

AMENDMENT NUMBER 1

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AMENDED AND RESTATED CONTRACTOR RISK AGREEMENT
BETWEEN
THE STATE OF TENNESSEE,
d.b.a. TENNCARE
AND
VOLUNTEER STATE HEALTH PLAN, INC.,
d.b.a. BLUECARE

CONTRACT NUMBER: FA-

For and in consideration of the mutual promises herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to clarify and/or amend the Amended and Restated Contractor Risk Agreement by and between the State of Tennessee TennCare Bureau, hereinafter referred to as TENNCARE, and Volunteer State Health Plan, Inc., hereinafter referred to as the CONTRACTOR, as follows:

Titles and numbering of paragraphs used herein are for the purpose of facilitating use of reference only and shall not be construed to infer a contractual construction of language.

- 1. Section 2 of the July 1, 2001 Amended and Restated Contractor Risk Agreement shall be amended by adding a new Section 2-25 which shall read as follows:

2-25. Processing and Payment of Graduate Medical Education Payments

Subject to the availability of State and Federal funding, the CONTRACTOR agrees to make graduate medical education payments. Payments shall be made in accordance with the methodology and payment list provided by TENNCARE from a fund established by TENNCARE and transferred to the CONTRACTOR for this purpose. The CONTRACTOR may deposit these funds in the account of its choice and may retain all interest earned as compensation for providing this service. These funds shall not be included in calculation of 85% MLR requirements in place after June 30, 2000. The CONTRACTOR agrees to include any correspondence requested by TENNCARE to be included with the payment and provide a complete accounting on an individual basis of all disbursements made including the date check is mailed or the transaction is made, the amount, payee, address, and date cashed. Checks and/or fund transfers issued shall be only for the amount included in the payment list provided by TENNCARE. All outstanding checks will be cancelled ninety days after issuance and any funds remaining will be returned to TENNCARE with an accounting of those not cashed.

Payments to recipients under this Section 2-25 shall not exceed \$46,000,000 for state fiscal year 2002. TENNCARE's total obligation to the CONTRACTOR under this Section 2-25 shall not exceed \$46,938,776.

Graduate medical education payments will be made to: East Tennessee State University, Meharry Medical College, University of Tennessee at Memphis, and Vanderbilt University

Total dollars available for allocation are \$46,000,000. These funds will be allocated by dividing the total of the Primary Care Positions Allocation and the Total Filled Positions Allocation by 2. The Primary Care Positions Allocation is computed by taking each school's total number of primary care residents in years one through four of residency and dividing it by the total of all four schools' primary care residents in years one through four of residency. This ratio is applied to the total funding to be allocated (\$46 million). The Total Filled Positions Allocation is

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Amendment I (continued)

computed by taking each school's total number of residents in years one through four of residency and dividing it by the total of all four schools' residents in years one through four of residency. This ratio is applied to the total funding to be allocated (\$46 million). Funds will be disbursed annually on a schedule as determined by TennCare. The \$46,000,000 allocation for FY 2001/2002 is as follows:

East Tennessee State University	\$ 8,340,854.35
Meharry Medical School	\$ 2,552,652.16
University of Tennessee (Memphis)	\$ 22,300,367.44
Vanderbilt University	\$ 12,806,126.05

Future Year Disbursements will be defined by TennCare.

Payments, as set forth above, will be made by Volunteer State Health Plan within (5) working days of receipt of funds from the State of Tennessee.

