

# PHARMACEUTICAL REBATE AGREEMENT

<b>Contract Number:</b>	PHR-2024-8856-REV3
<b>Execution Date:</b>	January 15, 2024
<b>Effective Date:</b>	February 1, 2024
<b>Expiration Date:</b>	January 31, 2027
<b>Contract Term:</b>	36 months

## PARTIES TO THIS AGREEMENT

**Manufacturer/Vendor:** Acme Pharmaceuticals International, Inc.  
Address: 1500 Pharma Drive, Suite 200, Princeton, NJ 08540  
Tax ID: 22-1234567  
DUNS Number: 123456789

**Purchaser:** Midwest Regional Health System  
Address: 5000 Medical Center Drive, Ann Arbor, MI 48109  
Tax ID: 38-9876543  
GPO Affiliation: Premier Healthcare Alliance (Member ID: PREM-44589)  
340B Covered Entity ID: 340B-AA-12345-MH

## RECITALS

WHEREAS, Manufacturer is engaged in the business of manufacturing, distributing, and selling pharmaceutical products; and

WHEREAS, Purchaser operates a multi-facility integrated healthcare delivery system serving patients throughout the State of Michigan; and

WHEREAS, the parties desire to enter into this Agreement to establish rebate terms for eligible pharmaceutical purchases made by Purchaser from Manufacturer during the Term;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

## ARTICLE 1: COVERED PRODUCTS

1.1 Product List. The following pharmaceutical products, identified by National Drug Code (NDC-11 format), are covered under this Agreement:

NDC Code	Product Description	Package Size	Unit Type
12345-678-90	CardioCare 25mg Tablets	100 tablets	Bottle
12345-678-91	CardioCare 50mg Tablets	100 tablets	Bottle
12345-678-92	CardioCare 100mg Tablets	90 tablets	Bottle
54321-111-22	DiabetesMed Injectable 10mg/mL	3mL vial	Single Vial
54321-111-23	DiabetesMed Injectable 10mg/mL	10mL vial	Single Vial
98765-432-10	ImmunoBoost IV Solution 500mg	100mL bag	Single Bag
98765-432-11	ImmunoBoost IV Solution 1000mg	250mL bag	Single Bag
11111-222-33	PainRelief Extended Release 200mg	60 capsules	Bottle
11111-222-34	PainRelief Extended Release 400mg	60 capsules	Bottle
77777-888-99	AntiViral Oral Suspension 50mg/mL	120mL	Bottle
66666-555-44	OncologyRx Injectable 100mg	20mL vial	Single Vial
66666-555-45	OncologyRx Injectable 200mg	40mL vial	Single Vial

ARTICLE 2: REBATE STRUCTURE AND TIER QUALIFICATION

2.1 Volume-Based Tiered Rebates. Rebates shall be calculated based on total annual purchase volume measured in U.S. dollars, according to the following tier structure:

Tier Level	Annual Purchase Volume	Base Rebate %	Effective Rate
Tier 1: Bronze	\$0 - \$750,000	4.5%	4.50%
Tier 2: Silver	\$750,001 - \$1,500,000	7.25%	7.25%
Tier 3: Gold	\$1,500,001 - \$3,000,000	10.5%	10.50%
Tier 4: Platinum	\$3,000,001 - \$5,000,000	13.75%	13.75%
Tier 5: Diamond	Over \$5,000,000	16.5%	16.50%

2.2 Retroactive Tier Application. Upon achievement of a higher tier threshold during any calendar quarter, the higher rebate percentage shall be applied retroactively to all Covered Product purchases made during the current contract year, beginning from February 1 of the applicable year.

2.3 Growth Incentive Rebate. In addition to the base tiered rebates, Purchaser shall earn an additional growth incentive rebate of 2.5% if annual purchase volume increases by twenty percent (20%) or more compared to the prior contract year baseline volume of \$2,450,000. This growth incentive applies to total annual spend and is calculated separately from base tier rebates.

2.4 Market Share Requirement. To qualify for Tier 3 (Gold), Tier 4 (Platinum), or Tier 5 (Diamond) rebate levels, Purchaser must maintain minimum market share of seventy-five percent (75%) for Acme Pharmaceuticals products within each relevant therapeutic category where Manufacturer offers competing products. Market share shall be calculated quarterly based on total units purchased.

ARTICLE 3: MULTI-CATEGORY BUNDLE PROGRAMS

3.1 Cross-Category Bundle Discount. An additional rebate of 2.0% shall apply to total annual spend if Purchaser achieves minimum purchase thresholds in each of the following product categories during the contract year:

Category	Minimum Annual Spend	Qualifying Products (NDC Prefix)
Cardiovascular	\$400,000	12345-xxx-xx (CardioCare line)
Diabetes Management	\$350,000	54321-xxx-xx (DiabetesMed line)
Immunology	\$500,000	98765-xxx-xx (ImmunoBoost line)
Pain Management	\$275,000	11111-xxx-xx (PainRelief line)
Oncology	\$600,000	66666-xxx-xx (OncologyRx line)

3.2 Bundle Calculation. The Multi-Category Bundle rebate shall be calculated only after all volume-based tier rebates and growth incentives have been applied. Bundle rebate eligibility shall be determined at contract year-end and paid within sixty (60) days of year-end reconciliation.

ARTICLE 4: REBATE PAYMENT TERMS AND PROCEDURES

4.1 Calculation Period. Rebates shall accrue on a quarterly basis, with quarters defined as follows: Q1 (Feb-Apr), Q2 (May-Jul), Q3 (Aug-Oct), Q4 (Nov-Jan).

4.2 Claims Submission. Purchaser shall submit rebate claims to Manufacturer within forty-five (45) calendar days following the end of each quarter. Claims must be submitted electronically via Manufacturer's secure rebate portal at <https://rebates.acmepharma.com> and include:

- (a) Invoice numbers, dates, and line-item detail for all Covered Product purchases
- (b) NDC-11 codes, quantities, and unit prices paid
- (c) Ship-to facility identifiers and 340B status flags
- (d) Payer class categorization for each transaction

4.3 Payment Timing. Manufacturer shall remit rebate payments via Automated Clearing House (ACH) transfer within sixty (60) calendar days of receiving complete and accurate rebate claims. Payment shall be made to Purchaser's designated bank account on file.

4.4 Late Submission Penalty. Claims submitted more than ninety (90) days after quarter-end shall be subject to a ten percent (10%) reduction in rebate value. Claims submitted more than one hundred eighty (180) days after quarter-end shall be forfeited.

4.5 Disputed Claims. If Manufacturer disputes any portion of a rebate claim, Manufacturer shall notify Purchaser in writing within thirty (30) days, specifying the disputed items and reasons for dispute. Undisputed portions shall be paid according to the standard payment timeline. Parties shall work in good faith to resolve disputes within sixty (60) days.

ARTICLE 5: COVERED FACILITIES AND 340B PROGRAM COMPLIANCE

5.1 Eligible Facilities. The following Purchaser facilities are eligible for rebates under this Agreement:

Facility Name	Location	340B ID	Status
Midwest Regional Medical Center	Ann Arbor, MI	340B-AA-12345-MH	340B Entity
Children's Hospital of Midwest	Ann Arbor, MI	340B-AA-12346-CH	340B Child Site
North Campus Specialty Hospital	Flint, MI	340B-FL-78901-NC	340B Entity
East Community Health Center	Detroit, MI	Non-340B	Non-340B
West Urgent Care Pavilion	Grand Rapids, MI	Non-340B	Non-340B
South Outpatient Surgery Center	Lansing, MI	Non-340B	Non-340B
Central Retail Pharmacy Network	Multiple, MI	340B-Contract-98765	Contract Pharmacy

5.2 340B Duplicate Discount Prevention. Purchaser shall implement processes to prevent duplicate discounts in compliance with federal 340B program requirements. Specifically:

(a) Medicaid Carve-Out: Purchases dispensed to Medicaid fee-for-service beneficiaries in the State of Michigan shall be excluded from rebate claims, as Michigan is a 340B Medicaid carve-out state.

(b) Manufacturer Restrictions: Purchases subject to manufacturer-specific 340B contract pharmacy restrictions shall be excluded from this Agreement if 340B ceiling price was applied at point of purchase.

(c) Medicare Part D: All Medicare Part D covered outpatient drugs dispensed to Part D beneficiaries are excluded from this rebate agreement per CMS guidance.

5.3 Payer Class Eligibility. Rebates apply only to purchases for the following payer classes:

- Commercial Insurance (excluding Medicare Advantage Part D)
- Self-Pay / Uninsured
- Medicaid Managed Care (340B entities only, non-carve-out states)
- Workers' Compensation
- Grant-funded programs

## ARTICLE 6: AUDIT RIGHTS AND RECORD RETENTION

6.1 Manufacturer Audit Rights. Manufacturer reserves the right to audit Purchaser's relevant purchasing records upon thirty (30) days advance written notice. Audits may be conducted no more than once per contract year unless fraud is suspected. Audits shall be conducted during normal business hours at Purchaser's facilities or via secure electronic access to relevant systems.

6.2 Record Retention. Purchaser shall maintain complete and accurate records of all Covered Product purchases, including invoices, purchase orders, dispense records, and rebate calculations, for a minimum of seven (7) years following the end of each contract year. Records must be made available for audit within fifteen (15) business days of Manufacturer's request.

6.3 GPO Reporting Compliance. As this Agreement is administered through Premier Healthcare Alliance GPO, Purchaser acknowledges that Manufacturer shall report aggregate rebate data to Premier in compliance with GPO safe harbor requirements under 42 U.S.C. § 1320a-7b(b)(3)(C). Purchaser shall cooperate with any related compliance reviews.

## ARTICLE 7: TERM, TERMINATION, AND AMENDMENT

7.1 Initial Term. This Agreement shall commence on February 1, 2024 and continue through January 31, 2027, unless earlier terminated in accordance with this Article 7.

7.2 Termination for Convenience. Either party may terminate this Agreement without cause upon one hundred twenty (120) days advance written notice to the other party. Upon such termination, Purchaser retains rights to all rebates earned on Covered Product purchases made through the effective termination date.

7.3 Termination for Cause. Either party may terminate immediately for material breach if the breaching party fails to cure within thirty (30) days of written notice specifying the breach.

7.4 Amendment Procedure. This Agreement may be amended only by mutual written agreement of authorized representatives of both parties. All amendments shall be numbered sequentially and attached as exhibits.

## ARTICLE 8: AMENDMENT HISTORY

### **Amendment No. 1 (Effective April 1, 2024):**

Revised Section 2.1 Tier 2 (Silver) rebate percentage from 7.25% to 8.75% for the period April 1, 2024 through June 30, 2024 only, as promotional incentive. Standard rate of 7.25% reinstated July 1, 2024.

### **Amendment No. 2 (Effective July 15, 2024):**

Added three new NDC codes to Section 1.1 Covered Products list:

- NDC 99999-777-88 (RespiCare Inhaler 100mcg, 200 doses)
- NDC 99999-777-89 (RespiCare Inhaler 200mcg, 200 doses)

- NDC 88888-666-55 (CholesMed Tablets 40mg, 90 tablets)

**Amendment No. 3 (Effective October 1, 2024):**

Modified Section 3.1 Multi-Category Bundle minimum spend requirement for Cardiovascular category from \$400,000 to \$350,000 due to market dynamics. Oncology category minimum increased from \$600,000 to \$750,000.

## **ARTICLE 9: DISPUTE RESOLUTION AND GOVERNING LAW**

9.1 Good Faith Negotiation. In the event of any dispute arising under this Agreement, the parties shall first attempt to resolve the matter through good faith negotiations between designated account executives within thirty (30) days of written notice of dispute.

9.2 Executive Escalation. If unresolved after thirty (30) days, disputes shall be escalated to executive leadership (VP level or higher) for resolution within an additional thirty (30) days.

9.3 Binding Arbitration. Disputes remaining unresolved after executive escalation shall be submitted to binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Arbitration shall be conducted in Detroit, Michigan. The prevailing party shall be entitled to reasonable attorneys' fees and costs.

9.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without regard to conflicts of law principles.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**ACME PHARMACEUTICALS INTERNATIONAL, INC/MIDWEST REGIONAL HEALTH SYSTEM**

By: \_\_\_\_\_

Name: Jennifer Martinez

Title: Vice President, Contract Services

Date: January 15, 2024

By: \_\_\_\_\_

Name: Dr. Robert Thompson

Title: Chief Financial Officer

Date: January 15, 2024

## **EXHIBIT A: CONTACT INFORMATION FOR REBATE ADMINISTRATION**

**Manufacturer Rebate Department:**

Email: [rebates@acmepharma.com](mailto:rebates@acmepharma.com)

Phone: 1-800-555-REBATE (1-800-555-7322)

Portal: <https://rebates.acmepharma.com>

Mailing Address: Acme Pharma Rebate Processing, PO Box 9988, Princeton, NJ 08544

**Purchaser Accounts Payable:**

Email: [rebates.ar@midwesthealth.org](mailto:rebates.ar@midwesthealth.org)

Phone: (734) 555-0199

Contact: Sarah Johnson, Rebate Coordinator