

**FRED MEYER PHARMACY SERVICES
PHARMACY PROVIDER AGREEMENT**

December
24

THIS PHARMACY PROVIDER AGREEMENT ("Agreement"), made this 14 day of ~~October~~, 2012, by and between **FRED MEYER STORES, INC.**, having its office at 3800 SE 22nd Avenue, Portland, OR 97202, (hereinafter referred to as "**Fred Meyer**"), and **Kitsap Recovery Center**, having its office at 1975 NE Fusion Rd, Bremerton, WA 98311 (hereinafter referred to as "**Provider**").

RECITALS

- A. Fred Meyer operates pharmacies inside Fred Meyer grocery/general merchandise stores.
- B. Provider desires to provide prescription drug benefits for certain of its patients.
- C. Fred Meyer desires to provide to Provider prescription drugs and related pharmaceutical services, which will comprise such benefits to patients enrolled in Provider's program in accordance with, and subject to, the terms and conditions hereinafter set forth.

AGREEMENT

1. PROVISION OF PRESCRIPTION DRUG BENEFITS.

1.1 Fred Meyer shall provide "**Prescription Drugs**" (as defined in **Section 4**) to each "**Patient**" (as defined in **Section 2**) in accordance with the terms of this Agreement.

1.2 Provider expressly acknowledges and agrees that Agreement shall not in any way obligate Fred Meyer to dispense a Prescription Drug which, in the professional opinion of a Fred Meyer pharmacist, should not be dispensed to a Patient.

2. ELIGIBLE PATIENTS. As used in this Agreement, the term "**PATIENT**" shall mean patient of Provider who obtains a medication. Provider is responsible for the completion of the Patient Information Sheet prior to faxing sheet to pharmacy.

3. PRESCRIPTION; PHYSICIAN AUTHORIZATION. Fred Meyer shall only be obligated to dispense Prescription Drugs to Patients upon receiving, either by phone or hard copy, a valid prescription signed by a physician or other health care practitioner.

4. PRESCRIPTION DRUGS AND SERVICES. As used in this Agreement, the term "**Prescription Drugs**" shall mean all State and Federal Legend Drugs requiring a prescription. The term "**OTC's**" shall mean over the counter products.

5. PHARMACY OBLIGATIONS. Fred Meyer agrees to provide the following services under this Agreement.

5.1 Label and dispense all medication and provide pharmacy services in a commercially reasonable manner and according to state and federal laws, rules, and regulations.

Provide or arrange to provide all pharmacy services to Patient during regular pharmacy hours.

5.2 Maintain and review medication files of Patients as required by law.

5.3 Mandatory generics unless otherwise prescribed by the physician

5.4 Package medications in blister cards.

5.5 Keep on file, the completed patient information sheet provided by Provider.

5.6 Obtain patient signature on the completed Patient Information Sheet to denote non-safety container.

5.7 Bill Patient's primary insurance carrier, (i.e. Washington Medicaid), and if no insurance, bill Kitsap Recovery Center directly.

5.8 Provide once daily delivery of orders in the afternoon or evening.

5.9 Protect all privileged and confidential Patient information according to state and federal laws, rules and regulations.

5.10 Only dispense medications to this Provider that are not covered by the patient's primary insurance.

5.11 Provide monthly billings to Provider as mutually agreed.

6. **PROVIDER OBLIGATIONS.** Provider agrees to comply with the following:

6.1 Promptly verify eligibility when requested by Pharmacy.

6.2 Generic substitution is required unless otherwise prescribed by the physician

6.3 Fax to pharmacy, the Patient Information Sheet containing patient information, allergies and insurance information.

6.4 Provide payment to Fred Meyer as per the terms listed hereunder for services provided to Patients.

7. **REIMBURSEMENT.**

7.1 For each prescription dispensed pursuant to this Agreement, Provider shall pay to Fred Meyer a monetary sum, as set forth in **Exhibit A** attached hereto

7.2 Provider agrees to reimburse Fred Meyer within thirty days (30) days of the date of receipt of each monthly invoice. In the event Fred Meyer does not receive payment from Provider within such thirty (30) day period, Fred Meyer shall have the right to terminate this Agreement after ten (10) days written notice to Provider unless the payment is received within

such ten (10) day period. Fred Meyer shall have the right to charge a one percent (1%) monthly finance charge for any late payment.

7.3 Upon expiration or termination of this Agreement, Fred Meyer will submit to Provider a bill for all outstanding Prescription Drugs dispensed by Fred Meyer to Patients. Provider will pay Fred Meyer within thirty (30) days of receipt of Fred Meyer's bill.

8. **COVERAGE AREA**. Fred Meyer shall provide Prescription Drugs to Patients only at the identified Fred Meyer Pharmacy set forth on **Exhibit B** attached hereto ("**Coverage Area**"). **Exhibit B** may be modified from time to time as agreed by the parties hereto or by notification thereof by Fred Meyer to Provider.

9. **BILLING REPORTS AND REMITTANCE ADVICES**. Fred Meyer shall provide Provider with monthly billing statements of all Prescription Drugs provided under this Agreement. Such reports shall consist of consolidated roster billings, sorted by store number (when appropriate) and by Patient. Each claim shall list Patient name, Date of Birth, Cardholder ID, Date Fill, Quantity, Days Supply, Prescription drug name and NDC number, physician name and DEA # and amount due (net due from Provider to Fred Meyer) for each prescription dispensed.

Payment shall be sent to:

Fred Meyer RX Marketed
PO Box 677586
Dallas, TX 75267-7586

10. **NON-LIABILITY AND INDEMNIFICATION**.

10.1 Provider shall not be liable for any claim, injury, demand or judgment, based on tort or other grounds (including warranty of merchantability) arising out of the sale, compounding, dispensing or manufacturing of any Prescription Drug provided by Fred Meyer or any Fred Meyer pharmacist to a Patient pursuant to this Agreement. Further, Provider shall not be liable for any claims, injury, damages or judgment based on Fred Meyer's acts, omissions, negligence or unlawful conduct in performing the services hereunder. Fred Meyer agrees to defend, indemnify, and hold Provider harmless from and against any and all such claims, injuries, damages, demands and judgments, including, without limitation, payment of all costs and reasonable attorney's fees.

10.2 Fred Meyer shall not be liable for any claims, injury, damages or judgment based on Provider's acts, omissions, negligence or unlawful conduct. Provider agrees to defend, indemnify, and hold Fred Meyer harmless from and against any and all such claims, injuries, damages, demands and judgments, including, without limitation, payment of all costs and reasonable attorney's fees.

11. **NON EXCLUSIVE.**

11.1 Fred Meyer reserves the right, without limitation, to enter into other agreements for the provision of prescription drugs with any other provider, third party payer, employer, or the like, whether or not in the Coverage Area.

11.2 Provider reserves the right, without limitation, to enter into agreements for the provision of prescription drugs similar to this Agreement with other providers of prescription drugs, whether or not in the Coverage Area.

12. **ADVERTISING AND PROMOTIONAL CONTROL.** Any use of the Fred Meyer trademark, name or logo by Provider or Provider trademark, name or logo by Fred Meyer must be approved by the holder of the trademark, name or logo prior to use.

13. **TERM OF AGREEMENT.** This Agreement shall remain in full force and effect for a term of twelve (12) months from October 1, 2012 and shall automatically renew for successive one year periods thereafter unless otherwise terminated pursuant to this Agreement. This Agreement may be terminated or cancelled, with or without cause, and without penalty, at any time following the initial one (1) year period, by either party specifying a date of termination at least sixty (60) days following the date notice is sent. Upon material breach by either party of its obligations under this Agreement, the other party may terminate this Agreement if the breach remains uncured for more than thirty (30) days after the party gives written notice of such breach.

14. **ENTIRE AGREEMENT.** This Agreement constitutes the entire understanding between the parties hereto and shall not be altered or amended except by writing signed by both parties.

15. **NON-ASSIGNMENT.** Either party without the written consent of the other party may not assign this Agreement. Notwithstanding the above, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors.

16. **NOTICES.** All notices required or provided for under the Agreement shall be in writing, shall be sent by facsimile, certified or registered mail or overnight delivery service which requires receipt, and addressed to the parties' respective below-stated address, and shall be effective upon receipt.

Notices to: Fred Meyer Stores, Inc
Attn: Kathy McIntyre, MS 04002-31D
PO Box 42121
Portland, OR 97242
Fax# 503-797-3170

Notices to:

Kitsap Recovery Center
Attn: ~~Teri Thompson~~
1975 NE Fusion Rd.
Bremerton, WA 98311
Fax# 360-377-7027

Alissa Durkin

17. **NO PARTNERSHIP.** Neither party is or shall be construed or held to be a partner, joint venturer, or associate of the other in the conduct of its business. Fred Meyer is an independent contractor.

18. **SEVERABILITY OF PROVISIONS.** In the event that any provision of this Agreement is found to be invalid or unenforceable pursuant to judicial decree or decision, the remainder of the Agreement shall remain valid and enforceable according to its terms.

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

20. **HEADINGS.** The headings of the various Sections of this Agreement are inserted merely for the purpose of convenience and do not, expressly or by implication, limit, define, or extend the specific terms of the Sections so designated.

21. **REMEDIES.** All of the rights and remedies granted hereunder will be cumulative and not alternative.

22. **ATTORNEYS' FEES.** In the event suit or action is instituted to interpret or enforce the terms of this Agreement, the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorneys' fees at trial or on appeal of such suit or action in addition to all other sums provided by law, and such prevailing party shall also be entitled to recover reasonable attorneys' fees incurred in enforcing the terms of this Agreement prior to or separate from the trial or appeal.

23. **AUDIT REQUESTS.** The parties understand and agree that the records generated by Fred Meyer are Fred Meyer records. However, upon fourteen (14) days notice, Fred Meyer shall grant Provider access to all records relating to this Agreement and the prescription drugs provided under the terms of this Agreement, in order to verify the charges made by Fred Meyer to Provider and for other legitimate business purposes.

24. **MEDICARE DISCLOSURE/ACCESS.** If required by law, the Comptroller General, Department of Health and Human Services ("DHHS") and their duly authorized representatives shall have access to this Agreement and records for all times covered by this Agreement necessary to verify the nature, extent and costs of services provided by Fred Meyer and included in Provider's cost report, both during and for four (4) years after this Agreement terminates. This access shall be provided in accordance with the provisions of Public Law 96-499, Omnibus Reconciliation Act of 1980, as amended. If Fred Meyer carries out the duties of this Agreement through a subcontract

worth \$10,000 or more over a 12-month period with a related organization, the subcontract will also contain an access clause to permit access by the Secretary, Comptroller General, and their representatives to the related organization's books and records.

25. **PATIENT INFORMATION.** Fred Meyer shall provide Provider with information regarding Patients provided services under the terms of this Agreement, upon request by Provider and in compliance with all statutes, rules and regulations regarding the confidentiality, privacy and security of the information.

26. **GOVERNING LAW; JURISDICTION.** This Agreement shall be governed by the laws of the State of Oregon without giving effect to applicable conflict of laws provisions. All actions with respect of this Agreement shall be brought in the federal and state courts having jurisdiction within Portland, Oregon and the parties expressly consent to the personal jurisdiction of such courts.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the day and year first above written.

FRED MEYER STORES, INC.

Signature: _____

By: Marc Cecchini, R.PH

Title: Pharmacy Merchandise

Date: 12/12/2012

Signature: _____

By: Bert Furuta

Title: Director, Department of Personnel
and Human Services

Date: December 14, 2012

EXHIBIT A

PRICING

Usual & Customary

OTC Drugs

Current store retail price

EXHIBIT B

Fred Meyer Pharmacy #171
5050 State Highway 303, NE
Bremerton, WA 98311
(360) 792-2833
Fax# (360) 792-2792

**** Pharmacy Hours:**

Monday – Friday 9:00am to 9:00pm
Saturday – 9:00am to 7:00 pm
Sunday – 10:00am to 6:00pm