

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE DIRECTOR OF HUMAN RESOURCES TO EXECUTE AN AGREEMENT WITH ONSITE Rx, INC. TO PROVIDE ONSITE PHARMACY SERVICES FOR CITY EMPLOYEES, RETIREES, AND DEPENDENTS COVERED UNDER THE CITY'S HEALTH PLAN AND FOR ON THE JOB INJURIES AT THE RATE OF NINETEEN AND 35/100 DOLLARS (\$19.35) PER EMPLOYEE PER MONTH (PEPM) FOR A CONTRACT PERIOD OF THREE (3) YEARS WITH ADDITIONAL TWO (2) ONE (1) YEAR RENEWAL TERM OPTIONS.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, That it is hereby authorizing the Director of Human Resources to execute an agreement with OnSite Rx, Inc. to provide onsite pharmacy services for City employees, retirees, and dependents covered under the City's health plan and for on the job injuries at the rate of \$19.35 per employee per month (PEPM) for a contract period of three (3) years with additional two (2) one (1) year renewal term options.

ADOPTED: _____, 2013

/mms

City of Chattanooga



Resolution Request Form

(This form is only required for resolutions requiring expenditure of City funds)

Date Prepared: 11-11-2012

Preparer: Madeline Green

Department: Human Resources

Brief Description of Purpose for Resolution:

Resolution Number (if approved by Council):

A resolution to authorizing the Director of Human Resources to execute an agreement with OnSite Rx, Inc. to provide onsite pharmacy services for City employees, retirees and dependents covered under the City's healthplan and for on the job injuries at the rate of \$19.35 Per Employee Per Month (PEPM) for a contract period of three years with a additional two one year renewal term options.

Name of Vendor/Contractor/Grant, etc.	_____	New Contract/Project? (Yes or No)	_____ Y
Total project cost \$	678,024.00	Funds Budgeted? (YES or NO)	_____ Yes
Total City of Chattanooga Portion \$	678,024	Provide Fund	_____ 6523
City Amount Funded \$	678,024	Provide Cost Center	_____ E10301, 701202
New City Funding Required \$	0	Proposed Funding Source if not budgeted	_____
City's Match Percentage %	_____	Grant Period (if applicable)	_____

List all other funding sources and amount for each contributor.

Amount(s)	Grantor(s)
_____	_____
\$ _____	_____
\$ _____	_____

Agency Grant Number _____

CFDA Number if known _____

Approved by: _____

Reviewed by: FINANCE OFFICE

DESIGNATED OFFICIAL/ADMINISTRATOR

Please submit completed form to @budget, accounting, City Attorney, City Finance Officer and Deputy Administrator Finance

On-Site Rx, Inc.
Pharmacy Services Agreement

This Pharmacy Services Agreement is made and entered into this Fourth (4th) day of December 2013, by and between City of Chattanooga ("City"), and On-Site Rx, Inc., a Georgia Corporation ("On-Site Rx").

Recitals:

A. On-Site Rx contracts with health plan sponsors to provide pharmacists, pharmacy benefit guidance, onsite pharmacy expertise and pharmacy services at the employer's place of business to the employees and retirees of such employers and/or their dependents.

B. The City desires to contract with On-Site Rx, and On-Site Rx desires to contract with the City for On-Site Rx to provide on-site pharmacy management, furnish pharmacists and provide onsite pharmacy services to the employees and retirees of the Employer and/or their dependents enrolled in City's health insurance plan or eligible under Employer's occupational coverages subject to the conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and the sufficiency of which are hereby acknowledged, the City and On-site Rx hereby agree as follows:

ARTICLE I
BENEFIT MANAGEMENT

1.01 Onsite Pharmacy. On-Site Rx shall serve the employees and retirees of the City and/or their dependents through the use of its purchasing and operations expertise to provide the City with an onsite pharmacy and to achieve savings on prescription drugs. Furthermore, On-Site Rx agrees to act in the best interest of the City to provide goods and services in a manner that complies with all state and federal laws, including pharmacy regulations and statutes specific to the State of Tennessee.

1.02 Licensing. On-Site Rx shall coordinate and pay for the pharmacy to be licensed to operate and dispense medications in the State of Tennessee.

1.03 Benefit Management Plan. On-Site Rx shall provide management services to the City to include: (1) the ordering of prescription drug product that minimizes excess inventory but maximizes availability to members; (2) the procurement of prescription product with discounted pricing and favorable terms through contracting with wholesalers and through its group purchasing

organization; and (3) the ongoing consultation with the City to evaluate and maximize the benefits of its prescription plan.

1.04 Inventory. The City will purchase and provide the prescription and over-the-counter products to the pharmacy by purchasing drugs through On-Site Rx's group purchasing agreement, and upon receipt, said inventory will be the property of the City. On-Site Rx shall be responsible for maintaining an inventory system which shows purchases, issues, re-order point, quantity on hand, unit price, and extended value.

1.05 Accounting Procedures. The City shall be responsible for establishing internal accounting processes for the receipt of member payments in the form of cash, credit cards, or payroll deductions at the direction of On-Site Rx.

1.06 Patient Communication. On-Site Rx will provide consultation to the City with regards to the most effective patient communication strategies to achieve the City's goals as pertains to an onsite pharmacy and pharmacy services. On-Site Rx also agrees to provide appropriate signage for the pharmacy. The City will be responsible for all costs associated with the printing and distribution of the agreed upon communication materials.

1.07 Other Duties. The overall management of the pharmacy, including protocol and procedures, will be the responsibility of On-Site Rx. Other duties, roles and responsibilities include but are not limited to those set out in Exhibit A.

1.08 Professional Liability Insurance. On-Site Rx shall maintain professional liability insurance covering its management services, in the minimum annual coverage amounts of \$1,000,000 per occurrence and \$2,000,000 in the aggregate with an A.M. Best A-rated insurance company.

1.09 Property and Inventory Insurance. The City shall be responsible for maintaining insurance on the drug inventory and any other property or liability interests the City may have as pertains to this agreement.

1.10 Prescription Benefit Manager Analysis. At the discretion of the City, On-Site Rx may conduct a prescription benefit manager analysis. Such analysis shall include an evaluation process, a thorough re-pricing recommendation to include at least three prescription benefit managers, finalist visits coordinated by On-Site Rx and a recommendation subject to the City's approval.

ARTICLE II PROVISION OF PHARMACIST

2.01 Provision of Pharmacist. On-Site Rx shall furnish a pharmacist(s) (“Pharmacist”) and a pharmacy technician(s) (“Technician”) to provide the Pharmacy Services (as defined herein) to the employees of the City and/or the dependents thereof. On-Site Rx is not committing to furnish a particular person as the Pharmacist or Technician and, at any time and from time to time, On-Site Rx may change the Pharmacist and Technicians. The City shall have the opportunity to interview all final Pharmacist and Technician candidates identified by On-Site Rx. The City shall also have the right to have On-Site Rx remove a pharmacist or technician upon written notice, which notice shall specify the time by which the pharmacist shall be removed.

As used herein, the term “Pharmacy Services” means, with respect to the City, the pharmacy services with respect to which On-Site Rx has agreed to furnish a pharmacist(s) and a technician(s) pursuant to Section 4.01 of this Agreement

2.02 Standards of Pharmaceutical Professional Performance. On-Site Rx shall contract with the Pharmacist such that the Pharmacist is obligated to perform or deliver the following under the Pharmacist’s direction and control:

(a) The Pharmacist shall determine his or her own means and methods of providing Pharmacy Services in connection with this Agreement.

(b) The Pharmacist shall comply with all applicable laws and regulations with respect to the licensing and the regulation of pharmacists, and shall ensure that the Pharmacist does the same with respect to the supervision and regulation of the Technician.

(c) The Pharmacist shall provide the Pharmacy Services in a manner consistent with all applicable laws and regulations and in a professional manner consistent with Pharmacy Services provided in the community.

(d) The Pharmacist shall maintain, during the term of this Agreement, Appropriate Credentials including:

- (1) A duly issued and active license to practice pharmacy and prescribe medication in the State of Tennessee,
- (2) A good standing with his or her profession and state professional association,

- (3) The absence of any license restriction, revocation, or suspension,
- (4) The absence of any involuntary restriction placed on his or her federal DEA registration, and
- (5) The absence of any conviction of a felony.

(e) In the event that any Pharmacist (1) has his or her license to practice pharmacy or prescribe medication restricted, revoked or suspended, (2) has an involuntary restriction placed on his or her federal DEA registration, (3) is convicted of a felony, or (4) is no longer in good standing with his or her professional or state licensing authority, On-Site Rx shall promptly remove that Pharmacist and replace such Pharmacist with another Pharmacist that meets the requirements of Section 2.02 (d).

(f) On-Site Rx shall require the Pharmacist to ensure that all support personnel comply with the requirements of this Section 2.02 with respect to performance, licensing, certification, and good standing, as applicable, except as otherwise provided in Section 2.06 with respect to pharmacy technicians and assistants. On-Site Rx shall require the Pharmacist to notify On-Site Rx immediately in the event the Pharmacist learns of the possibility that any of the events specified in Section 2.02(e) may occur with respect to the Pharmacist, and On-Site Rx shall immediately notify the Employer of such notification, so that the City can determine whether or not to exercise its right to remove the Pharmacist pursuant to Section 2.01.

2.03 Scheduling of Services. On-Site Rx shall contract with the Pharmacist to provide the Pharmacy Services at a location(s) and schedule agreeable with the City.

2.04 Place of Services. The City shall provide the Pharmacist with a space for an onsite pharmacy that is located at such office of the City, which space shall be reasonably satisfactory, in the judgment of the Pharmacist, for the provision of the Pharmacy Services.

2.05 Design and Planning. In the event a new space is required, On-Site Rx will provide the City with a design of a pharmacy space at the location designated by the City. Once the location and design are agreed upon, On-Site Rx will lead in planning site improvements necessary to bring the agreed upon design to completion.

2.06 Structural Improvements. The City is responsible for all required structural improvements to the building including but not limited to electrical, plumbing, walls, and floor coverings. It shall be the responsibility of the City to adhere to all local, state and federal codes pertaining to the building including regulations by the Tennessee Board of Pharmacy.

2.07 Equipment and Supplies. On-Site Rx, as part of its management fee shall provide the Pharmacist with all equipment and supplies, including fixtures, furniture, point of sale technology, telephone systems, pharmacy computer systems, and all other equipment pertinent to operating a pharmacy.

2.08 Professional Liability Insurance. On-Site Rx shall ensure that the Pharmacist maintains, throughout the term of this Agreement, professional liability insurance covering the acts and omissions of the Pharmacist, in the minimum annual coverage amounts of \$1,000,000 per occurrence and \$2,000,000 in the aggregate with an A.M.Best A-rated insurance company. On-Site Rx will require the Pharmacist to notify On-Site Rx and the City immediately in the event he or she does not have the required coverage and will promptly remove and replace such Pharmacist with another qualified Pharmacist. On-Site Rx shall provide the City proof of such professional liability insurance maintained by the Pharmacist.

On-Site Rx shall maintain, throughout the term of this Agreement, general liability insurance in the minimum annual coverage amounts of \$1,000,000 per occurrence and \$2,000,000 in the aggregate with an A.M.Best A-rated insurance company. On-Site Rx shall notify the City and shall require insurance company to notify the City (at least 30 days in advance) immediately in the event On-Site Rx does not have the required coverage. On-Site Rx shall provide the City proof of such general liability insurance maintained by On-Site Rx.

2.09 Responsibilities of Parties. On-Site Rx and pharmacist(s) are independent contractors. The Pharmacist shall be solely responsible for his or her actions and/or omissions and the actions and/or the omissions of any agent or any employee used by him or her (including without limitation any technician or assistant) in connection with providing the Pharmacy Services contemplated by this Agreement. Neither the City nor On-Site Rx shall have any control or involvement in the independent exercise of professional judgment by the Pharmacist and/or any agent or any employee used by the Pharmacist, and neither the City nor On-Site Rx shall incur any liability for the actions or the omissions of the Pharmacist and/or any agent or any employee used by the Pharmacist (including without limitation any technician or assistant) in connection with this Agreement. On-Site Rx agrees to indemnify and hold harmless the City from and against any cost, damage, expense, loss, liability or obligation of any kind, including, without limitation, reasonable attorney's fees, which the City may incur in connection with On-Site Rx's furnishing of Pharmacists, or with the pharmacy services provided by them, under this Agreement. However, such indemnification by On-Site Rx shall not be construed to mean professional liability or malpractice insurance in any manner.

2.10 Other Licensed Pharmacy Professionals and Health Professionals. The City agrees and acknowledges that Pharmacist may from time to time have

other Pharmacy Professionals, as defined by this paragraph, assist the Pharmacist and/or replace the Pharmacist during his or her regularly scheduled time at the City's place of business in the event of an emergency (provided, however, that On-Site Rx will require the Pharmacist to ensure that the services provided by replacement individuals do not exceed the scope of their professional training and licensure). "Pharmacy Professional" shall mean a duly licensed pharmacist. Section 2.09 shall apply in the same manner to the Pharmacy Professional as such section applies to the Pharmacist. On-Site Rx shall also ensure, or require the Pharmacist to ensure, that all Pharmacy Professionals who provide services hereunder have insurance coverage consistent with the requirements of Section 2.08. From time to time the Pharmacist, upon consent of an employee of the City and/or spouse or dependent of the employee, may have pharmacy interns associated with one of the pharmacy schools in the state observe and assist the Pharmacist for educational and teaching purposes under the Pharmacist's direct supervision. The same level of professional standards as set forth in Section 2.02 shall apply as well to pharmacy interns working under the direct supervision of the Pharmacist.

2.11 Billing. Pharmacist will not bill or otherwise solicit any payment from employees and retirees of the City and/or their dependents, from the City or from the City's Benefit Plan for any service provided by the Pharmacist.

2.12 Medical Records. On-Site Rx shall maintain pharmacy records with respect to all of the patients and/or customers, all of which pharmacy records shall be maintained in a professional manner consistent with the accepted practice of the community in which the Pharmacist provides the Pharmacy Services in connection with this Agreement. On-Site Rx shall also require the Pharmacist comply with the Health Insurance Portability and Accountability Act ("HIPAA") privacy standards. On-Site Rx agrees to sign HIPAA Business Associate agreements as provided by The City.

Pharmacy and medical records as allowed by HIPAA statutes are considered the property of The City and are in the custodial care of On-Site Rx for the term of their agreement. All patient records maintained by the Pharmacist in connection with this agreement shall be the mutual property of the Pharmacist, and On-Site Rx as required by HIPAA, notwithstanding the availability of such records to The City.

The City understands and agrees that all of the pharmacy records and other protected information maintained by the Pharmacist will be held by the Pharmacist in strictest confidence, and that the City will not be entitled to have access to the pharmacy records maintained by the Pharmacist, in the absence of an appropriate written authorization from the patient/employee.

2.13 Other Records. On-Site Rx shall maintain inventory, point of sale, and all other necessary on-site pharmacy records. In the event that the relationship between On-Site Rx and the City is terminated, On-Site Rx warrants that it shall turn over all records, electronic or otherwise, that are necessary to run the on-site pharmacy and for the seamless transition to any successor to On-Site Rx.

2.14 Quarterly Reports. On a quarterly basis, On-Site Rx shall provide to the City, a written report with respect to the Pharmacy Services provided during the immediately preceding quarter. The written report shall be in an electronic format reasonably satisfactory to the City, to which the City will not unreasonably object. It is contemplated that the written report will report utilization, cost and trend patterns within the prescription benefit. The report shall also include a comparison between On-Site Rx drug costs and what network costs were in retail and mail network. On-Site Rx agrees to provide up to an additional four (4) ad hoc reports per year at no additional cost, unless additional programming is required.

2.15 Annual Survey. On-Site Rx shall conduct a survey(s) of non-identifiable, random customers to ascertain the level of customer satisfaction with the onsite pharmacy service and report the results to the City annually. The survey shall contain at least five questions assessing professionalism, accuracy of prescription, cleanliness and appearance of the facility, and availability of the prescribed medication shall be conducted according to the 5-point Likert Methodology (Poor, Below Average, Average, Above Average, and Excellent). On-Site Rx represents that it will achieve a satisfaction rate of Above Average or Excellent on eighty (80) percent of survey responses, and the failure on the part of On-Site Rx to achieve this satisfaction rate will result in a credit to the City of \$5,000.

2.16 Noncompliance by the Pharmacist. In the event that the City becomes aware of any failure by the Pharmacist to comply with the obligations of the Pharmacist which are contemplated by this Agreement, the City shall immediately provide written notice to On-Site Rx of such failure, which written notice shall describe the failure in reasonable detail, and On-Site Rx shall use its best efforts to address such failure. In the alternative, On-Site Rx may arrange for the substitution of another person as the Pharmacist. As provided in Section 2.01, City shall have the right to require the immediate removal of the Pharmacist by On-Site Rx.

ARTICLE III COMPENSATION

3.01 New Pharmacy Set-Up Fee. During the term of this contract, should the City wish to change the location of their present facility, or add an additional location, the City shall pay to On-Site Rx an initial set-up fee of \$50,000 per location, which shall be used to offset costs of the new on-site pharmacy. This fee is site design and installation of fixtures, freight for supplies, and the purchase and installation of the equipment, supplies and materials which are initially required by the Pharmacist and the onsite pharmacy for the provision of the Pharmacy Services. Such equipment, supplies and materials shall be the property of On-Site Rx except for fixtures, improvements, appurtenances and attachments, including doors, shelves, cabinets, blinds, awnings, windows, curtain rods, tracks, fixed mirrors, fixed carpeting, and electric, plumbing, heating and air conditioning fixtures. All hard drives and the data on them shall remain the property of the City.

3.02 Monthly Fee. No later than the last day of the month, the City shall pay a management fee to On-Site Rx in the amount of \$19.35 per employee per month for furnishing labor and all pharmacy services provided under this Agreement for the upcoming calendar month. Such fee will be considered late if received after the 5th day of the upcoming month.

On-Site Rx will provide all staff responsible for the dispensing of medication at the on-site pharmacy. On-Site Rx and CITY agree that the pharmacy shall be open not more than forty-eight (48) hours per week of normal business operation, with hours to be mutually agreed by CITY and On-Site Rx. If CITY instructs On-Site Rx in writing that the pharmacy shall be open for additional hours beyond the above, On-Site Rx shall be entitled to an increase to the PEPM fee at the following rates for all such additional hours that the pharmacy is open.

48 - 52 hours	\$0.75
53 - 56 hours	\$1.50
57 - 60 hours	\$2.25
60 or more hours	Per Mutually Agreeable Rate

On-Site Rx will insure that the staffing levels are appropriate to meet the needs of CITY and their covered dependents, however regular ongoing staffing shall not exceed one and one-half (1.5) full-time equivalent (FTE) Pharmacists and four (4) FTE Certified Pharmacy Technicians.

3.03 Inventory Payment. The City shall remit payment for inventory ordered to On-Site Rx on the first (1st) and fifteenth (15th) of each month and upon receiving an invoice for the inventory ordered in the previous period.

3.04 Method of Payment. All invoices are due to On-Site Rx by electronic transfer within the terms as outlined herein. The City's purchase of product is contingent upon receipt of a UCC first lien filing against all products purchased.

3.05 Late Fees. A penalty of 0.06% of unpaid amount per day will be assessed for each day that any amount remains unpaid. All late payment penalties will be invoiced separately. However, in no event shall the interest rate be greater than the rate permitted by applicable law.

ARTICLE IV TERM AND TERMINATION

4.01 Term. The term of this agreement will be for a period of three (3) years with an option to renew upon mutual agreement between both parties for an additional two (2) year period. While the rate of \$19.35 per subscriber per month is a firm fixed rate for the total five (5) year agreement period, it is subject to renegotiation should the City's total number of subscribers vary from 2,900 subscribers by more than 5% to be evaluated on a quarterly calendar year basis.

4.02 Termination Without Cause. This Agreement may be terminated after eighteen (18) months following the effective date by either the City or On-Site Rx, without cause, by providing the other party at least ninety (90) calendar days' prior written notice.

4.03 Termination With Cause. This Agreement may be terminated by either the City or On-Site Rx, with cause, by providing the other party at least ninety (90) calendar days' prior written notice. The violating party producing the "cause" for termination has twenty (20) days to respond and remedy the cause. Should the violating Party fail to remedy the cause, then the Agreement shall terminate at the end of the ninety (90) calendar-day period. Termination with cause includes failure to meet performance guarantees as outlined in Section 1.10 for any two (2) quarters of the duration of this agreement.

4.04 Effect of Expiration or Termination. The expiration or the termination of this Agreement shall not affect the obligation of the City to pay compensation to On-Site Rx or pay for any outstanding invoice for the period prior to such expiration or termination and shall not affect the obligation of On-Site Rx to provide monthly reports for the period prior to the effective date of such expiration or such termination. In the event this Agreement between On-Site Rx and the City of Chattanooga is terminated. On-Site Rx will arrange for pharmacy records to be transferred to the City of Chattanooga's chosen vendor in a HIPAA compliant manner and in a format acceptable to On-Site Rx. All costs associated with such transfer shall be the responsibility of the City.

ARTICLE V MISCELLANEOUS

5.01 Notice. All notices and other communications permitted or required pursuant to this Agreement shall be in writing, addressed to the party at the address set forth at the end of this Agreement or to such other address as the party may designate from time to time in accordance with this Section 5.01. All notices and other communications shall be (a) mailed by certified or registered mail, return receipt requested, postage pre-paid, (b) personally delivered or (c) sent by telecopy with a receipt confirmation. Notices mailed pursuant to this Section 5.01 shall be deemed given as of three days after the date of mailing and notices personally delivered or sent by telecopy shall be deemed given at time of receipt.

5.02 Transferability. Except as provided in Section 5.08, neither the City nor On-Site Rx may assign or otherwise transfer this Agreement to a third party without the prior written consent of the other party, which may be given or withheld by the other party in its sole discretion.

5.03 Entire Agreement. This Agreement constitutes the entire agreement between the City and On-Site Rx with respect to the subject matter hereof. Provided there is a separate agreement, to the extent that this agreement conflicts with the separate agreement, the most recent agreement controls. This Agreement shall not be amended or waived, in whole or in part, except in writing signed by both of the City and On-Site Rx.

5.04 Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the internal laws of the State of Tennessee, without giving effect to its conflict of laws provisions.

5.05 Non-Disclosure. The City and On-Site Rx shall take all reasonable steps to insure that all proprietary, confidential and trade secret information acquired by virtue of the position of the other party under this Agreement shall not be disclosed or used outside of the business of any of the parties. This includes information with respect to the terms of this Agreement or the business of the City and On-Site Rx. The parties understand that some information may be subject to the Tennessee Public Records Act or other applicable laws or regulations, and in the event of any disclosure, the parties shall act in good faith in discharging their obligations hereunder. If practical, the disclosing party shall give five (5) days written notice by hand delivery, facsimile, email of the information and/or materials to be disclosed and the reasons for such disclosure.

Nothing in this section shall be construed as preventing any party from continuing to use or disclose any information (a) that is in the public domain, or (b) that subsequently becomes part of the public domain through no act of the party, or (c) that is disclosed to it by a third party, where said disclosure does not

itself violate any contractual or legal obligation, or (d) that is independently developed by a party, or (d) that is known or used by it prior to this agreement. The burden of establishing the existence of (a) through (e) shall be upon the party attempting to use or disclose the information.

5.06 Records. The parties agree to maintain books, records, and documents generated by themselves or as reported by any Contractor to them, insofar as they related to work performed or money received under this Agreement, for a period of seven (7) full years from the date of final payment for any obligation pursuant. Accounting records shall be prepared in accordance with generally accepted accounting principles.

5.07 Access to Books and Records. On-Site Rx and the City agree to provide access to their books and records to the other party. The City has the right to audit the records of On-Site Rx which are related to this agreement. The City or its assign may audit all financial and related records (including digital) associated with the terms of the contract or agreement including inventory records, timesheets, reimbursable out of pocket expenses, materials, goods, equipment, and all records related to the operations of the on-site pharmacy of On-Site Rx. The City may further audit any records to conduct performance audits (to identify waste and abuse or to determine efficiency and effectiveness of the contract or agreement) or to identify conflicts of interest.

On-Site Rx shall at all times during the term of the contract or agreement and for a period of seven years after the end of the contract, keep and maintain records of the work performed pursuant to this Agreement. This shall include proper records of quotations, contracts, correspondence, invoices, vouchers, timesheets, and other documents that support actions taken by the parties. Documents shall be maintained by On-Site Rx necessary to clearly reflect all work and actions taken. All such records shall be maintained in accordance with generally accepted accounting principles. On-Site Rx shall at its own expense make such records available for inspection and audit (including copies and extracts of records as required) by the City at all reasonable times and without prior notice.

The obligations of this Section shall be explicitly included in any subcontracts or agreements formed between On-Site Rx and/or any subcontractors or suppliers of goods or services to the extent that those subcontracts or agreements relate to fulfillment of the parties' obligations to the City.

Costs of any audits conducted under the authority of this section and not addressed elsewhere will be borne by the City unless the audit identifies significant findings that would benefit the City. On-Site Rx shall reimburse the City for the total costs of an audit that identifies significant findings that would benefit the City.

5.08 Successors. This Agreement is binding upon the parties, their successors and assigns. Thirty (30) days notice of any change in ownership, management, etc. shall be given the other party by the party experiencing the change. In such event, this Agreement shall be assumed upon a change of ownership, change of control, change in management, reorganization, etc. of, or at, the City.

5.09 Force Majeure. In the event of any Party hereto being rendered unable, wholly or in part, by reason of Force Majeure to carry out its obligations hereunder, or to meet the requirements to earn a payment or other commitment of another Party hereto, the obligations of the disabled party suffering such Force Majeure event shall be suspended during the continuance of any inability so caused, but for no longer period and/or the deadline to earn any such payments or other benefits shall be tolled for the period of such Force Majeure event and the deadline shall be extended for the period of such Force Majeure event; provided, however, that such Party suffering the Force Majeure event shall (i) deliver prompt notice, to the Party to whom the obligations are due, of the occurrence of such a Force Majeure event (such notice to describe the circumstances creating the event and the steps that such party proposes to take to eliminate the event or the effects thereof), (ii) use its best efforts to eliminate such event or the effects thereof and shall deliver periodic status reports regarding such efforts to the Party to whom the obligations are due, (iii) promptly deliver notice to the Party to whom the obligations are due when such event has been eliminated or has ceased to prevent the performance of the suffering Party's obligations and (iv) proceed to fulfill or perform such obligations as soon as reasonably practical after the event has been eliminated or has ceased to prevent the performance of the suffering Party's obligations.

5.10 Indemnification. On-Site Rx shall indemnify and hold harmless the City for any and all claims arising from their performance of this Agreement. Furthermore, On-Site Rx agrees to provide the aforementioned duties and/or activities for the above compensation as independent contractors and not as employees of the City of Chattanooga. On-Site Rx agrees to pay all applicable taxes incurred in performance of the contract including any self-employment tax that they or their employees may incur.

5.11 Non-Discrimination. The parties hereby agree, warrant, and assure that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Agreement or in the employment practices of the parties on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The parties shall, upon request, show proof of such non-discrimination and shall post in conspicuous places, available to all employees and applicants, notices of non-discrimination.

IN WITNESS WHEREOF, the City of Chattanooga and On-Site Rx have executed and delivered this Agreement as of the date first above written.

City of Chattanooga

On-Site Rx, Inc

By:

By:

Name: Andrew Berke

Name: Daniel W. Doeblner

Title: Mayor

Title: President

Address: 100 East 11th Street
Chattanooga, TN 37402

Address: 210 Washington Street
Suite 101
Gainesville, GA 30501

EXHIBIT A
“Description of Services”

Description of Services

In exchange for the Pharmacy Services Fee schedule outlined under Article III Compensation, On-Site Rx will perform certain services described herein.

a. Design and Planning of Pharmacy Space – In the event a new location is determined, On-Site Rx will provide City with design of a pharmacy space at a location designated by The City. On-Site Rx will lead in the planning of such site improvements necessary to bring agreed upon design to completion.

b. Provision of Materials - In the event, the City requires a new or additional site, On-Site Rx will be responsible for ordering and payment of all shelving, millwork and cabinetry necessary in the construction of the on-site pharmacy. Additionally, the procurement for all furniture, fixtures and equipment (FF&E) as deemed necessary by On-Site Rx to outfit the pharmacy will be the responsibility and property of On-Site Rx. The City will provide structural improvements to the building including but not limited to electrical, plumbing, walls, and floor coverings. It shall be the responsibility of the City to adhere to all local, state, and federal codes pertaining to the building including regulations by the Tennessee Board of Pharmacy.

c. Telecommunication Systems - On-Site Rx will provide the City with a telephone system for the on-site pharmacy comprised of a minimum of two (2) modules and a facsimile device or as deemed necessary by On-Site Rx. Access to and payment of all telephonic and high-speed internet charges will be the responsibility of the City.

d. Point of Sale Technology - On-Site Rx will provide City with technology deemed necessary by On-Site Rx to execute point of sale transactions at the on-site pharmacy. This shall include three (3) cash registers and corresponding optical scanning device, credit card processing device and technology as deemed necessary by On-Site Rx to adjudicate claims with contracted pharmacy benefit management vendor and Wholesaler. The pharmacy will also sell retail and over the counter products. Thus, the point of sale system must support sales tax and be able to generate monthly sales and use tax reports.

e. Hardware and Software - Any computer hardware and software deemed necessary by On-Site Rx for the operation of the on-site pharmacy will be the responsibility of On-Site Rx.

f. Insurance - On-Site Rx will provide insurance to cover the furniture, equipment, hardware, software and point of sale technology. Additionally, On-Site Rx will provide professional liability insurance covering our management services. On-Site Rx will provide professional liability insurance covering the employed pharmacy staff including all pharmacists and technicians responsible for dispensing at the on-site pharmacy. The City will be responsible for providing

insurance on the drug inventory and on the fixtures and other appurtenances to the pharmacy. In addition, any property and liability interests of the City shall be the City's responsibility to insure.

g. Patient Communication - On-Site Rx will provide consultation to the City with regards to the most effective patient communication strategies to achieve the City's stated goals. On-Site Rx will provide appropriate signage for the pharmacy. On-Site Rx will draw upon its experience within the benefits industry to provide insight and innovation in keeping the City's communication strategies consistent with their objectives. The City will be responsible for all costs associated with printing and distribution of agreed materials.

h. Plan Design - On-Site Rx will draw upon its significant expertise and experience in the industry to provide consultation to the City for all pharmacy benefit plan design items.

i. Security - On-Site Rx shall provide an electronic security system for the premises as well as secure fixtures for the legal and safe storage of controlled substances. On-Site Rx will provide policies and procedures for the prevention of diversion. On-site Rx will provide policies and procedures for their pharmacy staff to insure that all materials, property and premises are secure during the hours of operation. The City shall provide physical security to the premises.

j. Licensing - On-Site Rx shall coordinate and pay for the pharmacy to be licensed to operate and dispense medications in the State of Tennessee. On-Site Rx will insure that all pharmacists and technicians employed to dispense products from the on-site pharmacy will at all times hold appropriate licensing and certification from the State of Tennessee.

k. Labor – On-Site Rx will provide all staff responsible for the dispensing of medication at the on-site pharmacy. On-Site Rx will insure that the staffing levels are appropriate to meet the needs of the City and their covered dependents. On-Site Rx will lead and manage the candidate identification and selection process with final approval of all staff being granted to the City.

l. Management - On-Site Rx will provide management services that will promote safe, efficient and legal operation of the on-site pharmacy. These services shall include: the ordering of prescription drug product in a manner that minimizes excess inventory but maximizes availability to members; procurement of prescription product with discounted pricing and favorable terms; and ongoing consultation to the City to evaluate and maximize the benefits of their prescription plan.

m. Inventory - On-Site Rx shall make available to the City, their proprietary pricing arrangement. The Pharmacist employed at the on-site pharmacy will

have access to a procurement system that will allow daily orders to provide the inventory necessary to efficiently operate the on-site pharmacy.

n. Standard Reporting - On-Site Rx shall provide reporting to The City based on claims data provided from the City's prescription benefit manager or derived internally. These reports shall demonstrate utilization, spending and trend patterns within the prescription benefit. Such reports shall be distributed to City no less frequent than quarterly or as mutually agreed upon by City and On-Site Rx.

o. Ad Hoc Reporting - On-Site Rx will provide up to four (4) ad hoc reports per year at no additional cost, unless additional programming is required. It is understood that these reports will be contingent upon full cooperation from the prescription benefit manager.

p. Accounting Procedures - The City will be responsible for establishing internal accounting processes for the receipt of member payments (cash, credit cards, or payroll deduction) at the direction of On-Site Rx.