OFFICIAL

State/Territory: RHODE ISLAND

AMOUNT, DURATION, AND SCOPE OF MEDICAL
AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

1. Inpatient hospital services other than those provided in an institution for mental diseases.

Provided: /_/ No limitations /X/ With limitations*

2.a. Outpatient hospital services.

Provided: /_/ No limitations /X/ With limitations*

b. Rural health clinic services and other ambulatory services furnished by a rural health clinic (which are otherwise included in the State plan).

/X/ Provided: /_/ No limitations /X/ With limitations*

/_/ Not provided.

c. Federally qualified health center (FQHC) services and other ambulatory services that are covered under the plan and furnished by an FQHC in accordance with section 4231 of the State Medicaid Manual (HCFA-Pub. 45-4).

Provided: /_/ No limitations /X/ With limitations*

3. Other laboratory and x-ray services.

Provided: /_/ No limitations /X/ With limitations*

*Description provided on attachment, and including prior authorization requirements specified in pages 9, 10, and 11 of this attachment.

OFFICIAL

1. Inpatient Hospital Services

Payment for sterilization procedures can only be made if the person is at least 21 years of age, is mentally competent, is not institutionalized and a departmental consent form is properly completed at least 30 days, but not more than 180 days, prior to the procedure.

Hysterectomy services can be considered for payment only if a Medical Assistance Hysterectomy Statement has been completed on or before the date of the procedure.

Payment not made for inpatient hospital services related to elective surgery performed for cosmetic purposes only.

2a. Outpatient Hospital Services

Payment for sterilization procedures can only be made if the person is at least 21 years of age, is mentally competent, is not institutionalized and a departmental consent form is properly completed at least 30 days, but not more than 180 days, prior to the procedure.

Payment not made for outpatient hospital services related to elective surgery performed for cosmetic purposes only.

TN No. 95-007 Approval Date: 6/19/95 Effective Date: 1/1/95
Supersedes
TN No. 94-011

State/Territory: RHODE ISLAND

AMOUNT, DURATION, AND SCOPE OF MEDICAL
AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

4.a. Nursing facility services (other than services in an institution for mental diseases) for individuals 21 years of age or older.
Provided: ☐ No limitations ☒ With limitations*

4.b. Early and periodic screening, diagnostic and treatment services for individuals under 21 years of age, and treatment of conditions found.*

4.c. Family planning services and supplies for individuals of child-bearing age.
Provided: ☐ No limitations ☒ With limitations*

4. d 1) Face-to-Face Tobacco Cessation Counseling Services provided (by):
(i) By or under supervision of a physician;
(ii) By any other health care professional who is legally authorized to furnish such services under State law and who is authorized to provide Medicaid coverable services *other* than tobacco cessation services; or*
(iii) Any other health care professional legally authorized to provide tobacco cessation services under State law *and* who is specifically *designated* by the Secretary in regulations. (None are designated at this time; this item is reserved for future use.)

*describe if there are any limits on who can provide these counseling services

2) Face-to-Face Tobacco Cessation Counseling Services Benefit Package for Pregnant Women
Provided: ☒ No limitations ☐ With limitations*

*Any benefit package that consists of *less* than four (4) counseling sessions per quit attempt should be explained below.
Please describe any limitations:

5.a. Physicians' services whether furnished in the office, the patient's home, a hospital, a nursing facility or elsewhere.
Provided: ☐ No limitations ☒ With limitations*

b. Medical and surgical services furnished by a dentist (in accordance with section 1905 (a) (5) (B) of The Act).
Provided: ☐ No limitations ☒ With limitations*

6. Medical care and any other type of remedial care recognized under State law, furnished by licensed practitioners within the scope of their practice as defined by State law.

a.

b. Podiatrists' services.
☒ Provided: ☐ No limitations ☒ With limitations*
☐ Not provided.

*Description provided on attachment, and including prior authorization requirements specified in pages 9, 10, and 11 of this attachment.

OFFICIAL

LIMITATIONS

4b. The State complies with the provisions of P.L. 101-239, Section 6403 and Section 1905(r).

4c. Family Planning Services and Supplies

Sterilization procedures limited to those individuals who are 21 years of age or older, are mentally competent, not institutionalized and a departmental consent form has been properly completed at least 30 days, but not more than 180 days, prior to the procedure.

5a. and 5b. Physicians' Services and Medical and Surgical Services Furnished by a Dentist.

Physician services for sterilization procedures limited to those individuals who are 21 years of age or older, are mentally competent, not institutionalized and a departmental consent form has been properly completed at least 30 days, but not more than 180 days, prior to the procedure.

Payment for surgical procedures of a cosmetic nature can only be considered for payment when performed for a functional purpose.

Payment made for visits to patients residing in group care facilities limited to a maximum of six patients treated on the same day.

Payment made for office visits by a family limited to a maximum of three family members treated on the same day.

6a. Podiatrists' Services

Payment is limited to routine foot care, certain surgical procedures performed in the office or home setting and x-rays performed for diagnostic evaluation purposes.

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State/Territory: RHODE ISLAND

AMOUNT, DURATION, AND SCOPE OF MEDICAL
AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

b. Optometrists' services.

/X/ Provided: /_/ No limitations /X/ With limitations*

/_/ Not provided.

c. Chiropractors' services.

/_/ Provided: /_/ No limitations /_/ With limitations*

/X/ Not provided.

d. Other practitioners' services.

/_/ Provided: Identified on attached sheet with description of limitations, if any.

/X/ Not provided.

7. Home health services.

a. Intermittent or part-time nursing services provided by a home health agency or by a registered nurse when no home health agency exists in the area.

Provided: /_/ No limitations /X/ With limitations*

b. Home health aide services provided by a home health agency.

Provided: /_/ No limitations /X/ With limitations*

c. Medical supplies, equipment, and appliances suitable for use in the home.

Provided: /_/ No limitations /X/ With limitations*

*Description provided on attachment, and including prior authorization requirements specified in pages 9, 10, and 11 of this attachment.

State/Territory: RHODE ISLAND

AMOUNT, DURATION, AND SCOPE OF MEDICAL
AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

d. Physical therapy, occupational therapy, or speech pathology and audiology services provided by a home health agency or medical rehabilitation facility.

/X/ Provided: /_/ No limitations /X/ With limitations*

/_/ Not provided.

8. Private duty nursing services.

/_/ Provided: /_/ No limitations /_/ With limitations*

/X/ Not provided.

*Description provided on attachment, and including prior authorization requirement specified in pages 9, 10, and 11 of this attachment.

OFFICIAL

7c. Medical Supplies, Equipment and Appliances

Limited to those items provided for in the manual entitled "Provisions for the Payment of Durable Medical Equipment, Surgical Appliances and Prosthetic Devices through the Rhode Island Medical Assistance Program."

7d. Physical Therapy, Occupational Therapy and Speech Pathology Services

Limited to physical therapy, occupational therapy or speech pathology services when provided by a home health agency.

AMOUNT, DURATION AND SCOPE OF MEDICAL AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

9. Clinic Services.

[X] Provided [ ] No limitations [X] With limitations*

[ ] Not Provided

10. Dental Services.

[X] Provided [ ] No limitations [X] With limitations*

[ ] Not Provided

11. Physical therapy and related services.

a. Physical Therapy.

[X] Provided [ ] No limitations [X] With limitations*

[ ] Not provided

b. Occupational therapy

[X] Provided [ ] No limitations [X]With limitations*

[ ] Not provided

c. Services for individuals with speech, hearing, and language disorders (provided by or under the supervision of a speech pathologist or audiologist).

[X] Provided [ ] No limitations [X] With limitations*

[ ] Not provided

*Description provided on attachment.
Including prior authorization requirements as specified in pages 9, 10, and 11 of this Attachment.

OFFICIAL

LIMITATIONS

Attachment 3.1-A
Supplement to Page 4

9. Clinic Services

Ambulatory Surgical Centers limited to performing ambulatory surgical procedures as promulgated by HCFA, and must be licensed as Freestanding Ambulatory Surgical Centers by the Rhode Island Department of Health.

10. Dental Services

Orthodontic services limited to eligible individuals under age 21 who participate in the Early, Periodic, Screening, Diagnosis and Treatment (EPSDT) Program and present severe dental deformities and/or marked functional impairments. Bridgework, root canal therapy for bicuspids and molars, jacket crowns, orthognathic surgery or extensive periodontal surgery are not covered.

TN No. 93-024
Supersedes
TN No. 93-017

Approval Date: OCT 5 1994 Effective Date: 7/1/94

AMOUNT, DURATION AND SCOPE OF MEDICAL
AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist.

a. Prescribed drugs.

/X/ Provided: / / No limitations /X/ With limitations*

/ / Not provided.

b. Dentures.

/X/ Provided: / / No limitations /X/ With limitations*

/ / Not provided.

c. Prosthetic devices.

/X/ Provided: / / No limitations /X/ With limitations*

/ / Not provided.

d. Eyeglasses.

/X/ Provided: / / No limitations /X/ With limitations*

/ / Not provided.

13. Other diagnostic, screening, preventive, and rehabilitative services, i.e., other than those provided elsewhere in the plan.

a. Diagnostic services.

/ / Provided: / / No limitations / / With limitations*

/X/ Not provided.

*Description provided on attachment.
Including prior authorization requirements as specified in pages 9, 10 and 11 of this Attachment

Limitations

12.a Prescribed Drugs

Pursuant to 42 U.S.C. section 1396r-8 the state is establishing a preferred drug list with prior authorization for drugs not included on the preferred drug list. Reimbursement is available for covered outpatient drugs of any manufacturer that has entered into and complied with an agreement under Section 1927(a) of Title XIX of the Social Security Act, which are prescribed for a medically accepted indication. Drugs subject to limitations are those outlined under Section 1927(d)(4) of Title XIX of the Social Security Act.

The state is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data. The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification, in accordance with Section 1927(b)(3)(D) of the Social Security Act.

The state will be negotiating supplemental rebates in the Medicaid program in addition to the Federal rebates provided for in Title XIX. Rebate agreements between the state and pharmaceutical manufacturer(s) will be separate from the Federal rebates.

CMS has authorized the State of Rhode Island to enter into the Michigan multi-state pooling agreement (MMSPA) also, referred to as the National Medicaid Pooling Initiative (NMPI) for drugs provided to the Medicaid program. The Supplemental Drug Rebate Agreement was submitted to the Centers for Medicare and Medicaid Services (CMS) on March 29, 2007 and has been reviewed and authorized by CMS. An update to the Supplemental Drug Rebate Agreement was submitted to CMS for approval in September 2013. Any additional versions of rebate agreements negotiated between the state and manufacturer(s) will be submitted to CMS for authorization. Any contracts or agreements with pharmaceutical manufacturers not approved by CMS will be submitted for CMS.

Supplemental rebates received by the State in excess of those required under the National Drug Rebate Agreement will be shared with the Federal government on the same percentage basis as applied under the national rebate agreement.

All drugs covered by the program irrespective of a prior authorization requirement will comply with the provisions of the national drug rebate agreement.

Limitations

The Department will maintain a list of drugs to be referred to as the Preferred Drug List (PDL). The PDL is a listing of prescription drugs that the Department has determined represents the most effective drug(s) at the best possible price for the selected drug class. The PDL is developed by a Deputy Director-appointed Pharmaceutical and Therapeutic committee in accordance with Federal and State law and shall be comprised of practicing pharmacists and physicians, faculty members from the University of Rhode Island College of Pharmacy and consumers or consumer representatives in conjunction with the department.

Practitioners may prescribe and get approval for non-preferred drugs if in their reasonable and professional judgment switching to a drug on the PDL will cause harm to their patient.

The State utilizes Coventry Health Care Company to design and maintain the PDL and supplemental rebate programs. Prior authorization will be established for certain drug classes, particular drugs, or medically accepted indication for uses and doses. Prior authorizations for non-preferred drugs can be obtained by contacting the state's fiscal agent or it subcontractors. The prior authorization process provides for a turn-around response by either telephone or other telecommunications device. Responses are issued within 24 hours of the request. Pharmacies are authorized to dispense a 72 hour supply of a non-preferred drug in the event of an emergency. The program complies with the requirements set forth in Section 1927(d)(5) of the Social Security Act pertaining to prior authorization programs. Rhode Island does not foresee any impact to its prior authorization program in the event that supplemental rebates are not provided to other state(s) participating in the agreement.

12a. Prescribed Drugs: Description of Service Limitation

Citation(s)	Provision
1935(d)(1)	Effective January 1, 2006, the Medicaid agency will not cover any Part D drug for full-benefit dual eligible individuals who are entitled to receive Medicare benefits under Part A or Part B.
1927(d)(2) and 1935(d)(2)	The Medicaid agency provides coverage for the following excluded or otherwise restricted drugs or classes of drugs, or their medical uses to all Medicaid recipients, including full benefit dual eligible beneficiaries under the Medicare prescription Drug Benefit –Part D.

The following excluded drugs are covered:

(a) Agents when used for anorexia, weight loss, weight gain
[ ] All [ ] None [X] Some*

(b) Agents when used to promote fertility
[ ] All [X] None [ ] Some*

(c) Agents when used for cosmetic purposes or hair growth
[ ] All [X] None [ ] Some*

(d) Agents when used for the symptomatic relief of cough and colds
[ ] All [ ] None [X] Some*

(e) Prescription vitamins and mineral products, except prenatal vitamins and fluoride
[ ] All [ ] None [X] Some*

(f) Non-prescription drugs
[ ] All [ ] None [X] Some*

(g) Covered outpatient drugs which the manufacturer seeks to require as a condition of sale that associated tests or monitoring services be purchased exclusively from the manufacturer or its designee
[ ] All [X] None [ ] Some*
hHhh

*Identified on the following pages

Covered Therapeutic Drug Classes:

(a) Agents when used for anorexia, weight loss, weight gain
- J8A ANTI-OBESITY - ANOREXIC AGENTS
- D5A FAT ABSORPTION DECREASING AGENTS

(d) Agents when used for the symptomatic relief of cough and colds
- B3J EXPECTORANTS
- B3K COUGH AND/OR COLD PREPARATIONS
- B3L EXPECTORANTS (CONTINUED 1)
- B3N DECONGESTANT-ANALGESIC-EXPECTORANT COMBINATION
- B3O 1ST GEN ANTIHISTAMINE-DECONGESTANT-ANALGESIC COMB
- B3P NON-NARC ANTITUS-1ST GEN ANTIHIST-DECON-ANALGES CB
- B3Q NARCOTIC ANTITUSS-1ST GEN. ANTIHISTAMINE-DECONGEST
- B3R NON-NARC ANTITUSS-1ST GEN. ANTIHISTAMINE-DECONGEST
- B3S NON-NARC ANTITUS-1ST GEN ANTIHIST-DECONGEST-EXPECT
- B3T NON-NARCOTIC ANTITUSSIVE AND EXPECTORANT COMB.
- B3U 1ST GENERATION ANTIHISTAMINE-EXPECTORANT COMB.
- B3V 1ST GEN ANTIHIST-DECONGESTANT-ANALGESIC-EXPECT CMB
- B3W 2ND GEN ANTIHIST-DECONGESTANT-ANALGESIC-EXPECT CMB
- B3X 1ST GEN ANTIHIST-DECONGEST-ANTICHOLINERGIC COMB
- B3Y 1ST GEN ANTIHISTAMINE-DECONGESTANT-EXPECTORANT CMB
- B3Z 1ST GEN ANTIHISTAMINE-EXPECTORANT COMBINATIONS
- B4A NON-NARCOTIC ANTITUSSIVE-ANALGESIC COMBINATIONS
- B4B NON-NARCOTIC ANTITUSSIVE-ANALGESIC-EXPECTORANTS
- B4C NARCOTIC ANTITUSSIVE-ANTICHOLINERGIC COMB.
- B4D NARCOTIC ANTITUSSIVE-1ST GENERATION ANTIHISTAMINE
- B4E NON-NARC ANTITUSSIVE-1ST GEN ANTIHISTAMINE COMB.
- B4F NARC ANTITUSSIVE-1ST GEN ANTIHIST-ANALGESIC COMB.
- B4G NON-NARC ANTITUSS-1ST GEN ANTIHIST-ANALGESIC COMB.
- B4H NARCOTIC ANTITUSS-1ST GEN ANTIHIST-EXPECT COMB.
- B4I NON-NARC ANTITUSSIVE-1ST GEN ANTIHIST-EXPECT COMB.
- B4J NARCOTIC ANTITUSS-1ST GEN ANTIHIST-DECONGST-EXPECT
- B4K NARCOTIC ANTITUSSIVE-DECONGESTANT COMBINATIONS
- B4L NON-NARCOTIC ANTITUSSIVE-DECONGESTANT COMBINATIONS
- B4M NON-NARCOTIC ANTITUSSIVE-DECONGESTANT-ANALGESIC CB
- B4N NARC ANTITUSS-1ST GEN ANTIHIST-DECONGEST-ANALGESIC
- B4O NON-NARC ANTITUSS-1ST ANTIHIST-DECONG-ANALG-EXPECT
- B4P NON-NARC ANTITUSS-DECONGESTANT-ANALGESIC-EXPECT CB
- B4Q NARCOTIC ANTITUSS-DECONGESTANT-EXPECTORANT COMB

B4R	NON-NARCOTIC ANTITUSS-DECONGESTANT-EXPECTORANT CMB
B4S	NARCOTIC ANTITUSSIVE-EXPECTORANT COMBINATION
B4T	DECONGEST-ANALGESIC,NON-SALICYLATE COMB.
B4U	DECONGESTANT-ANTICHOLINERGIC COMBINATIONS
B4V	ANTITUSSIVE-1ST GEN ANTST-ANALGESIC-EXPECT COMB
B4W	DECONGESTANT-EXPECTORANT COMBINATIONS
B4X	EXPECTORANT COMBINATIONS OTHER
B4Y	EXPECTORANT MIXTURES
B4Z	1ST GEN ANTIHISTAMINE-ANALGESIC-ANTICHOLINERGIC CB
B5A	1ST GEN ANTIHIST-DECONGEST-ANALGES-ANTICHOLINERGIC
B5B	1ST GEN ANTIHISTAMINE-ANALGESIC-EXPECTORANT COMB
B5C	DECONGESTANT-ANALGESIC-ANTICHOLINERGIC COMB
B5D	DECONGEST-ANALGESIC,NON-SALICY-ANTICHOLIN-XANTHINE
B5E	DECONGEST-ANALGESICS,MIXED-XANTHINE COMB
B5F	DECONGESTANT-ANALGESIC, SALICYLATE COMB.
B5G	DECONGESTANT-NSAID, COX NON-SPEC COMB.
B5H	1ST GEN ANTIHIST-DECON-NSAID,COX NONSPEC
B5I	DECONGEST-ANALGESIC,NON-SALICYLATE-EXPECT-XANTHINE
B5J	DECON-ANALGESIC,NON-SALICYLATE-XANTHINE
B5K	DECONGEST-ANALGESIC,SALICYLATE-XANTHINE
B5L	GEN1 ANTIHIST-DECON-ANALGESIC,NON-SALICYLATE-XANTH
B5M	1ST GEN ANTIHIST-DECONGEST-ANALGES,MIXED
B5N	1ST GEN ANTIHIST-DECON-ANALGESIC, SALICYLATE
B5O	NON-NARCOTIC ANTITUSSIVE-ANALGESIC, SALICYLATE
B5P	DECONGESTANT-ANALGESIC,SALICYLATE-EXPECTORANT COMB
B5Q	N-NARC ATUS-GEN1 ANTIHIST-DECON-SALICYLT
B5R	ANALGESICS, MIXED-1ST GEN ANTIHISTAMINE-XANTHINE
B5S	ANALGESIC, NON-SAL.- 1ST GENERATION ANTIHISTAMINE
B5T	1ST GENERATION ANTIHISTAMINE-ANTICHOLINERGIC COMB.
B5U	1ST GEN ANTIHISTAMINE-EXPECT-COUNTER-IRRITANT COMB
B5V	1ST GEN. ANTIHISTAMINE-EXPECTORANT-XANTHINE COMB.
H6C	ANTITUSSIVES,NON-NARCOTIC
H6D	ANTITUSSIVES,NON-NARCOTIC (CONTINUED 1)
Z2N	1ST GEN ANTIHISTAMINE & DECONGESTANT COMBINATIONS
Z2O	2ND GEN ANTIHISTAMINE & DECONGESTANT COMBINATIONS

(e) Prescription vitamins and mineral products, except prenatal vitamins and fluoride

C1D	POTASSIUM REPLACEMENT
C1F	CALCIUM REPLACEMENT
C1H	MAGNESIUM SALTS REPLACEMENT
C1K	CARDIOPLEGIC SOLUTIONS
C1P	PHOSPHATE REPLACEMENT

C1Z ELECTROLYTE MAINTENANCE (CONTINUED 1)
C3B IRON REPLACEMENT
C3C ZINC REPLACEMENT
C3H IODINE CONTAINING AGENTS
C3M MINERAL REPLACEMENT,MISCELLANEOUS
C3N MINERAL REPLACEMENT,MISCELLANEOUS (CONTINUED 1)
C3O MINERAL REPLACEMENT,MISCELLANEOUS (CONTINUED 2)
C3P MINERAL REPLACEMENT,MISCELLANEOUS (CONTINUED 3)
C6A VITAMIN A PREPARATIONS
C6B VITAMIN B PREPARATIONS
C6C VITAMIN C PREPARATIONS
C6D VITAMIN D PREPARATIONS
C6E VITAMIN E PREPARATIONS
C6F PRENATAL VITAMIN PREPARATIONS
C6G GERIATRIC VITAMIN PREPARATIONS
C6H PEDIATRIC VITAMIN PREPARATIONS
C6I ANTIOXIDANT MULTIVITAMIN COMBINATIONS
C6J BIOFLAVONOIDS
C6K VITAMIN K PREPARATIONS
C6L VITAMIN B12 PREPARATIONS
C6M FOLIC ACID PREPARATIONS
C6N NIACIN PREPARATIONS
C6O BIOFLAVONOIDS (CONTINUED 1)
C6P PANTHENOL PREPARATIONS
C6Q VITAMIN B6 PREPARATIONS
C6T VITAMIN B1 PREPARATIONS
C6U MULTIVITAMIN PREPARATIONS (CONTINED 1)
C6Z MULTIVITAMIN PREPARATIONS
L9B VITAMIN A DERIVATIVES

(f) Non-prescription drugs
Link to OTC List: http://www.eohhs.ri.gov/Portals/0/Uploads/Documents/motc.pdf

OFFICIAL

LIMITATIONS

12c. Prosthetic Devices

Limited to those items provided for in the manual entitled "Provisions for the payment of Durable Medical Equipment, Surgical Appliances and Prosthetic Devices though the Rhode Island Medical Assistance Program".

12d. Eyeglasses

Payment for corrective vision devices other than eyeglasses will be considered only in those instances in which eyeglasses will not correct the visual impairment.

The following Optometric Services are limited to one every two years: one refractive eyecare exam; one pair of eyeglasses (frames, lenses, and dispensing fees).

13a. Diagnostic Services

Lead Investigations

Definition:

One-time on-site comprehensive lead investigations of a child's dwelling include services designed to determine the source of lead in children with elevated lead levels as determined by the RI Department of Health.

Provider Qualifications:

RI Licensed Lead Investigators from the Department of Health

SUPPLEMENTAL DRUG-REBATE AGREEMENT

CONTRACT # NMPI-_____

PARTIES/PERIOD

1.1 This Supplemental Drug-Rebate Agreement ("Agreement") is made and entered into this 1st day of April, 2006, by and between the State of Michigan ("State"), represented by the Department of Community Health ("State"), First Health Services Corporation ("First Health"), _____ ("Manufacturer"), Labeler Code _____, and such other states that subsequently join into this Agreement upon the terms hereafter set forth ("Participating State(s)") The parties, in consideration of the covenants, conditions, agreements, and stipulations expressed in this Agreement, do agree as follows:

PURPOSE

2.1 It is the intent of this Agreement that (i) states that have entered into agreements for First Health to provide pharmacy benefit administration services ("PBA Services") to the state Medicaid and other non-Medicaid programs approved by CMS in the Medicaid state plan(s) that do not affect Best Price ("FH Clients"), including the States, ("Participating States"), will receive State Supplemental Rebates, in addition to the rebates received under the CMS Rebate Agreement, pursuant to Section 1927 of the Social Security Act (42 U.S.C. § 1396r-8), for the Manufacturer's Supplemental Covered Product(s) quarterly utilization in the Participating States' Medicaid Programs in which there is Medicaid federal financial participation. It is also the intent of this Agreement that State Supplemental Rebates will be paid for utilization of the Manufacturer's Supplemental Covered Product(s) in other state funded programs that have been approved for inclusion by the Secretary of Health and Human Services ("HHS"). The parties also intend for this Agreement to meet the requirements of federal law at Section 1927 of the Social Security Act (42 U.S.C. §1396r-8).

DEFINITIONS

3.1 'Average Manufacturer Price' (AMP) means Manufacturer's price for the Covered Product(s). AMP will be calculated accordance with 42 U.S.C. 1396r-8(k)(1) and as specified in Manufacturer's CMS Agreement.

3.2 'Best Price' means, in accordance with 42 U.S.C. §1396r-8(c)(1)(C), with respect to a Single Source Drug or Innovator Multiple Source Drug of a Manufacturer, the lowest price available from the Manufacturer during the rebate period to any wholesaler, retailer, provider, health maintenance

organization, nonprofit entity, or government entity within the United States, excluding: (a) any price charged on or after October 1, 1992, to the Indian Health Services, the Department of Veterans Affairs, a State home receiving funds under Section 1741 of Title 38, United States Code, the Department of Defense, the Public Health Service, or a covered entity described in subsection (a)(5)(B) of Section 1927 of the Social Security Act; (b) any prices charged under the Federal Supply Schedule of the General Services Administration; (c) any prices used under a State Pharmaceutical Assistance Program; and (d) any depot prices and single award contract prices, as defined by the Secretary of any agency of the Federal Government. "Best Price" shall: (a) be inclusive of cash discounts, free goods that are contingent on any purchase requirement, volume discounts, and rebates (other than rebates under this section); (b) be determined without regard to special packaging, labeling, or identifiers on the dosage form or product or package; and (c) not take into account prices that are merely nominal in amount.

3.3 [Reserved]

3.4 'Covered Product(s)' means the pharmaceutical product(s) of the Manufacturer pursuant to Section 1927 of the Social Security Act (42 U.S.C. § 1396r-8).

3.5 'CMS Agreement' means the Manufacturer's drug rebate contract with the Centers for Medicare & Medicaid Services (CMS), formerly known as the Health Care Financing Administration, entered pursuant to Section 1927 of the Social Security Act (42 U.S.C. § 1396r-8).

3.6 'CMS Basic Rebate' means, with respect to the Covered Product(s), the quarterly payment by Manufacturer pursuant to Manufacturer's CMS Agreement, made in accordance with Section 1927(c)(1) or Section 1927(c)(3) of the Social Security Act [42 U.S.C. §1396r-8(c)(1) and 42 U.S.C. § 1396r8(c)(3)].

3.7 'CMS CPI Rebate' means, with respect to the Covered Product(s), the quarterly payment by Manufacturer pursuant to Manufacturer's CMS Agreement, made in accordance with Section 1927(c)(2) of the Social Security Act [42 U.S.C. §1396r-8(c)(2)].

3.8 'CMS Rebate' means, with respect to the Covered Product(s), the quarterly payment by Manufacturer pursuant to Sections 4.1 of this Agreement.

3.9 'CMS Unit Rebate Amount' means, the unit amount computed by CMS to which the Medicaid utilization information may be applied by States in invoicing the Manufacturer for the rebate payment due.

3.10 'Drug Reimbursement Amount' means the total amount per unit allowable as calculated by the Participating States, specific to each drug, that the Participating States reimburse pharmacy providers per unit of drug under their Medicaid (and other state funded, HHS approved) programs, in accordance with applicable state and federal laws and regulations.

3.11 'First Health Client(s)' or 'FH Clients' means those states (including the State) that have entered or subsequently enter into agreements with First Health for the provision of PBA Services to the states' Medicaid and other non-Medicaid programs approved by CMS in the Medicaid state plan(s), subject to the supervision and oversight of such States.

3.12 [Reserved]

3.13 'Manufacturer' means, for purposes of this Agreement, the party identified as such in Section 1.1 of this Agreement, which may be a pharmaceutical manufacturer, labeler or other entity not prohibited by law from entering into this Agreement.

3.14 'Participating State(s)' means the (i) States named in Section 1.1 hereof, and (ii) other states that, subsequent to the execution of this Agreement by the States, elect to participate under this Agreement and have all necessary authorizations and approvals from CMS to do so. Unless otherwise authorized by CMS on a state by state basis, Participating States shall be limited to ones that have a CMS authorized contract under which First Health has been engaged to provide PBA services to that State. For each new Participating State, a unilateral amendment ("New Participating State Amendment") to this Agreement shall be executed by the new Participating State and First Health and sent to the Manufacturer prior to the Participation Commencement Date. A copy of the New Participating State Amendment is attached hereto as Exhibit A.

3.15 'Participating States' Net Price Per Unit' or 'Net Price' means the amount(s) agreed upon by the parties to this Agreement in the attached "Supplemental Rebate Matrix, Schedule 2". 'Net Price' will vary in accordance with Schedule 2 and is dependent upon the factors detailed therein, which includes, but may not be limited to, the number of Medicaid (and other state funded, HHS approved) eligible recipient lives and the number of products in a Preferred Drug List's product category. Per the attached "Supplemental Rebate Matrix, Schedule 2", Net Price will be a factor in the equation that is determinative of the Supplemental Rebate Amount.

3.16 'Participation Commencement Date' is the latter of the date (i) a Manufacturer's Supplemental Covered Product is effectively placed in a Participating State's Preferred Drug List by distribution of the Preferred Drug List (via website or otherwise) to providers and prescribers or (ii) the New Participating State Amendment is fully executed and returned to the Manufacturer, or (iii) the effective date of CMS approval of the Participating State's applicable state plan amendment. It is the date when the Participating State(s)' entitlement to the State Supplemental Rebate(s) from the Manufacturer accrues.

3.17 'Pharmacy Provider' means an entity licensed or permitted by law to dispense legend drugs, and enrolled as a State Medicaid Provider.

3.18 'Rebate Summary' means the individual Participating States' reports itemizing the State Utilization Data supporting each Participating State's invoice for Rebates. The Rebate Summary will comply in all respects with requirements for Medicaid Utilization Information in the CMS Agreement.

3.19 'State Supplemental Rebate' means, with respect to the Supplemental Covered Product(s), the quarterly payment by Manufacturer pursuant to Section 4.2 of this Agreement.

3.20 'State Utilization Data' means the data used by Participating States to reimburse pharmacy providers under Participating States' Medicaid Program (and other non-Medicaid programs approved by CMS in the state plan(s) as provided in Section 2.1 hereof). State Utilization Data excludes data from covered entities identified in Title 42 U.S.C. §256b(a)(4) in accordance with Title 42 V.S.C. §256b(a)(5)(A) and 1396r-8(a)(5)(C).

3.21 'Supplemental Covered Product' means the pharmaceutical product(s) of the Manufacturer, as detailed in the attached Supplemental Rebate Matrix, Schedule 2, upon which a State Supplemental Rebate will be paid pursuant to this Agreement.

3.22 'Supplemental Covered Product Category' or 'Product Category' means a defined group of pharmaceutical products considered to compete with one another in the market and that are also thought to be therapeutic alternatives in many situations. First Health Services has determined and defined the Product Categories in which manufacturers will bid. The Product Categories, set forth on the "Product Categories, Schedule 1" hereto, may be changed as deemed appropriate by Participating States.

3.23 'Supplemental Rebate Amount' means, with respect to the Supplemental Covered Product(s), the amount(s) specified in the attached Supplemental Bid Matrix, Schedule 2 and Supplemental Rebate Calculation, Schedule 3 that the Manufacturer has agreed to reimburse Participating States per unit of drug in accordance with the formula detailed in the above Schedules.

3.24 'Wholesale Acquisition Cost' or 'WAC' means the Manufacturer's U.S. Dollar wholesale acquisition price in effect on the last day of a quarter on a unit basis as published by a third party source, such as First Databank, for each product and represents the Manufacturer's published price for a drug product to wholesalers.

MANUFACTURER'S RESPONSIBILITIES

4.1 Manufacturer will calculate and provide each Participating State a CMS Rebate for the Covered Product(s), which includes the CMS Basic Rebate and CMS CPI Rebate, as appropriate. The CMS Rebate represents the discount obtained by multiplying the units of the Covered Product(s) reimbursed by each Participating State in the preceding quarter by the per unit rebate amount provided to each Participating State by CMS. CMS will calculate the CMS Rebate amount in accordance with Manufacturer's CMS Agreement. Manufacturer's obligation for CMS Rebates will continue for the duration of the Manufacturer's CMS Agreement.

4.2 In addition to the CMS Rebates described in Section 4.1 of this Agreement, Manufacturer will remit to each Participating State a State Supplemental Rebate for the Supplemental Covered Product(s) that are in each Participating States Preferred Drug List Program. The State Supplemental Rebates will be calculated on a calendar quarter basis and provided via invoices to the Manufacturer's CMS financial contact. The State Supplemental Rebates for the quarter will be determined by multiplying the number of units of the Supplemental Covered Product(s) reimbursed by each Participating State in the preceding quarter by its Supplemental Rebate Amount. The Manufacturer's obligation for State Supplemental Rebates will continue for the duration of this Agreement. The Supplemental Rebate calculation is described in "Supplemental Rebate Calculation, Schedule 3".

4.3 The Manufacturer's obligation for State Supplemental Rebates will begin with the Rebate Billing Period for the second calendar quarter 2006, which begins April 1, 2006 (even if this Agreement is not fully executed by such date) and will continue through the Rebate Billing Period that ends March 31, 2009, subject to each Participating States' actual Participation Commencement Date as described in Section 3.16, *supra.* Notwithstanding the above, the Participating States reserve the right to solicit

annually more favorable State Supplemental Rebates from Manufacturer by giving written notice thereof no less than ninety (90) days prior to the yearly anniversary of the effective date of this Agreement.

4.4 The quarters to be used for calculating the Rebates in Section 4.2 of this Agreement will be those ending on March 31, June 30, September 30, and December 31 of each calendar year during the term of this Agreement.

4.5 The participating Manufacturer will be required to submit each Participating State's State Supplemental Rebate payment within 38 days of the Manufacturer's receipt of the Participating State's Rebate Summary.

4.6 Manufacturer will pay the State Supplemental Rebates, including any applicable interest in accordance with Section 1903 (d)(5) of the Act. Interest on the Rebates payable under Section 4.2 of this Agreement begins accruing 38 calendar days from the postmark date of each Participating State's invoice and supporting Rebate Summary sent to the Manufacturer and interest will continue to accrue until the postmark date of the Manufacturer's payment. For the rebate programs invoiced under this Agreement, if the date of mailing of a Rebate payable under Section 4.2 of this Agreement is 69 days or more from the date of mailing of the invoice, the interest rate will be calculated as required under federal guidelines for rebates described in Section 4.1 but will be increased by ten percentage points or the maximum allowed by that Participating State's state law. If a Participating State has not received the Rebates payable under Section 4.2 of this Agreement, including interest, within 180 days of the postmark date of said Participating State's invoice and supporting Rebate Summary sent to the Manufacturer, such Participating State may deem the Manufacturer to be in default and Participating State may terminate its participation in this Agreement by giving Manufacturer and First Health ninety (90) days advance written notice.

4.7 Manufacturer agrees to continue to pay State Supplemental Rebates on the Supplemental Covered Product(s) for as long as this Agreement or any of its Addenda are in force, and State Utilization Data shows that payment was made for that drug, regardless of whether the Manufacturer continues to market that drug. Manufacturer's obligation to pay State Supplemental Rebates on the Supplemental Covered Product(s) shall terminate twelve (12) months following the last expiration date of the last lot of Supplemental Covered Product sold by the Manufacturer. Notwithstanding the above, in the event Manufacturer's Supplemental Covered Product(s) is/are sold to another manufacturer, the original Manufacturer shall have no liability for rebates on utilization beyond those required by the Medicaid

program. Manufacturer shall provide the State and First Health with notice of the sale of said Supplemental Covered Product(s) concurrent with Manufacturer's notice to CMS.

4.8 Unless notified otherwise, Manufacturer will send Rebate payments by certified mail, return receipt requested, to the address provided to Manufacturer in each individual Participating State's Addendum.

PARTICIPATING STATE(S)' RESPONSIBILITIES

5.1 Each Participating State will consider the Manufacturer's Supplemental Covered Product(s) for inclusion in the Participating State's Preferred Drug List Program. Each individual Participating State reserves the right to select the products that will be in its Preferred Drug List Program and will only receive State Supplemental Rebates for Manufacturer's Supplemental Covered Products that are actually included in its Preferred Drug List Program. Manufacturer shall pay Participating States State Supplemental Rebates based upon Participating State(s)' utilization of Manufacturer's Supplemental Covered Product(s) that did not require prior authorization. Participating States shall not be entitled to State Supplemental Rebates for utilization of Manufacturer's Supplemental Covered Product(s) that occurred only subsequent to the obtaining of prior authorization unless the Supplemental Covered Product(s) have been assigned to a Product Category and all products in the Product Category are subject to prior authorization requirements Each individual Participating State also reserves the right to determine, as a result of a Product Category review, that prior authorization is required for all preferred drugs in a Product Category. If a Participating State determines that prior authorization is required for any Supplemental Covered Product, then the Participating State will comply with all provisions of Section 1927(d) of the Social Security Act applicable to Prior Authorization programs. Each Participating State will notify Manufacturer and First Health, within ten (10) business days of adoption and publication of a new or revised Preferred Drug List, when Manufacturer's Supplemental Covered Product is added to the Participating State's Preferred Drug List by providing Manufacturer and First Health a copy of the Preferred Drug List in accordance with the notice provisions of Section 9.2 hereof.

5.2 The State and/or First Health shall notify the Manufacturer whenever a Participating State adds one of Manufacturer's Supplemental Covered Products to its Preferred Drug List or when one of Manufacturer's Supplemental Covered Products is moved to a prior authorization status.

5.3 Each Participating State will provide aggregate State Utilization Data to the Manufacturer on a quarterly basis. This data will be based on paid claims data (data used to reimburse pharmacy providers)

under each Participating State's Medicaid (and other state funded, HHS approved) Program(s), will be consistent with any applicable Federal or State guidelines, regulations and standards for such data, and will be the basis for the Participating State's calculation of the State Supplemental Rebate.

5.4 Each Participating State will maintain those data systems used to calculate the State Supplemental Rebates. In the event material discrepancies are discovered, the Participating State will promptly justify its data or make an appropriate adjustment, which may include a credit as to the amount of the State Supplemental Rebates, or a refund to Manufacturer as the parties may agree.

5.5 Each Participating State shall maintain electronic claims records for the most recent four quarters that will permit Manufacturer to verify through an audit process the Rebate Summaries provided by the Participating State.

5.6 Upon implementation of this Agreement, and from time to time thereafter, Participating States and Manufacturer will meet to discuss any data or data system improvements which are necessary or desirable to ensure that the data and any information provided by the Participating States to Manufacturer are adequate for the purposes of this Agreement.

5.7 First Health, as the pharmacy benefit administrator, may assist the Participating States in fulfilling its responsibilities hereunder and is a party to this Agreement solely in its capacity as agent for, and subject to the supervision and oversight of, the Participating State(s).

5.8 The State and each Participating State shall obtain CMS approval of its state Medicaid plan of which this Agreement forms a part. Manufacturer shall not be obligated to remit any Supplemental Rebates that have accrued and are due under this Agreement until after the affected State or Participating State has obtained CMS approval of its Supplemental Rebate Program of which this Agreement forms a part.

DISPUTE RESOLUTION

6.1 In the event that in any quarter a discrepancy in a Participating State's State Utilization Data is questioned by the Manufacturer, which the Manufacturer and the Participating State in good faith are unable to resolve, the Manufacturer will provide written notice of the discrepancy to the Participating State and First Health.

6.2 If the Manufacturer in good faith believes the Participating State's State Utilization Data is erroneous, the Manufacturer shall pay the Participating State that portion of the rebate claimed, that is not in dispute by the required date. The balance in dispute, if any, will be paid by the Manufacturer to the Participating State by the due date of the next quarterly payment after resolution of the dispute.

6.3 The Participating State and the Manufacturer will use their best efforts to resolve the discrepancy within 60 days of receipt of written notification. Should additional information be required to resolve disputes, the Participating State and First Health will cooperate with the Manufacturer in obtaining the additional information.

6.4 In the event that the Participating State and the Manufacturer are not able to resolve a discrepancy regarding State Utilization Data as provided for in Sections 6.1 through 6.3, the Manufacturer may request a reconsideration of the Participating State's determination within 30 days after the end of the 60 day period identified in Section 6.3. The Manufacturer shall submit with its written request its argument in writing, along with any other materials, supporting its position to the Participating State and First Health. The Participating State shall review the written argument and materials and issue a decision in the matter.

CONFIDENTIALITY PROVISIONS

7.1 The parties agree that confidential information will not be released to any person or entity not a party to this contract. Confidential information, including trade secrets, will not be disclosed, or used except in connection with this Agreement or as may be required by law or judicial order.

7.2 The Manufacturer will hold Participating State' State Utilization Data confidential. If the Manufacturer audits this information or receives further information on such data from First Health or a Participating State, that information shall also be held confidential. The Manufacturer shall have the right to disclose Participating State(s)'s State Utilization Data to auditors who agree to keep such information confidential.

7.3 Pursuant to 42 USC 1396r-8(b)(3)(D), and other applicable state or federal laws, the parties agree that this Agreement and all information provided pursuant to this Agreement will not be disclosed and that the parties will not duplicate or use the information, except in connection with this Agreement or as may be required by law or judicial order. The parties further agree that any information provided by

Manufacturer to the State, First Health, or the Participating State(s) pursuant to this Agreement and this Agreement itself constitute trade secrets and/or confidential or proprietary commercial and financial information not subject to public disclosure. Furthermore, the parties agree that any Manufacturer information received by First Health pursuant to this Agreement and distributed by First Health to the State and/or Participating States shall constitute trade secrets and/or confidential or proprietary commercial and financial information of the Manufacturer not subject to public disclosure, except as otherwise provided for herein. If the services of a third party are used to administer any portion of this Agreement, Sections 7.1 through 7.4 of this Agreement shall apply to the third party. In the event a Participating State cannot give satisfactory assurance that rebate pricing data provided under this Agreement will be exempt from public disclosure under applicable state law, then First Health (without assuming responsibility for any wrongful disclosure by a Participating State) shall limit the amount of such data made available to the Participating State by not disclosing to the Participating State any NDC-level pricing information. For purposes hereof "satisfactory assurance" shall be deemed given when the Participating State enters the statutory cite of the applicable exemption on its Participating State Addendum. In the event that either party is required by law to disclose any provision of this Agreement or pricing information to any person, such party shall provide advance written notice to the other party sufficiently in advance of the proposed disclosure to allow the other party to seek a protective order or other relief.

7.4 Notwithstanding the non-renewal or termination of this Supplemental Rebate Agreement for any reason, these confidentiality provisions will remain in full force and effect.

NON-RENEWAL or TERMINATION

8.1 This Agreement shall be effective as of April 1, 2006 and shall have the term indicated in Section 4.3, *supra.*

8.2 Any Participating State may terminate its participation in this Agreement by giving Manufacturer and First Health written notice at least (90) days prior to the anniversary date of this Agreement, in which case termination shall become effective on the anniversary date of the date of execution of this Agreement. The termination of this Agreement by one or more Participating States shall not affect the Manufacturer's, First Health's or the other Participating States' obligations under this Agreement, other than any effect the reduction in the number of lives covered by the Agreement may have on the Supplemental Rebate payable hereunder. Manufacturer may terminate this Agreement and all Addenda by

giving all Participating States and First Health written notice at least ninety (90) days prior to the anniversary date of this Agreement, in which case termination shall become effective on the anniversary date of the date of execution of this Agreement. Manufacturer's right of termination is limited to the right to terminate the entire Agreement. Manufacturer may not terminate specific Addendum/Addenda of less than all Participating State(s).

8.3 Termination by a FH Client of its PBA Services Agreement with First Health shall, as of the same termination effective date, terminate this Agreement as to that Participating State.

8.4 Notwithstanding any non-renewal or termination of this Agreement, State Supplemental Rebates will still be due and payable from the Manufacturer under Section 4.2 for any Supplemental Covered Products for which Participating State(s)' obligation to reimburse arose prior to the effective date of termination of this Agreement.

8.5 On at least an annual basis or as mutually agreed upon by Manufacturer and First Health, Manufacturer shall have the opportunity to decrease the Net Price of its Covered Products to increase the likelihood of product(s) utilization and/or inclusion in the Participating States Preferred Drug List Programs.

GENERAL PROVISIONS

9.1 This Agreement will be governed and construed in accordance with 42 U.S.C. § 1396r-8 and all other applicable federal and state law and regulations.

9.2 Any notice required to be given pursuant to the terms and provisions of this Agreement will be in writing and will be sent by certified mail, return receipt requested. Notice will be mailed to the addressees specified in each individual Participating State's Addendum to this Agreement.

Notice to the State shall be sent to:

State of Rhode Island
John Young, Deputy Director
Designee, Frank Spinelli, Associate Director
Rhode Island Department of Human Services
600 New London Avenue
Cranston, RI 02920

Notice to First Health shall be sent to:

First Health Services Corporation
Attn: James McGarry, President
With a copy to: Legal Department
4300 Cox Road
Glen Allen, Virginia 23060

Notice to Manufacturer will be sent to:

_____
_____
_____
_____

9.3 The Manufacturer agrees to be bound by the laws of the United States of America and with respect to each Participating State, the law of that Participating State. Proper venue in any legal action shall be the venue of the Participating State that is party to the proceeding. Any action brought by Manufacturer must be brought separately against individual Participating States or First Health, unless all affected Participating States and First Health consent to joinder of the actions.

9.4 Nothing herein shall be construed or interpreted as limiting or otherwise affecting First Health or Participating State(s) ability to pursue its rights arising out of the terms and conditions of the Agreement in the event that a dispute between the parties is not otherwise resolved.

9.5 Manufacturer and the agents and employees of Manufacturer in the performance of this Agreement, will act in an independent capacity and not as officers, employees or agents of First Health or any Participating State.

9.6 Manufacturer may not assign this Agreement, either in whole or in part, without the written consent of the Participating States and First Health. However, in the event of a transfer in ownership of the Manufacturer, the Agreement is automatically assigned to the new owner subject to the conditions in this Agreement. If the Agreement is assigned pursuant to this Section, Manufacturer shall provide First Health and the Participating States with an update of the information contained in Section 9.2, *supra.*

9.7 Nothing in this Agreement will be construed so as to require the commission of any act contrary to law. If any provision of this Agreement is found to be invalid or illegal by a court of law, or inconsistent with federal requirements, this Agreement will be construed in all respects as if any invalid, unenforceable, or inconsistent provision were eliminated, and without any effect on any other provision.

9.8 First Health, Participating State(s) and Manufacturer declare that this Agreement, including attachments, schedules and addenda, contains a total integration of all rights and obligations of the parties. There are no extrinsic conditions, collateral agreements or undertakings of any kind. In regarding this Agreement as the full and final expression of their contract, it is the express intention of the parties that any and all prior or contemporaneous agreements, promises, negotiations or representations, either oral or written, relating to the subject matter and period of time governed by this Agreement which are not expressly set forth herein are to have no force, effect, or legal consequences of any kind.

9.9 This Agreement will not be altered except by (i) an amendment in writing signed by all the parties, other than (ii) in the case of the addition of a new Participating State(s), by its execution of the New Participating State Amendment. It is acknowledged that the intent of the previous sentence is that the addition of a new Participating State(s) by amendment shall only require the consent of First Health and the approval of CMS, not Manufacturer. Manufacturer agrees that any Participating State may be added to this Agreement by amendment and that said Participating State's covered Medicaid (and other non-Medicaid programs approved by CMS in the Medicaid state plan(s)) lives shall apply to the provisions of Schedules 2 and 3 and will affect the rebates to all Participating States in accordance with Schedules 2 and 3. The New Participating State Amendment shall be executed by First Health and the new Participating State with a copy provided to Manufacturer for its records. Other than as stated herein, no individual is authorized to alter or vary the terms or make any representation or inducement relative to it, unless the alteration appears by way of a written amendment, signed by duly appointed representatives of the Participating State(s), First Health, and the Manufacturer. Any modification or amendment must be authorized by CMS.

9.10 The parties do not contemplate any circumstances under which indemnification of the other parties would arise. Nevertheless, should such circumstances arise, Manufacturer agrees to indemnify, defend and hold harmless the Participating States and First Health, their officers, agents and employees from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Manufacturer in the performance of this Agreement.

9.11 Inasmuch as the State Supplemental Rebates required by this Agreement are for state Medicaid (and non-Medicaid programs approved by CMS in the Medicaid state plan(s)) program beneficiaries, it is agreed, in accordance with Medicaid Drug Rebate Program Release #102 for State Medicaid Directors and other applicable law, that the State Supplemental Rebates do not establish a new 'Best Price' for purposes of participating Manufacturer's CMS Agreement.

9.12 In the event that Participating State(s) require(s) prior authorization of Manufacturer's Supplemental Covered Product(s) as part of a Product Category prior authorization under Section 5.1, State Supplemental Rebates shall nevertheless be payable hereunder.

9.13 If First Health or a Participating State makes changes to a Product Category that are considered to be a material change in the structure of the supplemental rebates program, Manufacturer may be allowed to re-submit bids for the Product Category/Categories affected.

9.14 As evidence of their Agreement to the foregoing terms and conditions, the parties have signed below.

STATE OF MICHIGAN, DEPARTMENT OF COMMUNITY HEALTH:

By: _____ Date: _____

Name: _____

Title: _____

MANUFACTURER

By: _____ Date: _____

Name: _____

Title: _____

FIRST HEALTH SERVICES CORPORATON

By: _____ Date: _____

Name: _____

Title: _____

EXHIBIT A1

Participating State's Non-Medicaid Programs Approved by CMS in the Medicaid State Plan(s)

Participating State: Rhode Island

Non-Medicaid programs approved by CMS in the Medicaid State Plan(s)- Date of Approval

1. None
2. _____
3. _____
4. _____
5. _____
6. _____

EXHIBIT A
Contract # NMPI – _____

Participating State Amendment to Supplemental Drug-Rebate Agreement
Between
First Health Services Corporation
And
("Manufacturer")

WHEREAS, the State of Michigan, First Health Services Corporation ("First Health"), and Manufacturer have entered into a Supplemental Drug-Rebate Agreement (the "Agreement"), effective as of [date manufacturer joined the NMPI] and

WHEREAS, the states named in Section 8 below have become parties to the Agreement as Participating States by previous amendment or addenda; and

Now, therefore, in consideration of the mutual covenants, promises, and conditions contained herein and in the Agreement, the parties agree as follows:

1. The State of Rhode Island is hereby added as a party to the Agreement as a Participating State, as defined in Section 3.14 of the Agreement.

2. This Amendment shall become effective upon the date determined in accordance with Section 3.16 of the Agreement.

3. An executed copy of this Amendment shall be sent via certified mail, return receipt requested to Manufacturer's address of record as set forth in the Agreement within five (5) business days of its execution by the parties. Any notice to Participating State shall be sent to:

   John Young, Deputy Director
   Designee, Frank Spinelli, Associate Director
   Rhode Island Department of Human Services
   600 New London Avenue
   Cranston, RI 02920

4. This Amendment adds Participating State to the Agreement and does not otherwise change or alter the Agreement. Participating State understands and agrees to be bound by the terms of the Agreement.

5. The undersigned State acknowledges that manufacturer rebate pricing information is confidential information under applicable Federal law and shall be exempt from public disclosure pursuant to Rhode Island Code Chapter 38-2 of Title 38.

6. The undersigned State represents that it has not requested authorization from CMS to include any state pharmaceutical assistance program within the rebate provisions of the Agreement [or CMS has authorized the inclusion of Not Applicable within the Agreement]. The above representation shall not prohibit the undersigned State from requesting CMS authorization to include (other) pharmaceutical assistance programs within the Agreement at a later date. Upon receipt of CMS authorization, State shall give written notice to Manufacturer of the date Manufacturer's Supplemental Covered Product is effectively placed on the preferred drug list of the undersigned State's non-Medicaid programs approved by CMS in the Medicaid state plan(s) by completing the attached Exhibit A1.

7. The approximate enrollment in the undersigned State's Medicaid program at the time of execution of this Amendment is 614,255.

8. As of the effective date of this Amendment, the following are all of the Participating States under the Agreement:

a. Alaska
b. Hawaii
c. Kentucky
d. Michigan
e. Minnesota
f. Montana
g. Nevada
h. New Hampshire
i. Tennessee
j. District of Columbia
k. New York
l. Georgia
m. South Carolina
n. Rhode Island

STATE OF: Rhode Island
DEPARTMENT OF HUMAN SERVICES

By: _____
Name: _____
Title: _____
Date: _____

FIRST HEALTH SERVICES CORP.

By: _____
Name: _____
Title: _____
Date: _____

03/29/2007 THU 11:36 FAX 4014626165 DHS-POLICY 024

Department of Human Services – RHODE ISLAND MEDICAL ASSISTANCE PROVIDER SERVICES
PREFERRED DRUG LIST (PDL)

Updated: January 11, 2007

THERAPEUTIC DRUG CLASS	PREFERRED AGENTS		NON-PREFERRED AGENTS PA Is Required	
ACE INHIBITORS Preferred Status Implementation : 1/15/07 Non-Preferred Agent will require Prior Authorization	benazepril captopril enalapril lisinopril		fosinopril moexipril quinapril Accupril Aceon Altace Capoten	Lotensin Mavik Monopril Prinivil Univasc Vasotec Zestril
ACE INHIBITOR/DIURETIC COMBINATIONS Preferred Status Implementation : 1/15/07 Non-Preferred Agent will require Prior Authorization	benazepril/HCTZ captopril/HCTZ enalapril/HCTZ lisinopril/HCTZ		fosinopril/HCTZ quinapril/HCTZ Accuretic Capozide Lotensin HCT	Monopril HCT Prinzide Uniretic Vaseretic Zestoretic
ACE INHIBITOR/CALCIUM CHANNEL BLOCKER COMBINATIONS Preferred Status Implementation : 1/15/07 Non-Preferred Agent will require Prior Authorization	Lotrel		Lexxel Tarka	
ANGIOTENSIN II RECEPTOR BLOCKERS Preferred Status Implementation : 1/15/07 Non-Preferred Agent will require Prior Authorization	Benicar Cozaar Diovan Micardis		Atacand Avapro Teveten	
ANGIOTENSIN II RECEPTOR BLOCKER/DIURETIC COMBINATIONS Preferred Status Implementation : 1/15/07 Non-Preferred Agent will require Prior Authorization	Benicar HCT Hyzaar Diovan HCT Micardis HCT		Atacand HCT Avalide Teveten HCT	
BETA BLOCKERS Preferred Status Implementation : 1/15/07 Non-Preferred Agent will require Prior Authorization	acebutolol atenolol betaxolol bisoprolol labetalol metoprolol tartrate nadolol pindolol	propranolol sotalol Coreg Toprol XL	metoprolol succinate timolol Betapace/AF Blocadren Coreg CR Corgard Inderal/LA Innopran XL	Kerlone Levatol Lopressor Sectral Tenormin Trandate Zebeta
CALCIUM CHANNEL BLOCKERS (DHP) Preferred Status Implementation : 1/15/07 Non-Preferred Agent will require Prior Authorization	felodipine nicardipine nifedipine/ER Dynacirc CR Norvasc Sular		isradipine Adalat CC Cardene/SR Dynacirc Plendil Procardia/XL	

Unless otherwise specified, the listing of a particular brand or generic name includes all dosage forms of that drug.

01/29/2007 THU 11:37 FAX 4014626165 DHS-POLICY 025

Department of Human Services – RHODE ISLAND MEDICAL ASSISTANCE PROVIDER SERVICES
PREFERRED DRUG LIST (PDL)

Updated: January 11, 2007

THERAPEUTIC DRUG CLASS	PREFERRED AGENTS	NON-PREFERRED AGENTS PA Is Required	
CALCIUM CHANNEL BLOCKERS (NON-DHP) Preferred Status Implementation : 1/15/07 Non-Preferred Agent will require Prior Authorization	diltiazem/ER verapamil/ER	Calan/SR Cardizem/CD/LA/SR Covera-HS Dilacor XR	Isoptin SR Tiazac Verelan PM/SR

Unless otherwise specified, the listing of a particular brand or generic name includes all dosage forms of that drug.

Official

AMOUNT, DURATION AND SCOPE OF MEDICAL
AND PREMEDICAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

b. Screening services.

☐ Provided: ☐ No Limitations ☐ With limitations*

☒ Not provided.

c. Preventive services.

☒ Provided: ☐ No limitations ☒ With limitations*

☐ Not provided.

d. Rehabilitative services.

☒ Provided: ☐ No limitations ☒ With limitations*

☐ Not provided.

14. Services for individuals age 65 or older in institutions for mental diseases.

a. Inpatient hospital services.

☒ Provided: ☐ No limitations ☒ With limitations*

☐ Not provided.

b. Skilled nursing facility services.

☒ Provided: ☐ No limitations ☒ With limitations*

☐ Not provided

c. Intermediate care facility services.

☒ Provided: ☐ No limitations ☒ With limitations*

☐ Not provided.

*Description provided on attachment.
Including prior authorization requirements as specified in page 9, 10, and 11 of this Attachment.

Pgs. 6.1-6.13 intentionally left blank