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AMENDMENT NUMBER 2

**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-02-14859-02

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 amend the Amended and Restated Contractor Risk Agreement dated July 1, 2001 as follows, recognizing; however, that the items represent clarifications and in some cases revisions to existing requirements. The numbering for the items below is for convenience for locating particular items within the document and are not a part of the Agreement and shall have no bearing on the Agreement.

- 1. Section 2 of the July 1, 2001 Amended and Restated Contractor Risk Agreement shall be amended by adding a new Section 2-26 which shall read as follows:

2-26. Processing and Payment of Essential Hospital Payments

Subject to the availability of State and Federal funding, the CONTRACTOR agrees to make essential provider payments to certain hospitals pursuant to the schedule set forth below, within 14 calendar days of receipt of the required funds from the State. 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 to provide a complete accounting on an individual provider 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 funds 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. In addition to any interest earned, TENNCARE agrees to pay the CONTRACTOR a sum sufficient to administer this amendment in accordance with state law.

The State previously paid providers for the first two quarters of the State fiscal year covering the period from July 1, 2001 through December 31, 2001 from State funds. The Centers for Medicare and Medicaid Services subsequently agreed to make these payments with federal financial participation. Therefore, upon notice by TENNCARE, pay providers the Net Payments presented below for the first three quarters (period covering July 1, 2001 through March 31, 2002) of the State's fiscal year. In addition, upon notice by TENNCARE, pay the providers for the fourth quarter covering the period April 1, 2002 through June 30, 2002. Disbursements to providers by the CONTRACTOR, under this amendment, shall not exceed \$20,000,001, as presented below. Payments to the CONTRACTOR, under this amendment, will not exceed \$20,408,164.

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Amendment 2 (continued)

IN WITNESS WHEREOF, the parties have by their duly authorized representative set their signatures, effective as of April 30, 2002.

STATE OF TENNESSEE
DEPARTMENT OF FINANCE
AND ADMINISTRATION

BY: [Signature]
Mark E. Reynolds
Deputy Commissioner

DATE: 4-30-02

VOLUNTEER STATE HEALTH PLAN

BY: [Signature]
Vicky B. Gregg
President and CEO

DATE: 4-30-02

STATE OF TENNESSEE
DEPARTMENT OF FINANCE
AND ADMINISTRATION

BY: [Signature]
C. Warren Neel
Commissioner

DATE: 4/30/02

APPROVED BY:

STATE OF TENNESSEE
DEPARTMENT OF FINANCE
AND ADMINISTRATION

BY: [Signature]
C. Warren Neel
Commissioner
MAY 01 2002

DATE: _____

APPROVED BY:

STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

BY: [Signature]
John G. Morgan
Comptroller

DATE: 5/2/02

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