty-Five Dollars (\$25) (the "**Small Volume Order Fee**") for any delivery of less than One Hundred Dollars (\$100).

8. Manufacturer Contracts. Cardinal Health will recognize and administer mutually agreed upon manufacturer pricing contracts between Buyer and a manufacturer (collectively, "**Manufacturer Contracts**"): (i) subject to their continued validity in accordance with applicable laws, (ii) provided such manufacturer is a vendor in good standing with Cardinal Health, and (iii) subject to such credit considerations concerning the applicable manufacturers as Cardinal Health may consider appropriate. However, if manufacturers' chargebacks for contract items submitted by Cardinal Health are disallowed, uncollectable, or unreconcilable, then the applicable charge will be billed back to Buyer. Buyer will notify Cardinal Health of all applicable pricing information included in the Manufacturer Contracts, including renewals, replacements or terminations of Manufacturer Contracts, not less than forty-five (45) days prior to the effective date of such Manufacturer Contract, renewal, replacement or termination.

9. Returns. In general, Cardinal Health will accept Merchandise for return from Buyer in accordance with the Cardinal Health Returned Goods Policy as is in effect from time to time. A copy of the current Returned Goods Policy is attached hereto as **Exhibit C**. The then-current Freight Claims Policy of the Cardinal Health business unit(s) servicing Buyer under this Agreement will govern all freight claims. Buyer and each Pharmacy shall execute Cardinal Health's standard Returned Goods Authorization Ongoing Assurance (in the form attached hereto as **Exhibit D**) prior to returning any products to Cardinal Health.

10. Intentionally Omitted.

11. "Own Use". All purchases under the Agreement will be for Buyer's "own use" as that term is defined in judicial or legislative interpretation and not for resale to anyone other than the end user. Cardinal Health may terminate the Agreement immediately in the event it reasonably determines that Buyer is in breach of this paragraph.

12. Licensure. Buyer represents, warrants and certifies to Cardinal Health that it and each of Buyer's pharmacy locations has all required governmental licenses, permits and approvals required to purchase, use and/or store the Rx Products purchased from Cardinal Health under the Agreement. Prior to purchasing Rx Products from Cardinal Health hereunder, and at all times during the term of the Agreement, Buyer will provide Cardinal Health with copies of all such licenses and any renewals, revocations, changes or notices related thereto.

13. Taxes. The Buyer will pay when due any sales, use, excise, gross receipts, or value-added taxes, or other federal, state, or local taxes or other surcharges or assessments (other than any tax based on the net income of Cardinal Health or imposed upon inventory held by Cardinal Health in its warehouses) that Cardinal Health is at any time obligated to pay or collect based on, or in any way levied on, the sale of Merchandise under this Agreement, or the Merchandise or any services related thereto. In addition, the Buyer will be obligated to pay all interest or penalties assessed by reason of its failure to comply with its obligations under this Agreement. If Cardinal Health pays any amounts which the Buyer is obligated to pay under this Section, then the Buyer will promptly reimburse Cardinal Health in an amount equal to the amount so paid by Cardinal Health.

14. Compliance Agreement.

14.1. Buyer represents and warrants that Buyer:

- i. will abide by all applicable laws, rules, regulations, ordinances, and guidance of the federal Drug Enforcement Administration ("DEA"), the states into which it dispenses or sells controlled substances and/or listed chemicals, and the states in which it is licensed, including, without limitation, all of the foregoing concerning the purchase, sale, dispensation, and distribution of controlled substances;
- ii. has documented policies and procedures governing the exercise of its corresponding responsibility to maintain effective controls against the diversion of controlled substances and listed chemicals;
- iii. will not dispense or sell controlled substances and/or listed chemicals if it suspects that a prescription or drug order is not issued for a legitimate medical purpose; and



- iv. will immediately notify Cardinal Health in writing if, in the exercise of its corresponding responsibility, Buyer decides to no longer fill prescriptions from a particular prescriber.

14.2. Buyer acknowledges that Cardinal Health has a controlled substance monitoring program (the “CSMP”), and Buyer understands and acknowledges that a condition precedent to receiving any controlled substance from Cardinal Health is approval by CSMP personnel.

14.3. Buyer represents and warrants that Buyer will cooperate with any request by Cardinal Health to Buyer for data or information that Cardinal Health deems, in its sole discretion, is helpful for its CSMP. Buyer’s unconditional cooperation includes, without limitation: providing accurate information and data in response to Cardinal Health’s requests relating to the distribution of controlled substances and listed chemicals.. Buyer acknowledges that: (a) any information or data requested by Cardinal Health is necessary, helpful, reasonable, or appropriate with respect to Cardinal Health’s operation of its CSMP and (b) any actions requested by Cardinal Health of Buyer are helpful, reasonable, or appropriate with respect to Cardinal Health’s operation of its CSMP.

14.4. Buyer represents and warrants that any information or data provided by Buyer to Cardinal Health in connection with the operation of Cardinal Health’s CSMP will be truthful and accurate, and Buyer acknowledges that Cardinal Health will rely on such information and data.

14.5. Notwithstanding any other provision in this or any other agreement between the parties, Buyer agrees that Cardinal Health has the unfettered right to immediately suspend, terminate, or limit the distribution of controlled substances, listed chemicals, and other products monitored by Cardinal Health to Buyer at any time for any reason. If Cardinal Health suspends, terminates, or limits the distribution of controlled substances, listed chemicals, or other products monitored by Cardinal Health to Buyer, Cardinal Health may suspend, terminate, or limit the distribution of any other Merchandise to Buyer. Buyer further acknowledges and agrees that Cardinal Health has the unfettered right to determine the amount and type of information and data Cardinal Health needs to suspend, terminate, or limit the distribution of controlled substances, listed chemicals, and other products monitored by Cardinal Health to the Buyer.

14.6. Buyer hereby expressly waives all rights to contest, in any manner, any action taken by Cardinal Health to investigate, suspend or terminate the sale of controlled substances, listed chemicals, or other products monitored by Cardinal Health.

14.7. Buyer represents and warrants that Buyer:

- i. will immediately notify Cardinal Health if it becomes aware that (i) the Buyer or any of its owners, employees, or independent contractors, or (ii) one of its top prescribers is or has been the subject of an investigation or disciplinary action by the Drug Enforcement Administration, a state Board of Pharmacy, or any other governmental entity related to the dispensing, ordering, storage, handling, or prescribing of controlled substances or any other Merchandise. This shall include, but not be limited to, notification of any proposed or final suspension, probation, termination, fine, consent order, agreement, or citation regarding Buyer’s or a top prescriber’s activities including the licensure or registration of the top prescriber or the Buyer or any of its owners, employees, or independent contractors. Any such notice shall be sent to: [gmb-CardinalHealth-CSMP-Inquiries@cardinalhealth.com](mailto:gmb-CardinalHealth-CSMP-Inquiries@cardinalhealth.com)

- ii. will, upon Cardinal Health’s request, provide a written certification to Cardinal Health that: (i) it has been and will continue to be in compliance with notification obligations in this Section and the terms of this Agreement, (ii) Buyer reviews the licensure status of each of the licensed employees working for Buyer on at least an annual basis, (iii) if Buyer becomes aware that a licensed employee working for Buyer has been, in the five years preceding the date of the certification, the subject of any professional disciplinary action regarding the dispensing or handling of controlled substances or law enforcement action related to controlled substance diversion, that Buyer has: (A) taken appropriate employment action against any such licensed employee, and (B) disclosed to Cardinal Health such regulatory or law enforcement action, and (iv) if Buyer becomes aware that a top prescriber has been, in the five years preceding the date of the certification, the subject of any professional disciplinary action regarding the dispensing or handling of controlled substances or law enforcement action related to controlled substance diversion, that Buyer has disclosed to Cardinal Health such regulatory or law enforcement action.

14.8. Cardinal Health has the unfettered right to immediately suspend, terminate, or limit the distribution of any Merchandise to Buyer if Cardinal Health learns that Buyer was subjected to discipline or the target of any investigation by the Drug Enforcement Administration, a state Board of Pharmacy, or any other a regulatory entity focused on healthcare fraud related issues.



15. Warranty Disclaimer and Limitation of Liability. THERE ARE NO EXPRESSED OR IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE. CARDINAL HEALTH SHALL NOT BE LIABLE FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL OR PUNITIVE DAMAGES.

16. Force Majeure. Cardinal Health's obligations under the Agreement will be excused if and to the extent that any delay or failure to perform such obligations is due to fire or other casualty, product or material shortages, strikes or labor disputes, transportation delays, change in business conditions (other than insignificant changes), manufacturer out-of-stock or delivery disruptions, acts of God, seasonal supply disruptions, or other causes beyond the reasonable control of Cardinal Health. During the period of any such delay or failure, Buyer may purchase the Primary Requirements for the affected Pharmacies from others, but will recommence purchasing from Cardinal Health upon cessation of such delay or failure.

17. Discounts and Rebates. If and to the extent any discount, credit, rebate or other purchase incentive is paid or applied by Cardinal Health with respect to the Merchandise purchased under the Agreement, such discount, credit, rebate or other purchase incentive shall constitute a "discount or other reduction in price," as such terms are defined under the Medicare/Medicaid Anti-Kickback Statute (42 U.S.C. § 1320a 7b(b)(3)(A) and the "safe harbor" regulations regarding discounts or other reductions in price set forth in 42 C.F.R. § 1001.952(h)) on the applicable Merchandise purchased by Buyer under the terms of the Agreement. Buyer may have an obligation to accurately report, under any state or federal program which provides cost or charge based reimbursement for the products or services covered by the Agreement, or as otherwise requested or required by any governmental agency, the net cost actually paid by Buyer.

18. Buyer's Authority to Contract. City of San Antonio on behalf of the San Antonio Metropolitan Health District represents and warrants to Cardinal Health that it has the power and authority to enter into this Agreement on behalf of, and in the name of, each of its subsidiaries, affiliates and related parties, and it covenants that it will obtain all necessary authorizations to act under this Agreement on behalf of, and in the name of, any entity it owns, manages or controls, whether now or hereafter existing. Buyer acknowledges and agrees that Cardinal Health is relying on the representations, warranties and covenants contained herein to enter into this Agreement and perform its obligations hereunder.

19. Miscellaneous. Each party shall comply with all laws, rules and regulations applicable to its obligations under the Agreement. The Agreement and its exhibits constitute the entire agreement and understanding of the parties with respect to the subject matter hereof, and the Agreement may not be amended except by a writing signed by each party. No party may assign its rights or obligations under the Agreement without the written consent of the others; provided, however, that Cardinal Health may delegate its rights and obligations to any entity that is controlled by or under common control with Cardinal Health, Inc. Neither party may disclose the terms and conditions of the Agreement to a third party without prior written consent of the other party, except as required by law or as necessary to perform its obligations under the Agreement. The Agreement does not create any employment, agency, franchise, joint venture, partnership or other similar legal relationship between Buyer and Cardinal Health. Buyer represents and warrants that Buyer has the authority to contractually bind the Pharmacies to the terms and conditions of this Agreement.

20. Insurance. Cardinal Health agrees to maintain insurance coverages throughout the term of this agreement in accordance with the attached Liability Evidence of Coverage attached hereto and incorporated herein for all purposes as Attachment 1.

21. Indemnification.

Cardinal Health agrees to indemnify, defend and hold harmless the City of San Antonio and each of their affiliates, directors, officers, employees and agents from and against any and all third-party losses and liabilities, costs (including, without limitation, interest, penalties and reasonable experts' and attorneys' fees) and judgments arising out of or substantially related to Cardinal Health's performance of its obligations under this Agreement, including the negligent acts or omissions of Cardinal Health and its employees and agents acting under its control or supervision, it being understood, however, that Cardinal Health is not the manufacturer of the Products and that no indemnification of any type is being provided other than as specifically stated in this paragraph.

22. Non-Discrimination. As a party to this contract, Cardinal Health understands and agrees to comply with applicable law regarding non-discrimination. Cardinal health is aware of the Non-Discrimination Policy of the City of San Antonio contained in Chapter 2, Article X. of the City Code and has similar policies in place applicable to its own business. Further, Cardinal Health shall not discriminate on the basis of race, color, religion, national origin, sex, sexual orientation, gender identity, veteran status, age or disability, unless exempted by state or federal law, or as otherwise established herein.

23. Debarment. Cardinal Health represents that neither it nor its employees engaged in services under this Agreement are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in any State or Federal



Program. Cardinal Health shall provide written notice to City, in accordance with 8.11 Notice, if, at any time during the term of this contract, including any renewals hereof, Cardinal Health learns that its representation was erroneous when made or has become erroneous by reason of changed circumstances.

24. Conflict of Interest. 15.1 The Charter of the City of San Antonio and the City of San Antonio Code of Ethics prohibit a City officer or employee, as those terms are defined in Section 2-52 of the Code of Ethics, from having a direct or indirect financial interest in any contract with the City. An officer or employee has a "prohibited financial interest" in a contract with the City or in the sale to the City of land, materials, supplies or service, if any of the following individual(s) or entities is a party to the contract or sale:

- (1) City officer or employee; his or her spouse, sibling, parent, child or other family member within the first degree of consanguinity or affinity;
- (2) an entity in which the officer or employee, or his or her parent, child or spouse directly or indirectly owns (i) 10 percent or more of the voting stock or shares of the entity, or (ii) 10 percent or more of the fair market value of the entity; or
- (3) an entity in which any individual or entity listed above is (i) a subcontractor on a City contract, (ii) a partner or (iii) a parent or subsidiary entity.

Pursuant to the subsection above, Consultant warrants and certifies, and this Agreement is made in reliance thereon, that by contracting with the City, Consultant does not cause a City employee or officer to have a prohibited financial interest in the Contract. Consultant further warrants and certifies that it has tendered to the City a Contracts Disclosure Statement in compliance with the City's Ethics Code.

25. Prohibition on contracts with companies boycotting Israel.

Texas Government Code §2270.002 provides that a governmental entity may not enter into a contract with a company for goods or services, unless the contract contains a written verification from the company that it:

- (1) does not boycott Israel; and
- (2) will not boycott Israel during the term of the contract.

"Boycott Israel" means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Contract No. 00161128.0 "Company" means a for-profit sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit.

By submitting an offer to or executing contract documents with the City of San Antonio, Company hereby verifies that it does not boycott Israel, and will not boycott Israel during the term of the contract. City's hereby relies on Company's verification. If found to be false, City may terminate the contract for material breach.

26. Contracts with companies engaged in business with Iran, Sudan, or foreign terrorist organizations prohibited.

Texas Government Code §2252.152 provides that a governmental entity may not enter into a governmental contract with a company that is identified on a list prepared and maintained under Texas Government Code §§2270.0201 or 2252.153. Cardinal Health hereby represents that it is not identified on such a list and that it will notify City should it be placed on such a list while under contract with City. City hereby relies on Cardinal Health's representation. If found to be false, or if Cardinal Health is identified on said list during the course of its contract with City, City may terminate the Contract for material breach.

27. Prohibition On Contracts With Companies Boycotting Certain Energy Companies.

This section only applies to a contract that:

- (1) is between a governmental entity and a company with 10 or more full-time employees; and
- (2) has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity.

"Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit. This term does not include a sole proprietorship.

"Boycott energy company" means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because



the company: (A) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (B) does business with a company described in (A).

Texas Government Code §2274 provides that a governmental entity may not enter into a contract with a company for goods or services, unless the contract contains a written verification from the company that it: (1) does not boycott energy companies; and (2) will not boycott energy companies during the term of the contract.

By submitting an offer to or executing contract documents with the City of San Antonio, Company hereby verifies that it does not knowingly boycott certain energy companies and will not knowingly boycott certain energy companies during the term of the contract. City hereby relies on Company's verification. If found to be false, City may terminate the contract for material breach.

28. Prohibition On Contracts With Companies That Discriminate Against Firearm And Ammunition Industries.

This section only applies to a contract that:

- (1) is between a governmental entity and a company with 10 or more full-time employees; and
- (2) has a value of \$100,000 or more that is to be paid wholly or partly from public funds of the governmental entity.

"Company" means a for-profit organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, or limited liability company, including a wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate of those entities or business associations that exists to make a profit. This term does not include a sole proprietorship.

"Discriminate against a firearm entity or firearm trade association": (A) means, with respect to the entity or association, to: (i) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (ii) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (iii) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association.

Texas Government Code §2274 provides that a governmental entity may not enter into a contract with a company for goods or services, unless the contract contains a written verification from the company that it: (1) does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association; and (2) will not discriminate during the term of the contract against a firearm entity or firearm trade association.

By submitting an offer to or executing contract documents with the City of San Antonio, Company hereby verifies that it does not have a practice, policy, guidance, or directive that knowingly discriminates against a firearm entity or firearm trade association; and will not knowingly discriminate during the term of the contract against a firearm entity or firearm trade association. City hereby relies on Company's verification. If found to be false, City may terminate the contract for material breach.

**[Signature Page Follows]**



City of San Antonio on behalf of the San Antonio  
Metropolitan Health District  
100 W. Houston Street, 14th Floor  
San Antonio, TX 78205

Cardinal Health 110, LLC  
Cardinal Health 112, LLC

7000 Cardinal Place  
Dublin, OH 43017  
Fax: (614) 757-6000

By:

By:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Title:

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date:

**EXHIBIT A****Pharmacies**

<b>Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>HRSA ID</b>	<b>Number of Scheduled Deliveries Per Week</b>
San Antonio Metro Health 340B	512 East Highland Street	San Antonio	TX	78210	STD782851	One (1) delivery per day, up to two (2) deliveries per week, on mutually agreed upon days (Monday – Friday)
San Antonio Metro Health BT	PO Box 839966	San Antonio	TX	78283	STD782851	N/A
San Antonio Metro Health 340B BT	512 East Highland Street	San Antonio	TX	78210	STD782851	N/A
Walgreens 16485 340B ST	7302 Louis Pasteur Dr Ste 104	San Antonio	TX	78229	STD782851	One (1) delivery per day, up to two (2) deliveries per week, on mutually agreed upon days (Monday – Friday)
Walgreens 21214 340B ST	660 N Main Ave Ste 101	San Antonio	TX	78205	STD782851	One (1) delivery per day, up to two (2) deliveries per week, on mutually agreed upon days (Monday – Friday)
Walgreens 04160 340B ST	2200 E Houston St	San Antonio	TX	78202	STD782851	One (1) delivery per week, on mutually agreed upon day (Monday)
Walgreens 03141 340B ST	1105 Goliad Rd	San Antonio	TX	78223	STD782851	One (1) delivery per week, on mutually agreed upon day (Monday)
Walgreens 03224 340B ST	6901 San Pedro Avenue	San Antonio	TX	78216	STD782851	One (1) delivery per week, on mutually agreed upon day (Thursday)
Walgreens 04552 340B ST	4703 West Commerce St	San Antonio	TX	78237	STD782851	One (1) delivery per week, on mutually agreed upon day (Wednesday)
Walgreens 05964 340B ST	3401 San Pedro	San Antonio	TX	78212	STD782851	One (1) delivery per day, up to two (2) deliveries per week, on mutually agreed upon days (Monday – Friday)
Walgreens 02458 340B ST	7802 Wurzbach Road	San Antonio	TX	78229	STD782851	One (1) delivery per day, up to two (2) deliveries per week, on mutually agreed upon days (Monday – Friday)



**EXHIBIT B****Pricing Matrix****Base Purchase Price**

Subject to Buyer's compliance with Section 4 of the Agreement, Buyer will be entitled to purchase Rx Products from Cardinal Health (that are not Specially Priced Merchandise or Specialty Carve Out Pharmaceuticals) for Buyer's Pharmacies at a purchase price equal to **Cardinal Health's Cost minus 2.50%**.

**Buyer's Initial Purchase Price**

Based on the Buyer's representation that: (i) the Buyer pays in accordance with 30.0 DSO payment terms and (ii) the Buyer's Utilization Percentage (as defined below) shall equal at least forty-nine percent (49.00%), Buyer will initially be invoiced at **Cardinal Health's Cost minus 2.50%** for Rx Products that are subject to the "Base Purchase Price" section above.

**Exceptions to the Foregoing Pricing**

Notwithstanding the foregoing, as set forth in Section 3 of the Agreement, the purchase price for Specially Priced Merchandise shall not be determined in accordance with the Cardinal Health's Cost-plus pricing methodology set forth in the "Base Purchase Price" section above; rather, Specially Priced Merchandise will be net-billed in accordance with the terms and conditions established by Cardinal Health for such Merchandise from time to time (including applicable mark-up).

**Purchase Price for Merchandise Subject to a Manufacturer Contract**

Notwithstanding any other provision in the Agreement, for Buyer's 340B Pharmacies, the Buyer's purchase price for Merchandise subject to a Manufacturer Contract will equal the Buyer's contract price for the applicable Merchandise as set forth in the Manufacturer Contract, less the discount percentage determined in accordance with the "Base Purchase Price" Section above, as adjusted, if applicable.

**Purchase Price for Specialty Carve Out Pharmaceuticals**

Notwithstanding any other provision in the Agreement or this Pricing Matrix, the purchase price for "Specialty Carve Out Pharmaceuticals" shall equal Cardinal Health's Cost minus 2.50%. As used herein, "**Specialty Carve Out Pharmaceuticals**" will mean those branded and biosimilar Rx Products included under the AHFS Drug Classifications for the following treatment categories: Cancer/Oncology, Rheumatoid Arthritis/Rheumatology, Multiple Sclerosis, Hepatitis C, HIV, Crohn's Disease (excluding such branded or biosimilar Rx Products that are drop-shipped, purchased from or through SPD, or Specially Priced Merchandise). Any newly launched branded or biosimilar Rx Products that is added to one of the AHFS Drug Classifications listed above, or any branded or biosimilar Rx Products that is reclassified under one of the AHFS Drug Classifications listed above, shall be a Specialty Carve Out Pharmaceutical. In addition, if there are new AHFS Drug Classifications, then Cardinal Health reserves the right to add new AHFS Drug Classifications to those that are included in the Specialty Carve Out Pharmaceutical categories listed above and will notify the Buyer of any such addition.

**Purchase Price for SPD Merchandise**

Notwithstanding anything to the contrary that may be contained in the Agreement, Buyer's Merchandise purchased through Cardinal Health's Specialty Distribution channel ("**SPD**"), including any limited distribution products purchased through SPD, will be priced at the amount invoiced by SPD (plus any applicable freight and handling charge) with no additional mark-up.

**GPO Administrative Fees**

The pricing specified in the Pricing Matrix above reflects any administrative fees for membership in any group purchasing organization ("**GPO**"). If Buyer or any Pharmacy affiliates with a GPO, the appropriate administrative fee will be added to the purchase price paid by the Buyer or Pharmacy.

**EXHIBIT C****Cardinal Health Pharmaceutical Distribution  
Returned Goods Policy**

Products in “merchantable condition” (as defined below) and originally purchased from Cardinal Health may generally be returned to the customer’s servicing Cardinal Health distribution center in accordance with, and subject to, the terms and conditions of this policy.

**Return Made Within:****Normal Credit Amount:**

1 - 180 Days from Invoice Date

100% of original invoice amount paid by customer. This policy covers all order shortages, filling errors and damage if reported within two (2) business days and such products are returned within ten (10) business days of the date of the applicable invoice.

180 Days – 12 Months from Invoice Date

90% of original invoice amount paid by customer. Provided, however, if applicable mark-up is greater than 0%, credit will be based on customer’s contract cost or Cardinal Health’s then-current base cost, as applicable.

Returns made greater than 12 months from the invoice date will not be accepted. No credit will be issued, and the product will be returned to customer.

“***Merchantable condition***” will be determined by Cardinal Health based upon its ability to return the product to its inventory for resale in the normal course of its business, without special preparation, testing, handling, or expense and will **exclude** the following:

- A. Any product purchased from any supplier other than Cardinal Health.
- B. Any product which has been used or opened; is a partial dispensing unit or unit of sale; is without all original packaging, labeling, inserts, or operating manuals; or that is stickered, marked, damaged, defaced, or otherwise cannot readily be resold by Cardinal Health for any reason.
- C. Short-dated (less than seven (7) months expiration dating), outdated, or seasonal products and products purchased on a “special order” basis, including non-stock and drop-shipped products.
- D. Any product not intended for return to a wholesaler in accordance with the return policies of the applicable manufacturer.
- E. Any product listed by any state or federal regulatory agency as a high-risk pedigree item that is returned without a valid invoice number that cannot otherwise be verified by Cardinal Health.

**Unmerchantable Products**

Any product not eligible for return in accordance with this policy (i.e., the product is not in “merchantable condition” as set forth above) will require return directly to the manufacturer. If any such products are returned to Cardinal Health, they will be returned to customer and no credit will be issued.

Notwithstanding the foregoing, in any case where Cardinal Health accepts the return of such products and agrees to return such products to the applicable manufacturer on behalf of customer (provided the manufacturer allows the return of such products), any credit issued to customer will be determined by Cardinal Health.

**Required Return Documentation**

Prior to returning any product to Cardinal Health, customer must execute and deliver to **Cardinal Health a Cardinal Health Returned Goods Authorization Ongoing Assurance** verifying that all returned products have been kept under proper conditions for storage, handling, and shipping.

All requests for credit must be submitted via EOE, Cardinal.com, CardinalCHOICE®, or approved EDI interface.

A fully completed and signed **Merchandise Return Authorization Form** (the “MRA Form”) must accompany all products to be returned. **Note:** An MRA Form cannot be fully completed without a valid invoice number. The request for an MRA Form will be rejected if a valid invoice number is not provided.

**Third Party Return Processors**

At the request of customer, Cardinal Health will work with third party return processors for returns of unmerchantable products. Such arrangement will be subject to mutually agreed upon terms and conditions, to include administrative fees payable to Cardinal Health.

**Controlled Substances**



Credit for the return of controlled substances requires a separate MRA Form and such returns must comply with all applicable laws, rules and regulations in addition to the terms and conditions of this policy.

#### **Refrigerated, Chemotherapy and Hazardous Products**

Refrigerated, chemotherapy and hazardous products must be returned in packaging that complies with applicable regulatory requirements. All such products that are not returned in packaging that complies with applicable regulatory requirements will be considered damaged and unsaleable. This product will be destroyed and no credit will be issued to customer.

#### **Shorts and Damaged Products**

Claims of order shortages (e.g., products invoiced but not received), filling errors and damage must be reported within two (2) business days from the applicable invoice date, or no credit will be issued. Returns of damaged products or products shipped in error must be received by the Cardinal Health servicing distribution center within ten (10) business days from the applicable invoice date, or no credit will be issued. Controlled substance shortage claims must be reported immediately per DEA requirements. In all instances, credit will not be issued until verification of the claim by Cardinal Health.

No deductions may be taken by customer until a valid credit memo is issued by Cardinal Health.

#### **Shipping of Return Products**

Products to be returned must be placed in a proper shipping container and signed for by the driver when picked up.

Signed MRA Forms shall be included in totes with the returned products. Only one (1) MRA Form shall be included in each tote.

- If the MRA Form is not signed, no credit will be issued, and the products will be returned to the customer.
- If the MRA Form is not inside the tote with the returned products, Cardinal Health will attempt to identify the customer that returned the products. The tote will then be returned to the customer with a request for a completed MRA Form(s).
- No credit will be issued for products returned but not listed on the accompanying MRA Form. Such products will be returned to the customer.

All MRA Forms will be reviewed by Cardinal Health for compliance with this policy. The acceptability and valuation of any return is at the sole discretion of Cardinal Health.

Products must be returned to the customer's servicing Cardinal Health distribution center within thirty (30) days from the date of customer's request for an MRA Form, or no credit will be issued.

In addition to the requirements set forth in this policy, Customer shall comply with all return procedures required by the Cardinal Health servicing distribution center.

#### **Other Restrictions**

Excessive returns may result in higher restocking fees as deemed necessary by Cardinal Health.

This policy is subject to change without notice by Cardinal Health. This policy is further subject to modification as may be deemed necessary or appropriate by Cardinal Health to comply with applicable federal and/or state regulations, FDA guidelines, state law, and other restrictions applicable to returned products.



**EXHIBIT D**

Cardinal Health  
7000 Cardinal Place  
Dublin, OH 43017  
614.757.5000 main  
www.cardinalhealth.com

**CARDINAL HEALTH RETURNED GOODS AUTHORIZATION  
ONGOING ASSURANCE**

The undersigned customer ("**Customer**") of Cardinal Health, (the "**Distributor**") hereby agrees that this document is being delivered to confirm Customer's compliance with applicable federal, state, and local laws / guidelines concerning returned goods and shall apply to all returns by Customer to Distributor from time to time and shall supersede any inconsistent provisions which may be contained in any credit request, purchase order, or other documents pertaining to the supply relationship between Customer and Distributor.

Customer represents, warrants, and guarantees to Distributor that: (a) each such return shall be made only to the specific Distributor from which the item was originally purchased; (b) each such return shall be accompanied by Distributor's credit request form (the "**Return Form**"), which shall specify both Customer's and Distributor's name and address, the date of the return, the quantity and description of the product returned, and such other information as may reasonably be requested on Distributor's Return Form; (c) Customer shall retain a copy of each Return Form and related credit memo and make such documentation available to the manufacturer and to authorized federal, state, and local law enforcement officers upon request; (d) the credit claimed or accepted by Customer for any such return shall not exceed the original purchase price paid to Distributor; and (e) all merchandise returned to Distributor has been stored and handled by Customer in accordance with all applicable federal, state, and local laws, manufacturer guidelines when disclosed to customer by the manufacturer or distributor, and good trade practices, and such merchandise has not been adulterated or misbranded by customer within the meaning of the Federal Food, Drug, and Cosmetic Act and meets all FDA, state, and other applicable requirements and guidelines.

City of San Antonio on behalf of the  
San Antonio Metropolitan Health District  
100 W. Houston Street, 14th Floor  
San Antonio, TX 78205

\_\_\_\_\_  
By Authorized Person / Title (Print)

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Authorized Person



**EXHIBIT E**

**Compliance Representations and Warranties for Customers**

City of San Antonio on behalf of the San Antonio Metropolitan Health District ("**Customer**") represents and warrants that it:

1. will abide by all applicable laws, rules, regulations, ordinances and guidance of the federal Drug Enforcement Administration ("**DEA**"), the states into which it dispenses or sells controlled substances and/or listed chemicals, and the states in which it is licensed, including, without limitation, all of the foregoing concerning the purchase, sale, dispensation, and distribution of controlled substances; and
2. will not dispense or sell controlled substances and/or listed chemicals if it suspects that a prescription or drug order is not issued for a legitimate medical purpose or the actions conducted on the part of the prescriber or Customer and its employees are not performed in the normal course of professional practice.

In addition, Customer warrants that it understands that Cardinal Health is required by DEA regulations and some state regulations to identify and report suspicious orders of controlled substances and listed chemicals to the DEA and some state regulatory authorities. Customer agrees to act in good faith in assisting Cardinal Health to fulfill its obligations. Additionally, Customer warrants and understands that Cardinal Health, in fulfillment of its regulatory obligations, will not fill an order for controlled substances, listed chemicals, or other products monitored by Cardinal Health that Cardinal Health has determined to be suspicious.

Customer acknowledges that Cardinal Health may provide a copy of this document to the DEA or any other state or federal regulatory agency or licensing board.

Customer hereby acknowledges and agrees that, notwithstanding any other provision herein, or any provision in any other agreement between Cardinal Health and the Customer, Cardinal Health may immediately suspend, terminate or limit the distribution of controlled substances, listed chemicals, and other products monitored by Cardinal Health to the Customer at any time if Cardinal Health determines that such action is necessary to fulfil its legal or regulatory obligations.

Agreed to by a duly authorized officer, partner, or principal of Customer:

Signature: \_\_\_\_\_

Full Name (print): \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT 1**



June 30, 2022

To whom it may concern:

This is a declaration and confirmation by Cardinal Health, Inc. and its subsidiaries exclusively that:

Cardinal Health is self-insured for products, completed operations liability and pharmacist professional liability. You will not be named as additional insured for any of the self-insured retention limits of the product liability, completed operations liability and pharmacist professional liability coverages. Cardinal Health's self-insurance is backed by its financial strength documented in financial statements found at [www.cardinalhealth.com](http://www.cardinalhealth.com). The existence of self-insurance within Cardinal Health's insurance program does not change any contractual obligation we may have, and shall not be deemed to exceed the scope of coverage and/or limits required, under our written contract or agreement with you.

As respects the Automobile Liability, Automobile Physical Damage, Comprehensive and Collision coverage is self-insured for all owned vehicles.

Please direct any questions or concerns to [GMB-DUB-RiskManagement@cardinalhealth.com](mailto:GMB-DUB-RiskManagement@cardinalhealth.com).

Denise Johnston  
Director, Risk Management

JPK/as

enc.





# CERTIFICATE OF LIABILITY INSURANCE

 DATE(MM/DD/YYYY)  
06/27/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Services Northeast, Inc. Cincinnati OH Office 8044 Montgomery Road Suite 405 Cincinnati OH 45236-2919 USA	<b>CONTACT NAME:</b> PHONE (A/C. No. Ext.): (866) 283-7122 FAX (A/C. No.): (800) 363-0105 E-MAIL ADDRESS:														
<b>INSURED</b> Cardinal Health, Inc. (See Additional Page) 7000 Cardinal Place Dublin OH 43017 USA	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: XL Insurance America Inc</td> <td>24554</td> </tr> <tr> <td>INSURER B: XL Specialty Insurance Co</td> <td>37885</td> </tr> <tr> <td>INSURER C: Greenwich Insurance Company</td> <td>22322</td> </tr> <tr> <td>INSURER D: Indian Harbor Insurance Company</td> <td>36940</td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: XL Insurance America Inc	24554	INSURER B: XL Specialty Insurance Co	37885	INSURER C: Greenwich Insurance Company	22322	INSURER D: Indian Harbor Insurance Company	36940	INSURER E:		INSURER F:	
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INSURER C: Greenwich Insurance Company	22322														
INSURER D: Indian Harbor Insurance Company	36940														
INSURER E:															
INSURER F:															

**COVERAGES** **CERTIFICATE NUMBER: 570094095707** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. **Limits shown are as requested**

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
C	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Liquor Liability Included GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:			RGD943716717 AOS, PR	06/30/2022	06/30/2023	EACH OCCURRENCE \$5,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) PERSONAL & ADV INJURY \$5,000,000 GENERAL AGGREGATE \$5,000,000 PRODUCTS - COMPOSP AGG Excluded Liquor Liability Lim Included
C	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS ONLY <input type="checkbox"/> in			RAD943716817	06/30/2022	06/30/2023	COMBINED SINGLE LIMIT (Ea accident) \$5,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION			US00092147L122A SIR applies per policy terms & conditions	06/30/2022	06/30/2023	EACH OCCURRENCE \$5,000,000 AGGREGATE \$5,000,000 Products/Completed O Excluded
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	RWD943512517 (AOS) RWR943512617 (WI)	06/30/2022	06/30/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$5,000,000 E.L. DISEASE-EA EMPLOYEE \$5,000,000 E.L. DISEASE-POLICY LIMIT \$5,000,000
D	E&O-PL-Primary			RGD943797703 E&O SIR applies per policy terms & conditions	06/30/2022	06/30/2023	Loss Limit \$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

## CERTIFICATE HOLDER

## CANCELLATION

Cardinal Health, Inc. 7000 Cardinal Place Dublin OH 43017 USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Aon Risk Services Northeast, Inc.</i>
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AGENCY CUSTOMER ID: 570000070625

LOC #:

**ADDITIONAL REMARKS SCHEDULE**

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AGENCY Aon Risk Services Northeast, Inc.		NAMED INSURED Cardinal Health, Inc.	
POLICY NUMBER See Certificate Number: 570094095707			
CARRIER See Certificate Number: 570094095707	NAIC CODE	EFFECTIVE DATE	

**ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,  
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

**ADDITIONAL POLICIES** If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
	WORKERS' COMPENSATION							
B		N/A		RWR300142404 (AK)	06/30/2022	06/30/2023		
	OTHER							
B	Excess WC			RWE943514317 Xs Work Comp - OH SIR applies per policy terms & conditions	06/30/2022	06/30/2023	EL Each Accident	\$4,500,000
							EL Disease - Ea Empl	\$4,500,000



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AGENCY Aon Risk Services Northeast, Inc.		NAMED INSURED Cardinal Health, Inc.	
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**ADDITIONAL REMARKS**

<p><b>THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,</b>  <b>FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance</b></p> <p style="text-align: center;"><b>Evidence of Coverage</b></p> <p>As respects the Commercial General Liability Policy:          Additional Insured Managers or Lessors of Premises : as required by written contract          Additional Insured Owners, Lessees or Contractors - Scheduled Persons or Organization : as required by written contract          Coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured and shall not increase the applicable Limits of Insurance</p> <p>As respects the Automobile Liability Policy:          Coverage symbol 1 (Any Auto) applies to Automobile Liability which includes coverage for Hired / Non-Owned Autos          Lessor - Additional Insured: all leased autos.          The policy will pay as interest may appear, you (Cardinal Health) and the lessor named in this endorsement for "loss" to a "leased auto".          Additional Insured where Required under Written Contract or Agreement Endorsement</p> <p>As respects General Liability, Automobile Liability, and Workers Compensation Policies:          Waiver of Subrogation is permitted as required by written contract or agreement executed prior to loss and in accordance with the terms, conditions and exclusions of the applicable policies.</p>
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## ADDITIONAL REMARKS SCHEDULE

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<small>AGENCY</small> Aon Risk Services Northeast, Inc.		<small>NAMED INSURED</small> Cardinal Health, Inc.	
<small>POLICY NUMBER</small> See Certificate Number: 570094095707			
<small>CARRIER</small> See Certificate Number: 570094095707	<small>NAIC CODE</small> 		
		<small>EFFECTIVE DATE:</small> 	

### ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.

FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

#### Named Insured Listing

Named Insured Listing for June 30, 2022 - June 30, 2023 includes but is not limited to the following:

A+ Secure Packaging, LLC  
 Abilene Nuclear, LLC  
 Access Closure, Inc.  
 Acuity GPO, LLC  
 Aero-Med, LLC  
 Allegiance (BVI) Holding Co. Ltd.  
 Allegiance Corporation  
 Allegiance Healthcare (Labuan) Pte. Ltd.  
 Allegiance I, LLC  
 Allegiance Labuan Holdings Pte. Ltd.  
 API (Suppliers) Limited  
 AssuraMed Acquisition Corp.  
 AssuraMed Group, Inc.  
 AssuraMed Holding, Inc.  
 AssuraMed Intermediate Holding, Inc.  
 AssuraMed, Inc.  
 C. International, Inc.  
 Cardinal Distribution Holding Corporation - I  
 Cardinal Distribution Holding Corporation - II  
 Cardinal Health 100, Inc.  
 Cardinal Health 104 LP  
 Cardinal Health 105, LLC  
 Cardinal Health 107, LLC  
 Cardinal Health 108, LLC  
 Cardinal Health 110, LLC  
 Cardinal Health 112, LLC  
 Cardinal Health 113, LLC  
 Cardinal Health 114, Inc.  
 Cardinal Health 115, LLC  
 Cardinal Health 116, LLC  
 Cardinal Health 118, LLC  
 Cardinal Health 119, LLC  
 Cardinal Health 121, LLC  
 Cardinal Health 122, LLC  
 Cardinal Health 123, LLC  
 Cardinal Health 124, LLC  
 Cardinal Health 125, LLC  
 Cardinal Health 126, LLC  
 Cardinal Health 127, Inc.  
 Cardinal Health 128, LLC  
 Cardinal Health 130, LLC  
 Cardinal Health 131, LLC  
 Cardinal Health 132, LLC  
 Cardinal Health 133, Inc.  
 Cardinal Health 2, LLC  
 Cardinal Health 200, LLC  
 Cardinal Health 201 Canada L.P.  
 Cardinal Health 201, LLC  
 Cardinal Health 215, LLC  
 Cardinal Health 222 (Thailand) Ltd.  
 Cardinal Health 242, LLC  
 Cardinal Health 246, Inc.  
 Cardinal Health 247, Inc.  
 Cardinal Health 249, LLC  
 Cardinal Health 250 Dutch C.V.  
 Cardinal Health 251, LLC  
 Cardinal Health 252, LLC  
 Cardinal Health 253, LP



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# **ADDITIONAL REMARKS SCHEDULE**

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AGENCY Aon Risk Services Northeast, Inc.		NAMED INSURED Cardinal Health, Inc.	
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## **ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.

FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Named Insureds Continued

Cardinal Health 3, LLC  
 Cardinal Health 414, LLC  
 Cardinal Health 418, Inc.  
 Cardinal Health 5, LLC  
 Cardinal Health 500, LLC  
 Cardinal Health 524, LLC  
 Cardinal Health 529, LLC  
 Cardinal Health 6, Inc.  
 Cardinal Health 7, LLC  
 Cardinal Health 8, LLC  
 Cardinal Health Australia 503 Pty Ltd.  
 Cardinal Health Austria 504 GmbH  
 Cardinal Health Belgium 505 BVBA  
 Cardinal Health Canada Holdings Cooperatie U.A.  
 Cardinal Health Canada Inc.  
 Cardinal Health Capital Corporation  
 Cardinal Health Cardiology Solutions, LLC  
 Cardinal Health Chile Limitada  
 Cardinal Health Colombia S.A.S.  
 Cardinal Health Commercial Technologies, LLC  
 Cardinal Health Corporate Solutions, LLC  
 Cardinal Health D.R. 203 II Ltd.  
 Cardinal Health Denmark ApS  
 Cardinal Health do Brasil Ltda.  
 Cardinal Health Finance  
 Cardinal Health Finland Oy  
 Cardinal Health Foundation  
 Cardinal Health France 506 SAS  
 Cardinal Health Funding, LLC  
 Cardinal Health Germany 507 GmbH  
 Cardinal Health Germany Manufacturing GmbH  
 Cardinal Health Holding International, Inc.  
 Cardinal Health International Philippines, Inc.  
 Cardinal Health IPS, LLC  
 Cardinal Health Ireland 419 Designated Activity Company  
 Cardinal Health Ireland 508 Limited  
 Cardinal Health Ireland Manufacturing Limited  
 Cardinal Health Ireland Unlimited Company  
 Cardinal Health Italy 509 S.r.l.  
 Cardinal Health Japan G.K.  
 Cardinal Health Korea Limited  
 Cardinal Health Luxembourg 420 S.a.r.l.  
 Cardinal Health Luxembourg 522 S.a.r.l.  
 Cardinal Health Malaysia 211 Sdn. Bhd.  
 Cardinal Health Malta 212 Limited  
 Cardinal Health Managed Care Services, LLC  
 Cardinal Health Medical Products India Private Limited  
 Cardinal Health Mexico 244 S. de R.L. de C.V.  
 Cardinal Health Mexico 514 S. de R.L. de C.V.  
 Cardinal Health Middle East FZ-LLC  
 Cardinal Health MPB, Inc.  
 Cardinal Health Napoleon Holding, LLC  
 Cardinal Health Netherlands 502 B.V.  
 Cardinal Health Netherlands 525 Cooperatie U.A.  
 Cardinal Health Netherlands 528 B.V.  
 Cardinal Health Norway AS

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**ADDITIONAL REMARKS SCHEDULE**

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AGENCY Aon Risk Services Northeast, Inc.		NAMED INSURED Cardinal Health, Inc.
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**ADDITIONAL REMARKS**

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.

FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Named Insureds Continued

Cardinal Health P.R. 120, Inc.  
 Cardinal Health P.R. 218, Inc.  
 Cardinal Health P.R. 220, LLC  
 Cardinal Health P.R. 436, Inc.  
 Cardinal Health Pharmaceutical Contracting, LLC  
 Cardinal Health Pharmacy Services, LLC  
 Cardinal Health Poland Spółka z ograniczoną odpowiedzialnością  
 Cardinal Health Portugal 513, Unipessoal Lda.  
 Cardinal Health Singapore 225 Pte. Ltd.  
 Cardinal Health Spain 511 S.L.  
 Cardinal Health Specialty Pharmacy, LLC  
 Cardinal Health Sweden 512 A.B.  
 Cardinal Health Switzerland 515 GmbH  
 Cardinal Health Systems, Inc.  
 Cardinal Health Technologies Switzerland GmbH  
 Cardinal Health Technologies, LLC  
 Cardinal Health U.K. 418 Limited  
 Cardinal Health U.K. 432 Limited  
 Cardinal Health U.K. Holding Limited  
 Cardinal Health U.K. International Holding LLP  
 Cardinal Health, Inc.  
 Cardinal Medical Equipment Consulting (Shanghai) Co., Ltd.  
 Cirpro de Delicias S.A. de C.V.  
 Clinic Pharmacies III, LLC  
 Clinic Pharmacies, LLC  
 Community Pharmacy Enterprises, LLC  
 Convertors de Mexico S.A. de C.V.  
 Cordis (Shanghai) Medical Devices Co., Ltd.  
 Cordis Cashel Unlimited Company  
 Cordis Corporation  
 Cornerstone Partners G.P.O., L.P.  
 Covidien Canada Holdings (C) Cooperative U.A. (Inactive)  
 Covidien Ireland Limited (Inactive)  
 Covidien Manufacturing Solutions, S.A.  
 Dutch American Manufacturers II (D.A.M. II) B.V.  
 Ellipticare, LLC  
 EPIC Insurance Company  
 Especialidades Medicas Kenmex S.A. de C.V.  
 Flexible Stenting Solutions, Inc.  
 Frog Horned Capital, Inc.  
 Generic Drug Holdings, Inc.  
 Griffin Capital, LLC  
 HDG Acquisition, Inc.  
 imgRx Healdsburg, Inc.  
 imgRx Salud, Inc.  
 imgRx SJ Valley, Inc.  
 imgRx SLO, Inc.  
 imgRx Sonoma, Inc.  
 InnerDyne Holdings, Inc.  
 Innovative Therapies, LLC  
 Instant Diagnostic Systems, Inc (Inactive - Aug 2018)  
 InteCardia-Tennessee East Catheterization, LLC  
 ITI Sales, LLC  
 Kendall-Gammatron Limited  
 Killilea Development Company, Ltd  
 Kinray I, LLC  
 KPR Australia Pty. Ltd  
 KPR Switzerland Sales GmbH  
 KPR U.S., LLC  
 Leader Drugstores, Inc



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**ADDITIONAL REMARKS**

<p>THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM.</p> <p>FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance</p> <p style="text-align: center;">Named Insureds Continued</p> <p>Limited Liability Company "Cardinal Health Russia"  Ludlow Technical Products Canada, Ltd.  Marin Apothecaries  Medicap Pharmacies Incorporated  Medicine Shoppe Capital Corporation  Medicine Shoppe International, Inc.  Medicine Shoppe Internet, Inc.  Mediquip Sdn. Bhd.  Mirixa Corporation  MSCRIPITS HOLDING, LLC  MSCRIPITS, LLC  NeuroLogic GPO, LLC  Nippon Covidien Ltd.  One Cloverleaf, LLC  Outcomes Incorporated  Owen Shared Services, Inc.  Pharmacy Operations Of New York, Inc.  Pharmacy Operations, Inc.  Physicians Purchasing, Inc.  Pinnacle Intellectual Property Services, Inc.  Pinnacle Intellectual Property Services-International, Inc.  Quiroproductos de Cuauhtemoc S. de R.L. de C.V.  RainTree Administrative Services, LLC  RainTree Care Management, LLC  RainTree GPO, LLC  Ransdell Surgical, Inc.  Red Oak Sourcing, LLC  Renal Purchasing Group, LLC  RGH Enterprises, LLC  RT Oncology Services Corporation  Rxealtime, Inc.  Sierra Radiopharmacy, L.L.C.  Sonexus Health Access &amp; Patient Support, LLC  Sonexus Health Distribution Services, LLC  Sonexus Health Financial Solutions, LLC  Sonexus Health Pharmacy Services, LLC  Sonexus Health, LLC  TelePharm, LLC  The Harvard Drug Group, L.L.C.  Tianjin ITI Trading Company  Tradex International, Inc.  Uromed, Inc. (Inactive)  Wavemark Lebanon Offshore s.a.l.  Wavemark, Inc.</p>
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