

BUSINESS ASSOCIATE SUBCONTRACTOR ADDENDUM

This Business Associate Subcontractor Addendum ("BAA Addendum"), entered into on January 17, 2014 ("Execution Date") by and among Premier Healthcare Solutions, Inc., a Delaware corporation formerly known as Premier, Inc., and Premier Healthcare Alliance, L.P., a California limited partnership formerly known as Premier Purchasing Partners, L.P., and their respective subsidiaries to the extent that such subsidiaries act as Business Associates within the meaning of HIPAA (individually and collectively, "Premier"), and Milliman, Inc. ("Contractor").

RECITALS

A. Premier has entered into one or more written or oral agreements, and may in the future enter into additional agreement(s) (collectively, the "Premier Customer Arrangements") with one or more covered entities (each, a "Premier Customer"), pursuant to which Premier assists the Premier Customer with its recognized Health Care Operations functions, including but not limited to assistance with quality assurance and improvement, data aggregation, and purchasing and cost control initiatives, requiring the disclosure by or/and/on behalf of the Premier Customer of Protected Health Information ("PHI") to Premier (the "HCO Services").

B. Premier has entered into one or more written or oral agreements, and may in the future enter into additional agreement(s) (collectively, the "Contractor Arrangements") with the Contractor to provide certain services on behalf of Premier and one or more Premier Customers, in connection with the HCO Services ("Subcontractor Services").

C. In connection with the Contractor Arrangements, the Contractor may have access to PHI, including Electronic PHI.

D. When disclosing, or arranging for the disclosure of, PHI to Contractor, Premier is obligated to meet the requirements of the administrative simplification section of the Health Insurance Portability and Accountability Act of 1996, its implementing regulations, and HITECH (as defined in Section 1.4) (collectively, "HIPAA"), due to its status as a "Business Associate" under HIPAA.

E. Premier is required by HIPAA and the Premier Customer Arrangements to obligate Contractor to comply with the same Business Associate contract provisions that apply to Premier under the Premier Customer Arrangements and Contractor acknowledges that it is serving as a "Business Associate" under HIPAA.

F. The parties hereto desire to enter into this BAA Addendum to memorialize their obligations with respect to PHI in accordance with HIPAA and the Premier Customer Arrangements.

IN CONSIDERATION OF the mutual promises and agreements below and in order to comply with all legal requirements for the protection of this information, the parties hereto agree as follows:

ARTICLE I. GENERAL PROVISIONS

Section 1.1. Signatory Authority. Premier Healthcare Solutions, Inc., and Premier Healthcare Alliance, L.P., each represents and warrants that it is the legal representative of its subsidiaries with respect to the power to enter into this BAA Addendum, and has the right to enter into this BAA Addendum on their behalf. In each case, the Premier Business Associate entity of record will be the Premier entity actually providing applicable HCO Services. No other Premier entity will be liable, solely by virtue of being a party to this BAA Addendum, for any breach by such Business Associate of record of any obligation arising under HIPAA or this BAA Addendum.

Section 1.2 Effective Date. This BAA Addendum is effective as of the effective date of the first Contractor Arrangement by and between the parties (the "Effective Date"). Any uses or disclosures of PHI occurring subsequent to the Effective Date but prior to the Execution Date, if conducted in compliance with Section 2.1, were and are authorized by Premier.

Section 1.3. Entire BAA Addendum. This BAA Addendum supplements, modifies and amends any and all Contractor Arrangements, whether oral or written, between the parties involving the use and/or disclosure of PHI by or on behalf of the Premier Customer or Premier to Contractor, or the creation or receipt of PHI by Contractor on behalf of Premier Customer or Premier. The terms and provisions of this BAA Addendum shall supersede any other conflicting or inconsistent terms and provisions in any Contractor Arrangements, including all exhibits or other attachments thereto and all documents incorporated therein by reference.

Section 1.4. Amendment. Contractor acknowledges and agrees that Subtitle D of the Health Information Technology for Economic Clinical Health Act and its implementing regulations (collectively, "HITECH") impose new requirements on business associates with respect to privacy, security and breach notification applicable to business associates (the "HITECH BA Provisions"). The HITECH BA Provisions are hereby incorporated by reference into this BAA Addendum as if set forth in this BAA Addendum in their entirety. Notwithstanding anything to the contrary, a HITECH BA Provision will be effective the later of: (a) the Effective Date; or (b) such subsequent compliance effective date as may be specified in HITECH.

Section 1.5. Definitions. Capitalized terms used herein without definition shall have the respective meanings assigned to such terms under HIPAA or in the most recently executed Contractor Arrangement between the parties.

ARTICLE II. OBLIGATIONS OF CONTRACTOR

Section 2.1. Use and Disclosure of Protected Health Information. Contractor may use and disclose PHI as permitted under the Contractor Arrangements (to the extent consistent with this BAA Addendum and Applicable Law) and this BAA Addendum, or as Required By Law, but shall not otherwise use or disclose any PHI. Contractor shall not, and shall assure that its directors, officers, employees, other agents and contractors do not, use or disclose PHI received from, or created or received on behalf of, Premier or the Premier Customers in any manner that would constitute a violation of HIPAA if so used or disclosed by Premier or the Premier Customers. To the extent Contractor is engaged to carry out any of Premier's or the Premier Customers' obligations under HIPAA, Contractor shall comply with the requirements of HIPAA that apply to Premier or Premier Customers in the performance of such obligations. Without limiting the generality of the foregoing, Contractor may:

- (i) use PHI for Contractor's proper management and administration or to carry out Contractor's legal responsibilities;
- (ii) disclose PHI to a third party for Contractor's proper management and administration or to satisfy Contractor's legal responsibilities, provided that the disclosure is Required by Law or Contractor makes the disclosure pursuant to a written confidentiality agreement under which the third party is required to (a) protect the confidentiality of the PHI, (b) only use or further disclose the PHI as Required by Law or for the purpose for which it was disclosed to the third party and (c) notify Contractor of any acquisition, access, use, or disclosure of PHI in a manner not permitted by the confidentiality agreement;

(iii) Contractor may use PHI to provide Subcontractor Services that involve Data Aggregation services relating to the Health Care Operations of Premier Customers if required or permitted under this BAA Addendum or a Contractor Arrangement; and

(iv) If, and only to the extent, permitted by the Contractor Arrangements, Contractor may use PHI to create de-identified health information in accordance with the HIPAA de-identification requirements. Contractor may disclose health information that has been de-identified in accordance with HIPAA subject to the terms and conditions of the Contractor Arrangements.

Section 2.2. Safeguards Against Misuse of Information. Contractor shall use reasonable and appropriate safeguards to prevent the use or disclosure of PHI, except as otherwise permitted or required herein or under the Contractor Arrangements. In addition, Contractor shall implement Administrative Safeguards, Physical Safeguards and Technical Safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of Electronic PHI that Contractor creates, receives, maintains or transmits on behalf of a Premier Customer or Premier. Contractor shall comply with Subpart C of 45 C.F.R. Part 164 with respect to Electronic PHI.

Section 2.3. Reporting of Unauthorized Disclosures, Breaches and Security Incidents.

(a) Contractor shall, without unreasonable delay, but in no event later than four (4) business days after becoming aware of any potential or confirmed acquisition, access, use, or disclosure of PHI in violation of this BAA Addendum by Contractor, its employees, other agents or contractors or by a third party to which Contractor disclosed PHI (each, an "Unauthorized Use or Disclosure"), report the use or disclosure to Premier.

(b) Contractor shall, without unreasonable delay, but in no event later than within four (4) business days after becoming aware of a Security Incident, report it to Premier.

(c) Contractor shall, without unreasonable delay, but in no event later than four (4) business days after becoming aware of a Breach of PHI (whether secure or unsecured), report such Breach to Premier in accordance with 45 C.F.R. § 164.410.

(d) Contractor will reimburse Premier for all reasonable costs, expenses, damages and other losses resulting from any breach of this BAA Addendum, Unauthorized Use or Disclosure, Security Incident or Breach involving PHI maintained by Contractor, including, without limitation: fines or settlement amounts owed to a state or federal governmental agency; the cost of any notifications to Individuals and government agencies; credit monitoring for affected Individuals; public relations consultants and call center fees; or other mitigation steps taken by Premier to comply with HIPAA, state law or its agreements with Premier Customers. This reimbursement obligation shall survive the expiration or earlier termination of the Contractor Arrangements or this BAA Addendum.

Section 2.4. Subcontractors. Contractor shall enter into a written agreement meeting the requirements of 45 C.F.R. §§ 164.504(e) and 164.314(a) with each Subcontractor of Contractor (including, without limitation, a Subcontractor that is an agent under applicable law) that creates, receives, maintains or transmits PHI on behalf of Premier or Premier Customer. Contractor shall ensure that the written agreement with each Subcontractor obligates the Subcontractor to comply with restrictions and conditions that are at least as restrictive as the restrictions and conditions that apply to Contractor under this BAA Addendum.

Section 2.5. Access to and/or Amendment of PHI. In the event that Contractor receives a request from an Individual to access or amend PHI, such request shall be forwarded to Premier within four (4) business

days. To the extent that Contractor maintains a Designated Record Set, Contractor shall (i) make the PHI from such Designated Record Set available to Premier and Premier Customer who may as they determine in their own discretion under HIPAA provide such PHI to the requesting Individual, or (ii) incorporate any amendments made by Premier and the Premier Customer to the PHI, if any, contained in Contractor's copy of such Designated Record Set, whichever is appropriate. Any denials of access or amendment to the PHI request shall be the responsibility of Premier and the Premier Customer.

Section 2.6. Accounting of Disclosures and Tracking Time Periods. Within four (4) business days of notice by Premier to Contractor that it has received a request for an accounting of disclosures of PHI (other than disclosures to which an exception to the accounting requirement applies), Contractor shall make available to Premier such information regarding any disclosure of PHI made by Contractor as is in Contractor's possession and is required for Premier and Premier Customer to make the accounting required by 45 C.F.R. §164.528.

Section 2.7. Availability of Books and Records. Contractor shall make its internal practices, books and records relating to the use and disclosure of PHI received from, or created or received by Contractor on behalf of, Premier or the Premier Customers available to Premier and/or the Secretary for purposes of determining Premier's compliance with HIPAA.

Section 2.8. Mitigation. Contractor shall take reasonable steps to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI by Contractor in violation of this BAA Addendum or the Contractor Arrangements.

Section 2.9. Minimum Necessary Standard. Contractor shall only request, use or disclose the Minimum Necessary amount of PHI necessary to accomplish the purpose for which the PHI is sought. To the extent practicable, Contractor shall limit a request, use or disclosure of PHI to a Limited Data Set.

Section 2.10 Restrictions; Limitations in Notice of Privacy Practices. Upon notification by Premier or a Premier Customer of any reasonable limitation in a Premier Customer's notice of privacy practices, Contractor shall comply with such limitation to the extent it may affect Contractor's use or disclosure of PHI.

ARTICLE III. OBLIGATIONS OF PREMIER

Section 3.1. Premier shall not request Contractor to use or disclose PHI in any manner that would not be permissible under HIPAA if done by Premier or Premier Customers.

Section 3.2. Premier shall not provide Contractor with more PHI than that which is minimally necessary for Contractor to provide the Subcontractor Services. Contractor may create Limited Data Sets in accordance with HIPAA at the direction of Premier.

ARTICLE IV. TERMINATION

Section 4.1. Term. This BAA Addendum shall become effective on the Effective Date and shall remain effective until terminated as provided herein.

Section 4.2. Termination Upon Termination of the Contractor Arrangements. Upon the expiration or early termination of the last Contractor Arrangement, this BAA Addendum shall also terminate.

Section 4.3. Termination Upon Breach of Provisions Applicable to Protected Health Information. Any other provision of the Contractor Arrangements notwithstanding, the Contractor Arrangements may be terminated by Premier upon five (5) days written notice to Contractor in the event that Contractor

breaches any material provision contained in this BAA Addendum and such breach is not cured to the reasonable satisfaction of Premier within such five (5) day period; provided, however, that in the event that termination of the Contractor Arrangements is not feasible, in Premier's sole discretion, Premier may report the breach to the Secretary.

Section 4.4. Effect of Termination. Upon termination of this BAA Addendum, Contractor shall either return or destroy all PHI received from, or created or received on behalf of, Premier or Premier Customer which Contractor still maintains in any form. Contractor shall not retain any copies of such PHI. Notwithstanding the foregoing, to the extent that Premier reasonably determines in its sole discretion as between the parties, that it is not feasible for Contractor to return or destroy such PHI, the terms and provisions of this BAA Addendum shall survive termination of this BAA Addendum and such PHI shall be used or disclosed solely for such purpose or purposes which prevented the return or destruction of such PHI. Premier hereby acknowledges and agrees that infeasibility includes Contractor's need to retain PHI for purposes of complying with its work product documentation standards and that for such a retention no further notice to Premier is required. Upon termination, any Contractor Arrangement pursuant to which Contractor provided to Premier a Subcontractor Service that requires the receipt, use or disclosure of PHI will terminate on the same day that the termination of this BAA Addendum is effective. Each party's rights and obligations with respect to PHI in the event of termination of this BAA Addendum shall be governed by the terms of this BAA Addendum.

ARTICLE V. MISCELLANEOUS

Section 5.1. No Third-Party Beneficiaries. Nothing express or implied in this BAA Addendum is intended to confer, nor shall anything herein confer, upon any person other than Contractor, Premier Customer, Premier and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

Section 5.2. Conflicts. The terms and conditions of this BAA Addendum will override and control any conflicting term or condition of the Contractor Arrangements or any other agreements that may be in place between the parties to the extent of the conflict. All non-conflicting terms and conditions of this BAA Addendum and any other agreement between the parties remain in full force and effect.

Section 5.3. Construction. This BAA Addendum shall be construed as broadly as necessary to implement and comply with HIPAA. Any ambiguity in this BAA Addendum shall be resolved in favor of a meaning that complies with HIPAA.

Section 5.4. Notices. All notices required to be given to either party under this BAA Addendum will be in writing and sent by traceable carrier to each party's address indicated below, or such other address as a party may indicate by at least ten (10) days' prior written notice to the other party. Notices will be effective upon receipt.

CONTRACTOR:

Milliman, Inc.
One Pennsylvania Plaza, 38th Floor
New York, NY 10119
Attn: Kate Fitch

PREMIER:

Premier
13034 Ballantyne Corporate Place
Charlotte NC 28277
Attn: Legal Department

INTENDING TO BE LEGALLY BOUND, the parties hereto have caused this BAA Addendum to be executed by their duly authorized representatives effective as of the Effective Date.

**PREMIER HEALTHCARE SOLUTIONS,
INC., on its own behalf and on behalf of its
subsidiaries**

Signature

Angela C. Lanning

VP Integrated Service Gr.

Title

1-23-14

Date

**PREMIER HEALTHCARE ALLIANCE,
L.P., on its own behalf and on behalf of its
subsidiaries**

By: Premier Services, LLC, its general
partner

Signature

John H. Biggers, Jr.

SVP Group Purchasing Svcs.

Title

1/30/14

Date

**Milliman, Inc.
New York, New York**

Signature

Kathryn Fitch

Name

Kathryn Fitch

Title

Principal

1/30/14

Date