



Report on Evernorth Health, Inc.'s Description of its Pharmacy Claims Processing System and on the Suitability of the Design and Operating Effectiveness of its Controls

FOR THE PERIOD NOVEMBER 1, 2020 THROUGH OCTOBER 31, 2021

The Report on Evernorth Health, Inc.'s Description of its Pharmacy Claims Processing System and on the Suitability of the Design and Operating Effectiveness of its Controls is confidential. The Report is intended solely for the use by the management of Evernorth Health, Inc., its user entities and the independent auditors of its user entities, and is not intended for and should not be used by anyone other than these specified parties.

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Section I – Report of Independent Service Auditors

To the Management of Evernorth Health, Inc.

Scope

We have examined Evernorth Health, Inc.'s ("Express Scripts" or the "Service Organization") description of its Pharmacy Claims Processing system (the "system") entitled, "Evernorth Health, Inc.'s Description of Its Pharmacy Claims Processing System" for processing user entities' pharmacy claims transactions throughout the period November 01, 2020 to October 31, 2021 (the "description") and the suitability of the design and operating effectiveness of the controls included in the description to achieve the related control objectives stated in the description, based on the criteria identified in "Evernorth Health, Inc.'s Assertion" (the "assertion"). The controls and control objectives included in the description are those that management of the Service Organization believes are likely to be relevant to user entities' internal control over financial reporting, and the description does not include those aspects of the system that are not likely to be relevant to user entities' internal control over financial reporting.

The information included in Section V, "Other Information Provided by Evernorth Health, Inc.", is presented by management of the Service Organization to provide additional information and is not a part of the description. Information about the Service Organization's Business Continuity Summary, Encryption Procedures, and Management Responses has not been subjected to the procedures applied in the examination of the description and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of the Service Organization's controls are suitably designed and operating effectively, along with the Service Organization's related controls. Our examination did not extend to such complementary user entity controls, and we have not evaluated the suitability of the design or operating effectiveness of such complementary user entity controls.

Service organization's responsibilities

In Section II, the Service Organization has provided an assertion about the fairness of the presentation of the description and suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description. The Service Organization is responsible for preparing the description and the assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting the criteria stated in the assertion, and designing, implementing, and documenting controls that are suitably designed and operating effectively to achieve the related control objectives stated in the description.

Service auditors' responsibilities

Our responsibility is to express an opinion on the fairness of the presentation of the description and on the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, based on the criteria in management's assertion, the description is fairly presented and the controls were suitably designed and operating effectively to achieve the related control objectives stated in the description throughout the period November 01, 2020 to October 31, 2021. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves

- performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and operating effectiveness of the controls to achieve the related control objectives stated in the description based on the criteria in management's assertion.
- assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description.
- testing the operating effectiveness of those controls that management considers necessary to provide reasonable assurance that the related control objectives stated in the description were achieved.
- evaluating the overall presentation of the description, suitability of the control objectives stated in the description, and suitability of the criteria specified by the service organization in its assertion in Section II.

Inherent limitations

The description is prepared to meet the common needs of a broad range of user entities and their auditors who audit and report on user entities' financial statements and may not, therefore, include every aspect of the system that each individual user entity may consider important in its own particular environment. Because of their nature, controls at a service organization or a subservice organization may not prevent, or detect and correct, all misstatements in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives, is subject to the risk that controls at a service organization or a subservice organization may become ineffective.

Description of tests of controls

The specific controls tested and the nature, timing, and results of those tests are listed in Section IV.

Opinion

In our opinion, in all material respects, based on the criteria described in Evernorth Health, Inc.'s Assertion in Section II,

- a. the description fairly presents the system that was designed and implemented throughout the period November 01, 2020 to October 31, 2021.
- b. the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period November 01, 2020 to October 31, 2021 and user entities applied the complementary controls assumed in the design of the Service Organization's controls throughout the period November 01, 2020 to October 31, 2021.
- c. the controls operated effectively to provide reasonable assurance that the control objectives stated in the description were achieved throughout the period November 01, 2020 to October 31, 2021, if complementary user entity controls assumed in the design of the Service Organization's controls operated effectively throughout the period November 01, 2020 to October 31, 2021.

Restricted use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of management of Express Scripts, user entities of the system during some or all of the period November 01, 2020 to October 31, 2021, and their auditors who audit and report on such user entities' financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities of the system themselves, when assessing the risks of material misstatements of user entities' financial statements. This report is not intended to be, and should not be, used by anyone other than these specified parties. If report recipients are not user entities that have contracted for services with Express Scripts for the period November 01, 2020 to October 31, 2021 or their independent auditors (herein referred to as a "non-specified user") and have obtained this report, or have access to it, use of this report is the non-specified user's sole responsibility and at the non-specified user's sole and exclusive risk. Non-specified users may not rely on this report and do not acquire any rights against PricewaterhouseCoopers LLP as a result of such access. Further, PricewaterhouseCoopers LLP does not assume any duties or obligations to any non-specified user who obtains this report and/or has access to it.

The image shows a handwritten signature in black ink. The signature is written in a cursive, flowing style. It begins with a large, stylized 'P' for 'PricewaterhouseCoopers' and ends with 'LLP' in a more compact, blocky script.

December 17, 2021



Section II – Evernorth Health, Inc.’s Assertion

We have prepared the description of Evernorth Health, Inc.’s (“Express Scripts” or the “service organization”) Pharmacy Claims Processing system (the “system”) entitled “Evernorth Health, Inc.’s Description of Its Pharmacy Claims Processing System” for processing user entities’ pharmacy claims transactions throughout the period November 01, 2020 to October 31, 2021 (the “description”) for user entities of the system during some or all of the period November 01, 2020 to October 31, 2021, and their auditors who audit and report on such user entities’ financial statements or internal control over financial reporting and have a sufficient understanding to consider it, along with other information, including information about controls implemented by user entities of the system themselves, when assessing the risks of material misstatement of user entities’ financial statements.

The description indicates that certain control objectives specified in the description can be achieved only if complementary user entity controls assumed in the design of Express Scripts’ controls are suitably designed and operating effectively, along with Express Scripts’ related controls. The description does not extend to controls of the user entities.

We confirm, to the best of our knowledge and belief, that

- a. the description fairly presents the system made available to user entities of the system during some or all of the period November 01, 2020 to October 31, 2021 for processing their transactions as it relates to controls that are likely to be relevant to user entities’ internal control over financial reporting. The criteria we used in making this assertion were that the description
 - i. presents how the system made available to user entities of the system was designed and implemented to process relevant user entity transactions, including, if applicable,
 - (1) the types of services provided, including, as appropriate, the classes of transactions processed.
 - (2) the procedures, within both automated and manual systems, by which those services are provided, including, as appropriate, procedures by which transactions are initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports and other information prepared for user entities of the system.
 - (3) the information used in the performance of the procedures including, if applicable, related accounting records, whether electronic or manual, and supporting information involved in initiating, authorizing, recording, processing, and reporting transactions; this includes the correction of incorrect information and how information is transferred to the reports and other information prepared for user entities.
 - (4) how the system captures and addresses significant events and conditions other than transactions.
 - (5) the process used to prepare reports and other information for user entities.
 - (6) services performed by a subservice organization, if any, including whether the carve-out method or the inclusive method has been used in relation to them.
 - (7) the specified control objectives and controls designed to achieve those objectives including, as applicable, complementary user entity controls and complementary

subservice organization controls assumed in the design of the service organization's controls.

- (8) other aspects of our control environment, risk assessment process, information and communications (including the related business processes), control activities, and monitoring activities that are relevant to the services provided.
 - ii. includes relevant details of changes to the system during the period covered by the description.
 - iii. does not omit or distort information relevant to the system, while acknowledging that the description is prepared to meet the common needs of a broad range of user entities of the system and their user auditors, and may not, therefore, include every aspect of the system that each individual user entity of the system and its auditor may consider important in its own particular environment.
- b. the controls related to the control objectives stated in the description were suitably designed and operating effectively throughout the period November 01, 2020 to October 31, 2021 to achieve those control objectives if user entities applied the complementary controls assumed in the design of Express Scripts' controls throughout the period November 01, 2020 to October 31, 2021. The criteria we used in making this assertion were that
- i. the risks that threaten the achievement of the control objectives stated in the description have been identified by management of the service organization.
 - ii. the controls identified in the description would, if operating effectively, provide reasonable assurance that those risks would not prevent the control objectives stated in the description from being achieved.
 - iii. the controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority.

Section III – Evernorth Health, Inc.'s Description of Its Pharmacy Claims Processing System

Overview of Operations

Evernorth Health, Inc. (“Express Scripts”) is a pharmacy benefit manager (PBM) company in the United States and a wholly-owned subsidiary of Cigna Corporation. Express Scripts offers a full range of services to our clients, which include managed care organizations, health insurers, third-party administrators, employers, union-sponsored benefit plans, workers’ compensation plans, government health programs, providers, clinics, hospitals and others. We put medicine within reach of patients while helping health benefit providers improve access and affordability to prescription drugs. We improve patient outcomes and help control the cost of the drug benefit by:

- ▶ providing products and solutions that focus on improving patient outcomes and assist in controlling costs
- ▶ evaluating drugs for efficacy, value, and price to assist clients in selecting a cost-effective formulary
- ▶ offering cost-effective home delivery pharmacy and specialty services that result in cost savings for plan sponsors and better care for members
- ▶ leveraging purchasing volume to deliver discounts to health benefit providers
- ▶ promoting the use of generics and low-cost brands

Prescription drugs are dispensed to members of the health plans we serve primarily through networks of retail pharmacies under non-exclusive contracts with us, and through home delivery fulfillment pharmacies, specialty drug pharmacies and fertility pharmacies we operate. More than 67,000 retail pharmacies participated in one or more of our networks as of December 31, 2020. The ten largest United States retail pharmacy chains represent approximately 64% of the total number of stores in our largest network as of December 31, 2020.

A PBM is a link between the entities involved in the delivery of prescription drugs and health plan members. Health plans, employers, and third-party administrators hire a PBM to design, implement, and manage their overall drug benefits. Express Scripts offers services such as developing the drug formulary (the list of drugs covered in the plan), establishing a pharmacy network, and processing prescription claims.

Scope of the Description

Express Scripts provides PBM services for clients by processing (adjudicating) pharmacy claims through its proprietary F14 system. The core F14 systems are primarily mainframe applications supported by an IBM front-end processor, as well as certain other distributed applications that serve as front ends into the mainframe. The scope of this report covers the following systems:

- ▶ Benefit Administration Systems
 - Client Benefit Management (CBM)
 - Co-Pay Benefit Pricing System (CBPS)
 - Optimus Pricing (Optimus)
 - Benefit Administration (BA) Module / Client Profile System (CPS)
 - Batch Testing Tool (BTT)
 - Benefit Build Automation (BBA)
 - Figaro
 - Clinical Rules Station (CRS)
 - Bill Code Table (BCT) (Client Website)

- Benefit Administrator-Copay Module (Client Website)
- Pharmacy Level Benefits (PLB)
- ▶ Drug Administration Systems
 - Point of Sale (POS)
 - Formulary Rules Station (FRS) / Drug Coverage Rules Station (DCRS)
 - Integrated Drug File (IDF)
- ▶ Pharmacy Administration System
 - Phoenix
- ▶ Eligibility Systems
 - Eligibility
 - e-Service Delivery (eSD)
 - Consumer Driven Health (CDH)
- ▶ Claims Processing/Adjudication System
 - Point of Sale (POS)
- ▶ Claims Billing System
 - Integrated Billing System (IBS)
- ▶ Client Guarantee Settlements System
 - Client Guarantee System (CGS)
- ▶ Data Warehouse
 - Information Warehouse (IW)

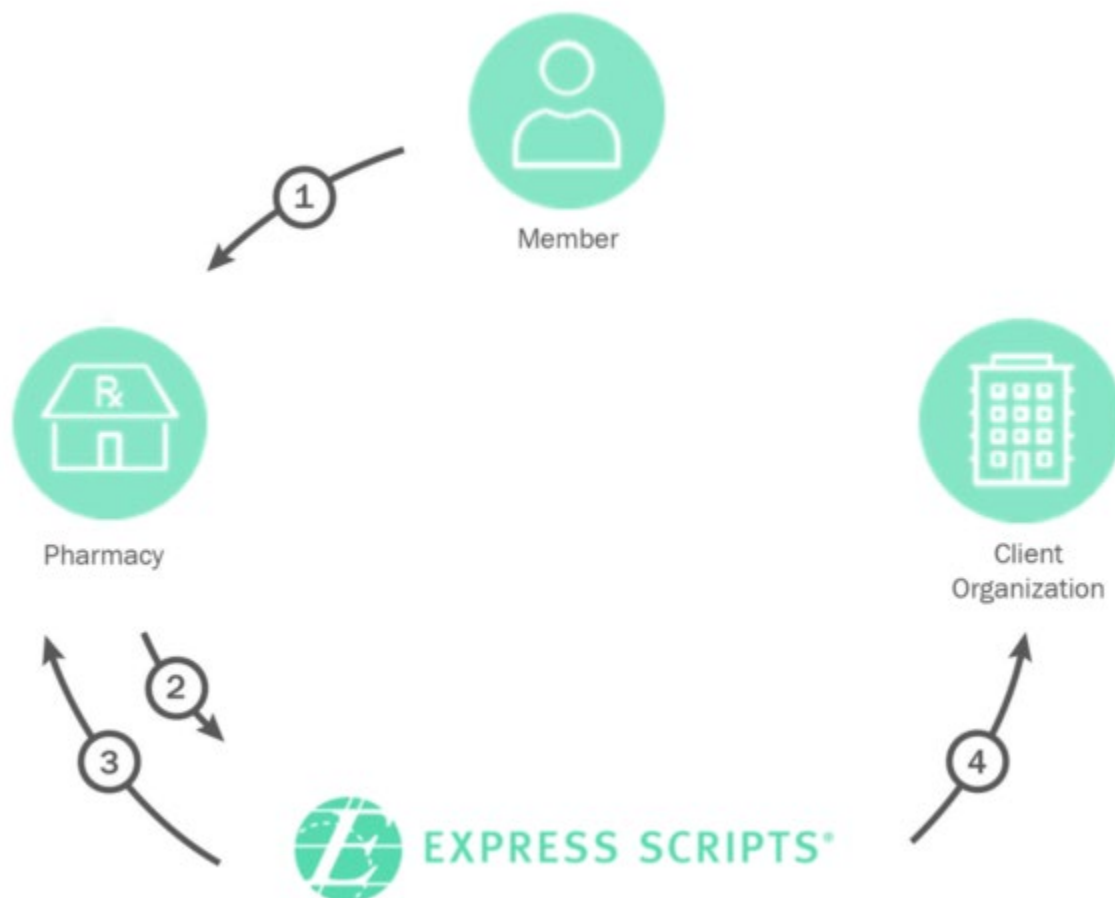
Claims data is transmitted into the F14 system either directly or via pharmacy switches to the mainframe. Based on previously loaded and established client setup and member enrollment data, the F14 system validates member, group, and provider information, as well as coverage information, for each pharmacy claim based on client-specified parameters. Once this validation is completed, the F14 system calculates the drug coverage amounts based on the benefit plan and client specifications. Claims successfully adjudicated for Express Scripts clients are summarized in IW and billed through IBS.

The scope of this report includes only those Express Scripts Commercial and Medicare clients processing claims on the F14 system, regardless of the fulfillment method utilized. This report is not intended to cover rebate processing services. Additionally, the report does not include the mail-order fulfillment processes (i.e. the physical process of filling a drug for shipment) provided through Express Scripts' proprietary mail-order systems, pharmacy specific exception pricing setups, benefit setups for which validation and testing of setup is performed by the user entity, the processing of paper claims, other services provided by Express Scripts, or specialty direct services (including specialty pharmacy and distribution) provided through Express Scripts' Accredo and Curascript subsidiaries. The controls included within the guarantee objective (C-3) are only applicable to guarantees contained within PBM agreements that have been agreed upon and signed by the client.

Additionally, the guarantee type included within the scope of this report is limited to Average Wholesale Price (AWP) ingredient cost discount guarantees associated with PBM agreements. The scope of this report does not include any other guarantee types, including those associated with dispensing fees, mail order acquisition cost (MOAC), generic dispense rates (GDRs) or other programs, products and services.

This report addresses reporting provided by Express Scripts to its user entities for use in preparing their financial statements including customer invoices, guarantee settlement packages, and eligibility pre-edit reports. Reporting provided to user entities beyond the reports previously identified and customized client reporting (e.g. reports generated from client portal) are not included in the scope of this report.

The chart below depicts the PBM services as described above.



1. Members fill their prescription at a pharmacy which is part of the Express Scripts pharmacy network. When members fill or refill their prescription, the member only pays the co-pay amount, as determined by the member's benefit plan.
2. Claims data is transmitted to the F14 system to validate the member's benefit plan and drug coverage. After the validation is complete, the F14 system will calculate the drug coverage amounts based on the benefit plan and client specifications.
3. Express Scripts summarizes all the adjudicated (processed) pharmacy claims data and pays the pharmacy based on established contracts.
4. Express Scripts summarizes all the adjudicated pharmacy claims data, bills the client organization, and settles any AWP guarantees on a contractually determined basis.

Overview of Internal Control

A company's internal control is a process created by an entity's Board of Directors, management, and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations. The following is a description of the five components of internal control.

Control Environment

The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values, and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility and the way it organizes and develops its people; and the attention and direction provided by the independent Board of Directors over the development and performance of internal controls.

Integrity and Ethical Values

The compliance program formalizes ongoing compliance efforts and provides a framework with which violations of legal and ethical standards are prevented or detected and corrected. The compliance program includes a Code of Conduct, Code of Ethics, and Compliance Hotline. As part of the Code of Conduct process, the Code of Conduct is communicated to all employees upon hiring. In addition, upon hiring and each year thereafter, employees must acknowledge the Code of Conduct and complete a required training course. The web-based corporate compliance training course reinforces the importance of adherence to the Code of Conduct and the Code of Ethics. The annual acknowledgment and training course are conditions of employment. As such, all employees are well aware of the importance of appropriate conduct and compliance with rules, regulations, and laws. There is an independent compliance and ethics hotline, whereby employees can anonymously report various improprieties.

Commitment to Competence

We specify the competence levels for particular jobs during the formal hiring process and translate those levels into requisite knowledge and skills through technical and ethics training. Among the many factors considered in developing knowledge and skill levels are the nature and degree of judgment to be applied to a specific job and the extent of supervision required. Technical and ethics training is provided for all employees.

Management's Control Consciousness and Operating Style

Management is responsible for directing and controlling operations and for establishing, communicating, and monitoring policies and procedures. Management's control consciousness and operating style create a positive atmosphere conducive to effective processes and controls, as well as an environment in which the likelihood of an error is reduced.

Board of Directors

The Audit Committee of the Board of Directors has a high level of involvement with management, Internal Audit, and the independent external auditors. Pursuant to Cigna Corporation's (Cigna's) Audit Committee Charter, "the Audit Committee shall represent and assist the Board of Directors in fulfilling its oversight responsibilities with respect to: (i) the integrity of the Company's financial information reported to the public and the adequacy of the Company's internal controls; (ii) the qualifications, independence and performance of the Company's Independent Auditors; (iii) the performance of the Company's internal audit function; and (iv) the review and evaluation of the Company's enterprise risk management policies and processes." The Audit Committee has four regular meetings annually during which the Audit Committee meets with company management, Internal Audit, and the independent external auditors. In addition, the Audit Committee meets quarterly to review the SEC financial filings, press release and earnings guidance prior to public release.

Organizational Structure

Clearly defined reporting lines and controls exist to provide the overall framework for planning, executing, controlling, and monitoring operations. The structure is such that all personnel have a clear understanding of their reporting relationships and responsibilities.

Human Resources

The Company has a formal hiring process in place which includes required forms, such as Request to Hire and Job Description. Job descriptions include the essential functions of the job being listed and the minimum requirements of applicants.

The Employee Handbook includes the Company's policy regarding hiring new employees. The policy requires that references of prospective employees be contacted and that the prospective employee be subject to an interviewing process, including testing where appropriate and lawful, to determine whether the applicant has abilities suitable to meet the job requirements. Applicants are also subject to pre-employment drug testing and a background check.

Risk Assessment Process

Risk assessment is the identification and analysis of relevant risks to the achievement of our objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory, and operating conditions continue to change, mechanisms are needed to identify and address the special risks associated with change.

An enterprise risk assessment is performed annually. Internal Audit considers a range of elements during its annual risk assessment, which includes processes for risk identification and risk analysis, in addition to management's responses to the risk assessment interview process. Additional factors include the following: financial significance, inherent risk factors, control factors, reputation impact, operations impact, prior audit results, technical platform, organizational changes, fraud risk and segregation of duties. The results of the risk assessment are utilized to determine Internal Audit's audit plan for the upcoming year, which is presented to the Audit Committee.

Information and Communication

Pertinent information, both financial and nonfinancial, relating to external as well as internal events and activities, is identified, captured, and communicated in a form and time frame which enable employees to carry out their responsibilities. IT produces reports containing operational, financial, and compliance-related information which make it possible to run and control the business.

This pertains not only to internally generated data but also to information about external events, activities, and conditions necessary for informed business decision-making and external reporting. Effective communication also occurs in a broader sense, flowing down, across, and up the organization.

Control Activities

Control activities are actions established by the policies and procedures which help ensure management directives are carried out. Control activities, in addition to automated controls and general controls over technology, help confirm that necessary actions are taken to address risks which threaten the achievement of the entity's objectives. Control activities occur throughout the organization, at all levels and in all functions. They include a range of activities as diverse as approvals, authorizations, verifications, reconciliations, reviews of operating performance, security of assets, and segregation of duties.

Specific control activities are provided in the "Control Environment" description previously described, as well as the "Information Technology General Controls" and "Pharmacy Claims Processing Controls" descriptions provided below.

Monitoring

Internal control systems need to be monitored – a process which assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations, or a combination of the two. Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities, as well as other actions personnel take in performing their duties. The scope and frequency of separate evaluations depends primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies are reported upstream, with significant matters reported to top management and the Board of Directors.

Ongoing monitoring of internal controls is performed in various ways by the Audit Committee, the Board of Directors, Internal Audit, and Corporate Compliance.

Audit Committee and Board of Directors

The Audit Committee is actively engaged in compliance with the Sarbanes-Oxley Act. In addition, the Audit Committee monitors the status of Internal Audit's annual audit plan and the mitigation of key audit findings. The Audit Committee is responsible for communicating significant risks to the full Board of Directors.

Internal Audit

Internal Audit independently performs a series of audits over controls supporting key processes and other areas based on their risk assessment. Control weaknesses identified as a result of these audits are brought to the attention of the responsible process owners, business owners, and executives. Internal Audit is responsible for providing independent assessments of risks and controls, as well as proposing recommendations to strengthen the control environment. Internal Audit reports and significant financial, operational, and compliance issues are provided to senior management and the results are shared with the Audit Committee. The status of issues is tracked and monitored by management, and Internal Audit follows up on issues to closure.

Corporate Compliance

The Chief Compliance Officer formulates a Compliance Plan each year to monitor compliance with the Code of Conduct and the Code of Ethics.

Information Technology General Controls

In support of pharmacy claims processing, Express Scripts has established an IT department that supports and maintains all in-scope systems. The following activities are managed by the IT department at Express Scripts:

- ▶ Logical Access
- ▶ Physical Access
- ▶ Application Development and Change Management
- ▶ Computer Operations
- ▶ Backup and Recovery

Logical Access

Express Scripts has developed Corporate Information Security Policies and Standards which are followed by the Express Scripts workforce. In addition, the Security Administration group has written procedures for routine security tasks.

Windows System Level Security

The first point of access restriction for Express Scripts system users occurs on the network. Express Scripts uses native Windows system options to control Windows passwords; when attempting to log on to the network, a user must authenticate by using a valid user ID and password of a minimum of eight characters in length. User passwords are set to expire after sixty days, and users may not reuse one of the previous seven passwords. User access is disabled after six consecutive unsuccessful login attempts. Once disabled, users must use the self-service “Unlock” feature in Identity Management, contact the Service Center to unlock/reset their password, or wait 30 minutes and the password will unlock automatically. Local Area Network (LAN) parameters for primary password settings are set in accordance with management’s policies (A-1c). Additionally, Windows Administrators are reviewed periodically to verify that privileged access is restricted to authorized personnel. Users no longer requiring privileged access are removed (A-1i).

Mainframe System Level Security

IBM’s Resource Access Control Facility (RACF) security software is used to control logical access to the IBM mainframe environments. RACF controls who can access Customer Information Control System transactions, data sets, and all other system resources. RACF security parameters are set according to Express Scripts’ Information Security policies.

The Security Administration team is responsible for RACF user account administration. F14 RACF users are assigned unique user IDs. RACF parameters for password settings are set in accordance with management policy (A-1g). RACF passwords must be eight characters in length and they must be composed of at least one letter and one number. User passwords are set to expire after sixty days, and users may not reuse one of the previous seven passwords. Users are permitted three attempts to complete a successful log-on. After the third unsuccessful attempt, the user’s profile is disabled, locking the user out of the system. A user whose RACF user ID is disabled must contact the Service Center to have his or her user profile reset.

UNIX Server Level Security

Express Scripts restricts direct access to UNIX servers by the use of the CyberArk password management tool. On a periodic basis, access to CyberArk Administrative accounts is reviewed to ensure access is appropriately restricted. Users no longer requiring this level of access are removed (A-1j). Additionally, on a periodic basis, access to the UNIX root account is reviewed to ensure access is appropriately restricted. Users no longer requiring this level of access are removed (A-1h).

Database Level Security

Express Scripts utilizes DB2 (IBM database technology), Teradata, and Oracle databases to support the Pharmacy Claims Processing systems. Database Administrator (DBA) account privileges are reviewed periodically for appropriateness. Users no longer requiring DBA access are removed (A-1e). Additionally, a periodic review of users with access to the "Oracle" account (CyberArk accounts) on in-scope databases is performed to confirm that access is restricted to appropriate individuals. Users no longer requiring this level of access are removed (A-1k).

Application Security

CRS parameters for primary password settings are set in accordance with management's policies (A-1l). When logging on to CRS, a user must authenticate by using a valid user ID and password of a minimum of eight characters in length.

In order to gain access to the Bill Code Table, BA-Copay, or external eSD, a user must first authenticate into Client Website. When attempting to log on to Client Website, a user must authenticate by using a valid user ID and password of a minimum of eight characters in length. User passwords are set to expire after sixty days, and users may not reuse their previous password. User passwords must contain both alpha and numeric characters. (A-1n)

Information Security – New Hires and Changes

New user IDs and modifications to existing user IDs for Express Scripts employees are requested via a standard setup form submitted to the ServiceNow workflow and approved by appropriate management prior to provisioning (A-1a).

New hires are auto-provisioned application access by the Governance & Lifecycle (G&L) identity management system based on pre-defined criteria and data from the HR system (A-1r). All role changes in G&L are approved prior to changes being made in production. New roles in GL are requested by business owners through ServiceNow and must be tested and approved prior to implementation into production (A-1q).

Requests for the creation or modification of Bill Code Table user IDs must be approved prior to provisioning. (A-1m).

Requests for the creation or modification of IDF access must be approved prior to provisioning (A-1p).

Information Security – Terminations

Notification of the revocation of access for terminated employees is a joint responsibility between the department terminating the employee and Human Resources. Upon termination, the department terminating the employee notifies Human Resources personnel who then update the Human Resources system. A daily interface file is generated by the Human Resources system which is used by Identity Management to automatically disable LAN access for terminated employees. Additionally, a daily Termination Report is generated for Security Administration to revoke LAN access for terminated contract employees (A-1b). Privileges can be immediately revoked by Human Resources by contacting Security Administration directly.

Access to the Bill Code Table, BA-Copay, and external eSD applications is restricted using a Lightweight Directory Access Protocol (LDAP), which does not interface with our corporate LAN environment. The removal of Express Scripts employee access to the Bill Code Table, BA-Copay, and external eSD for terminated users is performed by removing a user's access to the Client Website. Access for Express Scripts terminated employees is removed from Client Website upon notification (A-1o).

Information Security – User Access Reviews

Identity access reviews are performed on a periodic basis for in-scope applications to confirm access is appropriate. Users no longer requiring this level of access are removed (A-1d). Application reviews follow one of two common processes and are managed by the IG team. User access reviews are executed through either a manual review or through a review leveraging a tool (G&L) which partially automates the review process. RACF user IDs are reviewed periodically to verify that privileged attributes are restricted to authorized personnel. Users no longer requiring this level of access are removed (A-1f).

Physical Access

Express Scripts' Piscataway, New Jersey facility houses the Company's main data center for the in-scope systems, as well as supporting office and mailroom space. The building is secured using a computerized card access system, which controls electronic locks on both interior and exterior doors (A-2a). The electronic locks on all doors in the facility are active 24 hours a day, 365 days per year. Additionally, the facility is equipped with centrally monitored door alarms, closed circuit television (CCTV), and a 24-hour, seven-day-per-week security guard service (A-2a).

Each employee requiring routine access to the Data Center is assigned a badge with a unique security code. Access rights to each individual access area are requested by completing a standard Access Request form. This form requests personal information followed by a list of specific limited access areas within the building. To gain access to any of these limited access areas, the Access Request form must include a valid reason as to why the employee requires access to the specific area and must be signed by the Department Head responsible for each limited access area. Access to the Data Center is granted based on job requirements, and is approved by appropriate management (A-2b).

Area Managers over all special areas within the Data Center periodically review reports of personnel with authorized access to those areas. Area Managers audit these reports by ensuring the listed personnel require access. Individuals no longer requiring access are removed. Each recipient of this report is required to review and return his or her copy of the report to Data Center security with details regarding any necessary changes (A-2c). Reports can be electronically signed and returned via e-mail.

Application Development and Change Management

Guidelines for application development and change management have been established by Express Scripts to provide a consistent methodology for project management, project definition, documentation of business and system requirements, program development, testing and implementation, database integrity, and user training. Communication of these procedures to employees establishes consistency for all projects.

Application development projects go through an intake process to ensure proper planning occurs prior to initiating the development effort. A program epic is created to track the overarching status of the project as it proceeds through development. At this point, high-level requirements are identified with solutions being generated. This allows for the creation of lower level epics to be created for various work streams. A security review is performed at this step to identify potential security requirements to be considered. From this point, the work is sent to individual teams to plan and prioritize. User stories are created by teams to split work into manageable units with the rest of development following the normal change management process.

Each application change is categorized into one of the following classifications:

- ▶ Non-emergency Changes
- ▶ Emergency Changes (scheduled and unscheduled)

For each category, Express Scripts has defined the minimum control points that must be completed.

For nonemergency changes, test cases are created, performed, and their results documented in accordance with management's policies (A-3a). Prior to implementation into production, a Change Request (CHG) is documented and approvals are required per management's policies (A-3b).

For scheduled Emergency changes, a Change Request (CHG) is documented and approvals are required per management's policies prior to implementation. An unscheduled Emergency change to resolve critical impacts will be documented and approvals are required per management's policies after implementation (A-3c).

Database Change Control

The DBA support teams use ServiceNow to create change records for database modifications. These individual change records are combined and used to generate a list of changes to the environment. All proposed table and unique key changes to the database structure are reviewed by the Information Planning group before they are submitted to the Database Administration team for review.

Database Administration teams review proposed changes to the database structure for required documentation and approve each change via a ServiceNow ticket (A-3e). All changes to production have a checklist with the corresponding implementation and back-out plans indicating any information needed to implement the scheduled change successfully.

Source Code Management

When changes are necessary for mainframe applications, Endeavor manages access to the program source code library. The development environments are separate from production environments. Once the element (i.e. production code) has been moved into the staging library, Express Scripts application project managers review and approve element changes for the mainframe and midrange applications.

Authorization for the move from the staging library into production is documented electronically in the Endeavor move package for the mainframe. This electronic approval requires an authorized RACF user ID and password from Production Control Operations Analysts.

Production Control Operations Analysts use Endeavor Library Management to move elements from the staging library into production. This configuration requires Production Control to move elements from the staging library into the production library and combined with RACF security, secures access to production libraries and restricts programmers from moving changes into production. On a periodic basis, management compares developers with access to modify code in Endeavor with users who can migrate mainframe code into production to determine whether appropriate segregation of duties exists. (A-3f).

eSD is a web application that utilizes a code repository for managing code promotion to production for relevant business components and ensuring appropriate segregation of duties. On a periodic basis, management compares eSD developers to those with access to migrate code to production to determine whether appropriate segregation of duties exists (A-3h).

The Phoenix and BTT systems use Pivotal Cloud Foundry, which utilizes an automated pipeline to move code changes into production. The process begins with developers coding within the source code repository. The source code undergoes automated builds, then is released into production upon completion of the necessary requirements in the release coordination and tracking tool. On a periodic basis, management compares Phoenix and BTT developers to those with access to migrate Phoenix and BTT code to production to determine whether appropriate segregation of duties exists (A-3g).

CGS is an application that utilizes a code repository for managing code promotion to production for relevant business components and ensuring appropriate segregation of duties. On a periodic basis, management compares developers with access to modify CGS code to users who can migrate CGS code to production to determine whether appropriate segregation of duties exists (A-3i).

On a periodic basis, management compares developers with access to modify Optimus Pricing code to user who can migrate Optimus Pricing code to production to determine whether appropriate segregation of duties exist (A-3j).

Application Change Monitoring

On a periodic basis, a review of system generated change reports is performed by the Controls Assurance team and changes identified are compared against change tickets to verify that the appropriate process and approvals are associated to each of the changes. (A-3d). Discrepancies identified during this reconciliation process are escalated to management for resolution.

Computer Operations

Computer Operations Responsibilities

Express Scripts' data center is staffed 24 hours per day, 365 days per year with members from Resource Management. This group monitors all online and batch systems and is responsible for the escalation of any exceptions. Standard operating procedures manuals exist for computer operations processes.

Scheduling for New or Changed Production Jobs

All job scheduling requests come to the Scheduling department via a ServiceNow ticket. The Scheduling team verifies Enterprise Application Management (EAM) has completed their ServiceNow task successfully. Job scheduling requests for recurring jobs are reviewed for accuracy, scheduling instructions, potential impact to another production job flow, and authorized by appropriate individuals (A-4a).

Job scheduling requests for one-time-only (OTO) jobs are reviewed for accuracy, scheduling instructions, potential impact to another production job flow, and authorized by appropriate individuals (A-4d). Information from the job documentation is then entered into CA-7, the production job scheduling software. All adds/changes are forwarded via automated e-mail to the Resource Management group and the Production Manager for review. The Production Scheduling tasks are stored on the ServiceNow server.

After Scheduling has placed the changes in CA-7, Resource Management reviews an automated email to determine whether changes need to be made to the delivery targets and Service Level Agreements (SLA) in the production batch monitor (BATMON). BATMON is an automated graphical system that tracks the start and end times of all critical jobs. Depending on the job's schedule, BATMON displays green (on time), yellow (late start), or red (late end) status bars.

BATMON is displayed at all times in the Resource Management area on a large screen monitor and is viewable by all analysts. If any "yellow" or "red" jobs are displayed, the technicians diagnose and follow-up on the cause of the alert (e.g., failed job, long-running flow). All CA-7 operational exceptions in production are documented in the ServiceNow problem ticket tracking system and are researched and resolved (A-4b). A periodic review of users with access to the CA-7 job scheduling software is performed to confirm access is restricted to appropriate individuals. Users no longer requiring this level of access are removed (A-4c).

Phoenix utilizes Oracle's GoldenGate product for replicating data from Oracle to DB2. An automated script monitors the data replication process and generates ServiceNow tickets to the Oracle DBA prod support teams for diagnosis and resolution of any operational exceptions. Application teams would be engaged if GoldenGate cannot be restarted due to data inconsistencies between Oracle and the DB2 database (A-4e). Access to GoldenGate is restricted to DBAs with access to the Oracle system account, which is periodically reviewed for appropriateness (A-1k).

Data is loaded into CGS from IW on a weekly basis using a scheduled job. CGS EIW batch jobs are monitored periodically to ensure successful transfer of data from IW to CGS. A Service Now ticket is created for batch job failures to track remediation (A-4f).

Backup and Recovery

Application Data Backups

Backups of financially significant application data are configured to be executed on a routine basis and processing exceptions are researched and resolved (A-5a). Adjudicated claims and billing history for services provided related to claims processing are stored in the Enterprise Information Warehouse (EIW) which resides on a Teradata database platform. Automated jobs are scheduled to perform full backups of the data on a weekly basis to local data domains which serve as tapeless storage systems. These backups are configured to be triggered and the status monitored via the CA-7 job scheduler. Similar to the CA-7 monitoring control in the Computer Operations section above (A-4b), all operational exceptions are documented in a ServiceNow ticket and researched and resolved. Upon successful backup to the local data domain in Piscataway, New Jersey, the backup is then replicated to an off-site data domain in Chicago, Illinois.

Application Data Recoverability

Disaster Recovery and Business Continuity plans have been established to address impacts to operations and restoration of operations. Disaster Recovery and Business Continuity plans are tested and reviewed periodically in accordance with policies and procedures (A-5b).

Pharmacy Claims Processing Controls

There are three types of prescription claims entry:

- ▶ Electronic claims
- ▶ Mail-order claims
- ▶ Non-standard claims

All claims (regardless of method submitted) are processed through F14. F14 receives the claim data and adjudicates the claim, performing all edits and related functions. Based on the eligibility checks and pricing routines, F14 determines whether the claim should be accepted or rejected and sends a response to the pharmacy. Acceptance indicates that the network pharmacy should accept the patient's insurance and charge the appropriate indicated price for the prescription. Rejection indicates that the network pharmacy should not accept the patient's insurance, and the patient should be notified that the prescription is not covered by his or her insurance plan.

Client Setup and Member Enrollment

Benefit Administration

New Client Implementations

During the implementation process for new clients, the client's specifications are entered into the appropriate tables and fields contained within several systems including: BCT (which feeds into the mainframe), CPS (which serves as a repository for all Client Profile data), CBM (which feeds CPS), CBPS (which also feeds CPS), PLB (which contains pharmacy specific benefit overrides, e.g. copay, drug list), the BA Copay Module (which associates the copay structure to the client) and the BAModule (a front-end data-entry tool which feeds CBM and CBPS). The Client Profile data, which is stored within the F14 mainframe, contains the group, client or plan sponsor data necessary for claims processing. Benefit plan implementation documentation containing system specifications is approved before processing of live claims (B-1a).

The Benefit Configurations - Pricing Department is responsible for the accuracy of pricing setup. The Benefit Configurations - Pricing workflow applies to pricing setup changes for retail, direct, mail-order and specialty prescriptions for Express Scripts' book of business. Its objective is to allow Account Management and Pricing Financial Analysts to review and approve financial pricing changes at an early stage of the enrollment process.

A Financial Analyst or Pricing Analyst first enters client information in the Houston Contract Request Form and Pricing Data Intent File. Prior to submission of the Houston Contract Request Form and Pricing Data Intent File for setup, the Financial Analyst or Pricing Analyst performs a validation of the client information against requirements (B-1b). After receipt of the Houston Contract Request Form and Pricing Data Intent File, Benefit Configuration – Pricing completes the pricing configuration in the various POS pricing data stores. Benefit Configuration – Pricing utilizes Houston to track the installation activity and ensure all steps are followed.

Benefit Configuration – Pricing performs scans, queries, and automated quality checks of the BCT, CBPS, Optimus and CBM/Client Profile fields and reviews all against requirements. The Benefit Configuration – Pricing analyst, responsible for quality control of the Houston Service Request (SR), follows a Quality Control (QC) checklist, which lists all the QC tasks performed. Upon completion of the QC of the pricing implementation, an Analyst moves the Houston SR to "completed" status. In addition, Benefit Configuration – Pricing performs a QC review of the Pricing Systems and compares pricing arrangements to requirement intent (B-1b).

Pricing data continues to be migrated from both CBPS and BCT into Optimus Pricing and regression testing is performed on a sample of claims to ensure the claims are pricing in Optimus Pricing in accordance with management's expectations. Prior to go-live, regression testing is performed on client pricing data migrated to Optimus Pricing. The regression testing consists of adjudicating recently processed production claims utilizing the pricing data in Optimus Pricing and comparing that to expectations. Any variances identified when comparing the source systems and Optimus Pricing processing results are reviewed and either documented as an expected variance or further investigated and corrected. Once all regression testing results have been reviewed and determined to be acceptable, the status of the pricing data in Optimus Pricing is changed to active (B-1j).

Non-pricing configurations require data to be entered into the BA Module, BA Copay Module, and PLB by Benefit Operations – Non-pricing team. All non-pricing related manual changes are entered by a Benefit Operations Analyst after all appropriate approvals are obtained. All non-pricing changes submitted for entry into the respective system are validated by control B-1c.

The Benefit Validation/Testing Team performs QC validation of manual client benefit implementations from setup by Benefit Configuration and Benefit Operations. This team uses the BTT tool to test sample claims through the POS system adjudication logic to determine if client setup meets client intent.

For copay, clinical, coverage, and client pricing, the Benefit Validation/Testing Team performs validation of new benefit plan implementations to verify system setup is accurate based on client intent documentation (B-1c). In instances where the configuration form utilized to perform system setup is not the approved client intent document, a QC is performed to ensure that client intent was appropriately transcribed into the configuration form. Benefit validation QC excludes automated setup associated with Automated Group Load (AGL), but includes any manual setup associated with AGL.

Consumer Driven Health Implementations

Consumer Driven Healthcare (CDH) vendors are health plans or Third-Party Organizations that offer combined benefit plans that encompass all aspects of medical care, including doctor's visits, hospital stays and prescription medications. CDH vendors may already contract with Express Scripts for pharmacy benefit manager services but would like to share deductible accumulators between Express Scripts and their medical vendor. This may occur, for example, when a vendor's deductibles include both pharmacy and medical claims. In these instances, Express Scripts builds an exchange with the health plan or Third Party for the client which allows for a secure exchange of information regarding accumulators to track the client's total deductible, out-of-pocket, or other accumulators on a real-time basis or batch file. Medical vendors work with Express Scripts to resolve any issues relating to new connection testing and validation. Once both parties are comfortable with the results, the vendor provides approval for the test results. In the absence of vendor approval, a negative confirmation email is sent to the vendor, before an Eligibility Manager can approve set-up based upon the review of the testing and validation results (B-1h).

Changes to Existing Client Profile Information

To make changes to CPS, maintenance requests are submitted by the client through the AGL process or requests to Account Management or other internal Express Scripts areas. Requests not submitted through the AGL process may be submitted through front-ends of the CPS. Requests are either submitted through online web form via the BA Module, CBPS, CBM, or via paper addendum.

Data submitted via AGL is subjected to edit validation checks to ensure group records contain valid data, and confirmation is sent to the client or plan sponsor (B-1e). If a group's data passes all the relevant edits, then the updates for the group are moved onto the production client profile file during the daily update processes.

If the group fails one or more of the edits, a group pre-edit report which lists all "hard rejects" is submitted back to the client to address all failures and resubmit the group data. If the group data fails due to non-client setup errors, daily automated reports which list all "soft rejects" are sent to Benefit Operations/Account Management to resolve. Group data failures could result in members in suspense. Members in suspense are listed within the eligibility pre-edit reports sent back to the client for review. See further discussion within "Member Eligibility" below (B-4d).

Changes and additions made to benefit information require approval (B-1d). Changes and additions to benefit information can be processed either manually or through an automated process. Changes and additions received from the client are entered into an appropriate manual setup form or Benefit Build Automation (BBA) Configurable Intent Template (CIT) for client approval, coding (manual or automated), and self-QC review.

After self-QC, the entire request including all relevant change documentation is sent to the Benefit Validation/Testing team for testing and validation against intent (approved CIT or manual setup form) as a part of control B-1c.

As is performed with new implementations, prior to submission of the Houston Contract Request Form and Pricing Data Intent File for setup, the Financial Analyst or Pricing Analyst performs a validation of the client information entered into the forms against requirements. Additionally, the Benefit Configuration – Pricing department performs a QC review of the BCT, CBPS and CPS fields and compares pricing arrangements to requirement intent (B-1b).

Non-pricing configurations require data to be entered into the BA Module, BA-Copay Module, or PLB by Benefit Operations – Non-pricing team. Non-pricing related manual changes are entered and automated changes are loaded by a Benefit Operations Analyst after all appropriate approvals are obtained. All non-pricing changes submitted into the respective system are validated by control B-1c.

The Benefit Validation/Testing Team performs QC validation of manual and automated client benefit changes from setup by Benefit Configuration and Benefit Operations. This team uses the BTT tool to test sample claims through the POS system adjudication logic to determine if client setup meets client intent. For copay, clinical, coverage, and pricing, the Benefit Validation/Testing Team performs validation of benefit plan changes to verify system setup is accurate based on client intent documentation (B-1c). In instances where the configuration form utilized to perform system setup is not the approved client intent document, a QC is performed to ensure that client intent was appropriately transcribed into the configuration form. Benefit validation QC excludes automated setups performed by the BBA/Figaro automated setup systems, but includes any manual setups associated with BBA/Figaro client setups. Some of the benefit setup process has been automated by the use of the BBA tool, which processes setup load files sent by the Figaro system. Figaro receives setup data files and passes on this data to BBA for processing. Figaro then receives the results of the BBA processing and reports on what portion of the setup was successfully completed by the automation and portions that could not be configured by the automation and require manual configuration. Benefit changes and/or additions configured by BBA are validated against the request to verify that benefit setup was complete, accurate, and consistent with client intent (B-1i). Manual changes as a result of fallout are further subjected to the Benefit Validation process as part of B-1c.

Changes to Benefit Configuration – Drug Coverage

The plan file contains the drug inclusions/exclusions and days' supply limitations necessary for claims processing. The paperwork which is required to set up or change this data is maintained electronically in the Benefit Configurations – Drug Coverage Documentum library.

The Benefit Configuration – Drug Coverage area receives drug coverage requests electronically from Clinical Operations. Requests are reviewed for completeness and logged and tracked until closure into the Benefit Configuration – Drug Coverage Tracker. The Benefit Configuration – Drug Coverage Clinical Specialist first assesses the clinical appropriateness of the request and then researches the drug database to identify the appropriate coding values for the drug coverage requirements selected by the client or plan sponsor.

The drug coverage plan literal is created or updated to reflect the requested individual drug plan coverage or drug list content. The request is authorized and approved by the client prior to data entry. Benefit Operations – Drug Coverage configures / keys "coding" into the Drug Coverage Rules Station for newly created / updated plan literal or drug list changes. The request status is changed to "coded" signifying it has been: 1) reviewed for appropriateness and 2) keyed into the file.

The request then goes through the Quality Assurance (QA) process for review of coding accuracy.

Requests for changes to the plan file are reviewed for completeness by the plan file area and are subjected to a QA process to validate coding accuracy (B-1f).

Edits to drug coverage involving global updates, drug plan maintenance, and clinical program edits do not require the approval of the Account Management group.

Changes to Clinical Rules

The Clinical Benefit Configuration Department receives requests for clinical rules to be set up or an existing rule to be changed within the Clinical Rules Station (CRS), which is stored within the F14 mainframe, by system service requests. Using the requests, the Clinical Rules area creates or updates the CRS rule. The rule creations or updates are processed using a manual or automated process.

Changes and/or additions to clinical information entered into the Clinical Rules Station are validated against the request to verify system setup was complete and accurate. (B-1g)

Additionally, client specific clinical rule changes are validated by the Benefit Validation/Testing Team against client intent documentation, whether these changes are made through the manual or automated CRS change processes (B-1c).

Drug Administration/Formulary Management

The Integrated Drug File (IDF), which is a part of the F14 mainframe, is the authoritative source and single repository of drug, pricing, and clinical data which is obtained from multiple external and internal sources.

On a weekly basis, FDB sends a standard customer e-mail update which is received by key IDF staff members. The e-mail update contains information on data elements which are expected to change in the next week. On a daily basis, electronic transmissions from FDB and Medi-Span, third party data vendors, are received, which include updates to various drug data elements (e.g. new drug information, price changes, strength updates, description updates, therapeutic class updates). New Generic Code Numbers transmitted by FDB are identified and automatically suspended for further review before they are updated within the IDF (B-2a). As a part of the review, the changes are reviewed against the e-mail update received the week prior to ensure that all expected updates were received.

Of the fields received from Third Party vendors, currently only Average Wholesale Price (AWP), provided by Medi-Span, and Wholesale Acquisition Cost (WAC), provided by FDB, are utilized in pricing; all other drug data elements are received from FDB. An edit check exists to ensure that the transmission pulled is the current date's transmission. Additionally, the third-party vendor files are subjected to a completeness check on the records submitted for processing. The IDF verifies the record count on files received in order to verify the total number of third-party vendor input records is posted completely to the IDF (B-2b).

Third Party Vendor files are subjected to edit checks on the records submitted for processing. The IDF compares current drug information to vendor submitted updates to verify the accuracy of third-party vendor input records (B-2d). This comparison is initiated by a CA-7 job scheduler (see Control Objective A-4).

MAC Pricing Updates

The Maximum Allowable Cost (MAC) price for a drug is a pricing strategy which sets thresholds for retail pharmacy reimbursement on a product-by-product basis. The MAC pricing strategy is negotiated by the Retail Pharmacy Contracting team and included in contracts with Pharmacies. The Supply Chain Department is responsible for creating and maintaining the MAC lists. New drug and drug price change reports are generated daily from the IDF and are reviewed by Supply Chain. These reports are reviewed for any material price changes on existing MAC drugs. Also, new drugs are considered for MAC inclusion. Changes to MAC price are made through an automated load. An automated email containing the load results is generated and reviewed by Supply Chain pricing personnel. If errors are noted within the results, they are investigated and corrected (B-2e).

Formulary Updates

The Formulary Operations department gathers new drug information on a daily basis. Although the group does not have any pricing function, they determine, via the Value Assessment Committee (VAC), which drugs are on the national formulary, and present their findings to clients to assist in their decision-making process. Formulary Operations personnel will then create a Track-Log Event, which assigns a unique identifier to each required update.

The Formulary Operations team then updates the coding in the F14 FRS, which is stored within the F14 mainframe. FRS coding updates are performed either manually or through automation, depending on the change request form submitted. Changes and/or additions to drug formulary information entered into the Formulary Rules Station are validated against the request to verify system setup was complete and accurate (B-2c).

Pharmacy Administration

The pharmacy administration process includes the establishment of various types of pharmacies into Express Scripts' network of pharmacies. As providers in Express Scripts' network, pharmacies are able to adjudicate pharmacy claims through Express Scripts. In turn, eligible members are able to select a particular pharmacy contained within Express Scripts' network to fill their prescriptions. Retail Contracting is responsible for recruiting and contracting with the pharmacies. Upon receipt of the final contract information, Network Operations enters the pharmacy provider and network information into Phoenix. There are two types of pharmacies which can be set up in Express Scripts' environment: (1) independent and (2) chain.

An independent pharmacy does not have an affiliation with a chain. However, it may have the desire to be included in Express Scripts' network of pharmacies and therefore must establish a contract with Express Scripts. Independent pharmacies may contract with Express Scripts directly or jointly with other independent pharmacies through a Pharmacy Services Administration Organization (PSAO) or a Group Purchasing Organization (GPO) by signing an affiliation letter. The PSAOs and GPOs then contract with Express Scripts on behalf of the independent pharmacies. PSAOs and their affiliated independents are identified by a chain code for contracting purposes.

Chain pharmacies are contracted in Express Scripts' network as a chain and are identified by a chain code in Express Scripts' systems. The chain's contract applies to all pharmacies under its chain code. New pharmacy chains require the establishment of a new contract, which is coordinated by the Contract Account Managers.

The Retail Contracting department reviews and distributes the signed contracts to Network Operations to enroll the pharmacy. Express Scripts personnel are required to receive approval for rates, fees, and network affiliations prior to pharmacy setup (B-3a). Approval is received prior to set up within Phoenix by Network Operations. Changes to chain pharmacies are required to be validated by the pharmacy or the chains' corporate office. An individual independent of the original data entry process verifies pharmacy information specific to rates, fees, and network affiliations entered into the system for accuracy (B-3b). Initial contract pricing, including dispensing rates, MAC and drug level pricing, are set up within Phoenix by Network Operations based upon the contractual terms. The set up follows the same process as noted in control B-3a and B-3b above.

In order to allow for real time updates, Retail Network Pricing accesses a database and makes pricing adjustments as necessary for network claim adjudication. Pricing adjustments are populated on an Excel pricing file for upload to the pricing tables. Pharmacy pricing updates in compliance with contract terms are reviewed and approved by a Retail Network Pricing Director or above prior to upload (B-3c).

Pricing adjustments can also be made utilizing the Flex Pricing Tool within Phoenix. After the pricing input file is loaded, pricing updates are simulated by an automated QC process within the Flex Pricing Tool. If the results are acceptable, Pricing management approves the updates prior to them being loaded into production (B-3d). If errors are noted within the results, they are investigated and corrected.

Member Eligibility

New client implementations

The Eligibility department is responsible for working with the Implementation team to successfully set up and launch a client organization's benefit eligibility process. The Eligibility department is specifically responsible for the implementation and maintenance of the eligibility interface for new and existing clients. The Eligibility Project team performs the following functions on a regular basis:

- ▶ Analysis of clients' eligibility requirements
- ▶ Setting up Express Scripts' Eligibility system parameters based on client requirements
- ▶ Testing clients' eligibility data (or changes to existing interfaces)
- ▶ Loading clients' initial eligibility data
- ▶ Supplying data for ID card production

Eligibility Technical Analysts are responsible for setting up Express Scripts clients in the Eligibility system to confirm new enrollment information can be received on a continuous basis. The team has a standard methodology to follow for the project management of eligibility implementations. This methodology covers the process for obtaining the client eligibility data as well as testing of client transmissions to confirm enrollment data is received completely and accurately for both the initial load of the client's eligibility and ongoing maintenance files.

To verify client eligibility files are received completely and accurately, Express Scripts documents each client's eligibility file information contents, format, medium, frequency, and volume. The Eligibility department also documents the client's matching criteria (system edits), such as the participant's date of birth, gender, relationship code, first name, last name, group ID, and dependent ID, to match against the values stored in the Eligibility File to verify the participant's coverage is in effect.

After the client has verified the documented eligibility file information and selected the specific criteria (system edits) to utilize, Express Scripts develops test plans for the Eligibility system. Eligibility personnel test system parameters for new client implementations and re-implementations to confirm that data is processed completely and accurately in accordance with client specifications.

Client data is validated by the client review and approval of either the test plan and results, test summary documents, or the eligibility pre-edit report. In the absence of client approval, a negative confirmation email sent to the client should be in effect, before an Eligibility Manager can approve set-up based upon review of the test plan and results, test summary documents, or the Eligibility pre-edit report (B-4a).

Existing client updates

The Eligibility department is responsible for the receipt and processing of eligibility data for existing clients and performs the following functions on a regular basis:

- ▶ Supports the processing of eligibility batch updates
- ▶ Resolves data discrepancies
- ▶ Supplies data for ID card production
- ▶ Performs emergency eligibility updates

The eligibility process begins when membership and group data are loaded to the Eligibility File via online screens or electronic file transmissions from off-site locations. Updates to eligibility information can be submitted in one of the following methods:

Positive or full files contain information on all active members/dependents; if a client or plan sponsor omits a record, the members/dependents will be terminated as of the day the file is processed (Generated Term Process)

Transactional or maintenance files provide information pertaining to new members/dependents and existing members/dependents which have a change to their eligibility record

Front-end data entry through the eSD application can be used to feed manual edits to individual member eligibility records into the Eligibility system. Manual edits approved by the client can be made to individual member eligibility records via eSD. eSD can be accessed by both internal personnel and external client users. Client personnel are responsible for reviewing all manual edits made to member eligibility records.

All electronic files are processed through the eligibility pre-edit step. During the eligibility pre-edit step, the client or plan sponsor's eligibility transactions are processed, and the expected impact on the client or plan sponsor's eligible population (at the group level) is identified. If the number of eligibility records received from the client does not match the number of records noted by the client in the trailer record, the Eligibility system will abend. The Eligibility Department will notify the client that a new file is necessary before the data can be loaded to the system (B-4d). The eligibility pre-edit reports sent back to clients include both correct and errored data for the client to review.

For files which do not abend based upon record count variances, additional edits are applied to the incoming transactions, and errors and rejected transactions are identified.

A set of statistical parameters & edits are built within the Eligibility system to determine if the file passes validation and should be applied. Edit checks include: Verification of Customer ID, Date of birth, Member number, and Client group must be established before records are accepted (B-4b).

The eligibility pre-edits are processed and systematically reviewed to determine if the file should be applied based on a set of statistical parameters. Criteria are based on the size of the input file and the number of changes to the existing file. If the system review of the eligibility pre-edit report determines the file exceeds the statistical parameters for updating with errors (such as a high volume of rejects, changes or terminations), an automated e-mail will be sent to the Account Manager or Eligibility Analyst supporting the particular client or plan sponsor.

The Account Manager or Eligibility Operations Analyst will review the issues with the client or plan sponsor and determine whether the file should be applied. If it is determined that the file should not be applied, the file is purged, and a corrected file is scheduled. Unprocessed Reports are generated from the eligibility pre-edit process which may be transmitted to the client or plan sponsor.

Eligibility data submitted via eSD is subjected to online edit validation checks on required fields in order to add/update records. Edit checks include: Date of birth, Member number, and Client group must be established before records are accepted (B-4e).

For clients who are enrolled in the Generated Term process, system logic confirms records within the Eligibility system are updated using the full population client file. Records sent on a full population client file which do not exist within the system are added, records within the system which do not exist on a full population client file are terminated, and records on a full population client file with updated fields are modified accordingly within the system (B-4c).

Claims Processing/Adjudication

Claims Processing

Pharmacy claims can be entered into the POS system via electronic transmission or manually when paper claims are submitted. Paper claims represent less than 1% of all network claims. Therefore, the scope of this report does not include controls in place supporting the processing of paper claims.

Mail-order claims are entered into the POS system via electronic transmission through Express Scripts' proprietary mail-order systems. The scope of this report does not include mail-order fulfillment processes which Express Scripts provides through its proprietary mail-order systems.

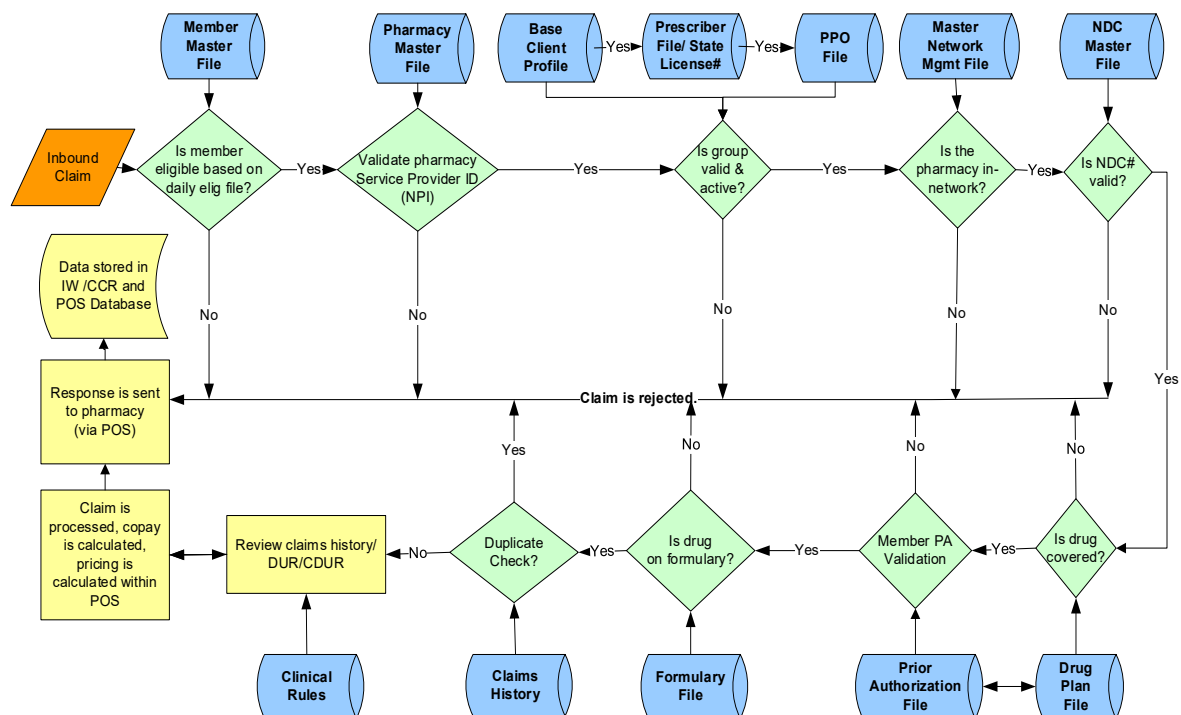
The majority of electronically received claims are sent to Express Scripts by pharmacy network providers. Pharmacies contract with external pharmacy network providers which route claims entered at the pharmacy to a pharmacy clearinghouse or switching company and then to Express Scripts. Electronic claims can be submitted directly to Express Scripts by chain pharmacies if the chain submits over 100,000 claims per month.

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The POS system processes claims in several phases. Claim transaction field editing checks each field submitted for permissible values. Numeric fields are checked for non-numeric values. Alphanumeric fields are checked for non-alphanumeric characters. If any of these fields are not populated or do not contain valid data, the claim is rejected back to the submitter using standard National Council for Prescription Drug Programs (NCPDP) rejection codes.

The following list contains a subset of required fields:

- Basis of cost determination
- Sales tax
- Flat tax
- Percentage tax
- Percentage tax basis
- Percentage tax rate
- Bin number
- Cardholder ID
- Quantity dispensed
- Patient first name
- Patient last name
- Person code
- Prescription Service Reference Number
- Days' supply
- Date prescription written
- Date of birth
- Processor control number
- Compound code
- Relationship
- Gender code
- National Drug Code (NDC) (product/service ID)
- Dispensed as written code
- Usual and customary amount
- Version number
- Transaction count
- Service/provider ID



Claims data submitted into the POS system is subject to the following types of programmed system edit and validation checks: Eligibility member/group verification, Pharmacy verification, Prescriber verification, Ingredient cost, and NDC (C-1a). The POS system performs Coverage Edit checks in order to determine whether a claim is received from an authorized source. Claim eligibility involves finding a group in which the member, dependent, and pharmacy are eligible; identifying the patient (member or specific dependent) for whom the prescription was written; verifying the pharmacy; and checking for pharmacy participation in the applicable Pharmacy network. The Coverage Edit routine verifies that the group and subscriber, as well as the plan, drug and pharmacy information associated with a given claim, are valid.

This information is verified against the information on the subscriber master file and the plan specifications as defined in the client profile file. If the claim fails any of the Coverage Edits, the claim will be rejected. Additionally, the integrated drug file is read to validate that the NDC for the claim submitted is valid. The claim will be rejected if the NDC is invalid. FDB, a third-party vendor, provides drug information, including valid NDCs.

Any prescription which is filled for the same member, pharmacy, Rx and fill number, is considered a duplicate claim by POS system logic (C-1b). The history file is an extract of the historical claims file which contains a condensed version of claims from all previous cycles up to a client or plan sponsor-specific limit. The term 'dup history' refers to the combination of current cycle files plus the actual duplicate history file. In claims processing, the contents of both the current cycle files and the dup history file (relative to the member) are extracted and loaded to a single table for use by the duplicate/refill/drug utilization review modules.

If no duplicate record is found on either the POS payable claim file or the history file, then the same two files must be searched for refills using the same information as listed in the duplicate edit. Each refill found is counted, and if the number of refills exceeds the plan limit, the claim is rejected.

At this point, the POS system obtains the specific drug information necessary to price the claim. Next, the POS system reads the member's plan file to determine drug coverage. Specific plan files contain inclusions and exclusions for each client or plan sponsor. If the particular drug is excluded from the member's plan, the claim will be rejected. Next, the POS system reads the prior authorization file to determine whether the plan exclusions have been overridden, allowing acceptance of claims for otherwise excluded drugs.

The formulary file is read if the client or plan sponsor participates in a formulary management program. The formulary file contains information on an NDC or therapeutic level. Based on the setup of mandatory or voluntary plan status, edits within the POS system reject claims based on their formulary status (C-1c). If the NDC is not a formulary drug and the formulary file indicates there is a preferred drug, the POS system obtains the information on the preferred drug and uses this information to prepare the response back to the pharmacy. The claim is rejected if quantity or days' supply for the prescription exceeds the limits specified on the plan file. A message is sent to inform the pharmacy of the allowable days' supply or quantity and the claim exceeded plan limitations.

Claims accepted up to this point must be priced to determine the subscriber's co-insurance amount, as well as the amount to be reimbursed to the pharmacy and billed to the plan sponsor. The POS system calculates claims co-payment fees based on benefit plan specifications (C-1g). Based on the plan's benefit specifications, POS determines pricing and claim coverage through the following: drug price, client billed amount, pharmacy reimbursement, and member co-pay (C-1d). The POS system compares the drug price to AWP, MAC, and Usual & Customary (U&C) pricing and selects the amount based upon the client specifications within the system (C-1f). As part of the agreement to participate in the managed pharmacy networks, pharmacies must agree to accept the lower of discounted contracted reimbursement rate or the usual and customary price. Pharmacy networks and pricing agreements vary by user organization and network.

Next, the POS system reads information from the professional fees file, which stores each client's professional or dispensing fee. Information from the client profile, NDC, plan, pharmacy and PPO files obtained previously will be used to determine the professional fee, co-payment, payable ingredient cost and net check amount to be sent to the pharmacy.

POS Indemnity tables accumulate claim costs to determine maximum out-of-pocket limits, deductibles, and plan stop-loss limits (C-1e). Express Scripts stores payable and reject claims in an internal proprietary database which is accessed by downstream systems. Rejected and paid claims are also written to IW Staging Tables. This data is used for invoicing and reporting (for more information, see "Claims Billing Processing" below).

Based on the results of the eligibility checks and pricing routines, the system constructs a response to the pharmacist. The transactions conform to the NCPDP standard and display a message for the pharmacist indicating the claim's status (accepted or rejected). Payable responses are sent back with a unique authorization number using the NCPDP payable response format. For each accepted prescription on the claim, the system returns a response status of 'P' to indicate that the claim is payable. Additional response data consists of the member's co-payment amount, the ingredient cost payable, and the dispensing fee payable. Rejected responses are sent back in the standard NCPDP rejection response format using NCPDP rejection codes. Responses for rejected claims will include a response status of 'R' and the NCPDP error code(s) citing the reason(s) for rejection.

Claims Billing

Claims Billing Processing

Automated billing of claims is performed using the IBS system and claims data from the IW. At the conclusion of each day, claims adjudicated within POS are written to the IW. The POS Summary table is then referenced to obtain summarized counts by transaction type (i.e., retail/mail claims, retail/mail rejects, and retail/mail adjustments). Once this process has completed, the POS system data is compared by transaction type to the IW summarized claims data to verify that the claim counts agree. A balancing report is generated and any exception (current threshold is claim difference of 1,500) is noted by a system abend, researched, and resolved (C-2a).

The IW file records claims as Pending 'P' or Billable 'B'. On a daily basis, the mainframe scheduler runs a claim extract from IW Staging into IBS based on a claim's (1) billable date field and (2) status. The extract will pull claims with a status of Billable 'B' into IBS.

On a weekly basis, a Revenue Cycle Management Analyst runs a query identifying claims in IW Staging with a status of 'P' or 'B' and claims greater than 45 days old, but less than 365 days old, are monitored and investigated when the unbilled claims exceed \$1,000,000 to determine if resolution is required (C-2c). Claims aged 365 days or greater are considered write-offs/uncollectable.

Bi-weekly, an automated process reconciles the summarized IBS billing invoice data, for the specific billing period, to the claims data stored in IW Staging. If a discrepancy is identified, the job which moves claims from the IW Staging tables to the History tables abends and a ticket is generated by Resource Management (RM) flagging the discrepancy (C-2d). Additionally, the Billing PSO team investigates out-of-balance reported items between IW Staging and IBS billed claims and documents resolution to ensure out-of-balance discrepancies do not result in an inaccurate or incomplete client invoice (C-2e).

Claims and administrative fee data is downloaded at the client level from the IBS file and may be adjusted prior to or after invoicing. Account Managers and other groups may send a form to the Contracts Department for a manual billing or an adjustment to a client balance. The standard form utilized is the Manual Billing Request Form, which specifies the reason for the adjustment and provides a section for required approval/sign-off by Finance.

Adjustments initiated in Finance, such as Net Effective Discount (NED) invoice adjustments, may already contain the necessary Finance approval/sign-off as part of the Finance process prior to completion of the Adjustment Request Form. Only approved adjustments are forwarded to the Contracts Department and/or Billing to be processed.

The Adjustment System is composed of programs and online screens which control the input and processing of adjustments to user organization invoices and claims history. Adjustments may be made for a variety of reasons, such as prescriptions not dispensed (i.e., reversals) or prescriptions submitted incorrectly which require correction (e.g., incorrect dispense as written, quantity, NDC).

Adjustments to prescription claims are processed using three basic transaction types: Flat, Re-price, and Reversal. Adjustments are applicable to integrated client or plan sponsors only. Departments authorized to enter adjustments are Finance, Pharmacy Audit, and Pharmacy Services.

The Revenue Cycle Management Team will obtain the necessary approvals as outlined in Express Scripts company policy documentation before processing adjustments or manual billings (C-2b).

Client Guarantee Settlements

Guarantee Setup

Included in the Contract Request Form (CRF) completed by the Financial Analyst/Pricing Analyst is AWP pricing guarantee setup information, which include guarantee rates, exclusions, and other data necessary for the guarantee calculation. The Contract Request form is included within an SR that is sent to Financial Client Operations (FCO) for setup. An FCO Analyst then enters the guarantee information into CGS based on the Contract Request Form. Once guarantee information is input and submitted in CGS, it is independently reviewed and electronically verified after a reviewer compares the information placed in CGS against the client contract information. New setups and changes are not included in the guarantee calculation until approved electronically by an individual independent of the setup. (C-3a)

Guarantee Calculation

Once guarantee setup is complete and approved within CGS, claim information is automatically pulled from the IW into CGS. On a weekly basis, an automated sync of IW and CGS occurs. If there is a discrepancy in the load, the process is aborted and the production resource management team notifies the Information Warehouse (IW) Team of the issue. All issues are then investigated and resolved by the IW Team. (A-4f).

The guarantee is setup within CGS to link to a client and a date range to pull claims from the IW. Additionally, there are several reference lists used in the guarantee calculation, as certain transactions are often excluded from the guarantees, including Single Source Generics, New Generics, and Patent-Litigated Drugs, among others. CGS automatically calculates guarantee performance by applying profile and exclusion rules and parameters input into CGS for each client guarantee according to a client's contract. CGS automatically queries claim data and reference lists from IW based on CGS profile and exclusion rules to gather guarantee performance results. (C-3b)

Guarantee Settlement

At the end of the guarantee period, CGS automatically creates a task within the payment workflow and generates the settlement report, which compiles all final claim data for the client during the applicable settlement period and shows actual results compared to the guarantee. The analyst assigned to the task will review all guarantee rates, exclusions and offsetting per the CGS setup to the contract to validate the accuracy and completeness of the settlement calculated. The completed report is uploaded to the payment workflow where it is assigned to a second independent reviewer. Guarantee settlement packages are independently reviewed for completeness and accuracy prior to client submission. (C-3c) Guarantee settlement packages are provided to clients regardless of whether or not a payment is due. If a guarantee payment is due, guarantee payments to clients are approved by authorized management based upon the Grants of Authority (GOA) grid. (C-3d)

Control Objectives and Related Controls

Express Scripts has specified the control objectives and identified the controls that are designed to achieve the related control objective. The control objectives specified by Express Scripts and the controls that achieve those objectives, including complementary user entity controls, are presented in Section IV, "Evernorth Health, Inc.'s Control Objectives and Controls, and PricewaterhouseCoopers' Tests of Operating Effectiveness and Results of Tests" and are an integral component of Express Scripts' description of its Pharmacy Claims Processing system.

Complementary User Entity Controls

Express Scripts' controls related to the Pharmacy Claims Processing system cover only a portion of overall internal control for each user entity of Express Scripts. It is not feasible for the control objectives related to claims processing to be achieved solely by Express Scripts. Therefore, each user entity's internal control over financial reporting should be evaluated in conjunction with Express Scripts' controls and the related tests and results described in Section IV of this report, taking into account the related complementary user entity controls identified for each control objective, where applicable. In order for user entities to rely on the controls reported on herein, each user entity must evaluate its own internal control to determine whether the identified complementary user entity controls have been implemented and are operating effectively.

User entities should have the following controls designed, implemented, and operating effectively throughout the period:

Complementary User Entity Control Description	Relevant Control Objective
<p><i>Access to Eligibility Systems</i></p> <p>User organizations are responsible for ensuring that access to eSD is appropriately restricted to authorized individuals.</p>	CO A-1
<p><i>Written Benefit Plan Parameters Correspond to the F14 System</i></p> <p>User organizations are responsible for verifying their written benefit plan parameters are complete and accurate as described in the Express Scripts Benefit Design document completed during implementation and ensuring the parameters are approved by their appropriate management. Examples of these documents include the Benefit Intent Document (BID), Clinical Intent Document (CID) and Clinical Addendum (CA).</p>	CO B-1
<p><i>Benefit Plan Additions or Changes</i></p> <p>User organizations are responsible for ensuring their management has reviewed and approved benefit plan additions or changes which are communicated to Express Scripts.</p>	CO B-1
<p><i>Group Data Submitted via AGL</i></p> <p>User organizations are responsible for ensuring group data submitted via AGL is complete, accurate and authorized prior to submission to Express Scripts. User organizations are responsible for reviewing the group pre-edit report. Corrective action must be taken to correct the issue(s) and the data must be resubmitted to Express Scripts for reprocessing.</p>	CO B-1
<p><i>Consumer Driven Healthcare</i></p> <p>User organizations that participate in Consumer Driven Healthcare are responsible for management of member accumulators and ensuring that medical claim information shared with Express Scripts is complete, accurate, and authorized.</p>	CO B-1
<p><i>Review of Drug Formulary Lists</i></p> <p>User organizations utilizing Medicare formularies are responsible for reviewing formulary content, as provided to them by Express Scripts on at least an annual basis, prior to the clients' submission to the CMS.</p>	CO B-2
<p><i>External Formulary Management</i></p> <p>User organizations that utilize external formularies are responsible for providing valid formulary information to Express Scripts.</p>	CO B-2

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Complementary User Entity Control Description	Relevant Control Objective
<p><i>Review of Test Results</i></p> <p>User organizations are responsible for ensuring their management has reviewed and approved client-specific system test results prior to processing claims in a production environment.</p>	CO B-4
<p><i>Member Eligibility Data</i></p> <p>User organizations are responsible for ensuring member eligibility data is complete, accurate, and authorized prior to submission to Express Scripts.</p>	CO B-4
<p><i>Eligibility Summary and Reconciliation of Error Reports</i></p> <p>User organizations are responsible for ensuring all individual manual edits, including those entered via eSD, as well as all Eligibility Summary and Error reports, which summarize electronic file loads, are reconciled to documentation of transactions sent to Express Scripts to identify input exceptions. Corrective action should be taken to correct the issue(s) and the data should be resubmitted to Express Scripts for reprocessing.</p>	CO B-4
<p><i>Reconciliation of Claims Billings</i></p> <p>User organizations are responsible for the review and comparison of Claim Billing reports generated from the IBS system to the invoice to determine invoices generated by Express Scripts reconcile to the claims adjudicated.</p>	CO C-2
<p><i>Review of Settlement Packages</i></p> <p>User organizations are responsible for the review of guarantee settlement packages generated by Express Scripts.</p>	CO C-3
<p><i>Review of Executed PBM Agreements</i></p> <p>User organizations are responsible for obtaining a copy of their executed agreement prior to the effective date to ensure the terms and conditions were applied accurately.</p>	CO C-3

Section IV – Evernorth Health, Inc.'s Control Objectives and Controls, and PricewaterhouseCoopers' Tests of Operating Effectiveness and Results of Tests

Testing Performed and Results of Tests

This section presents the following information provided by Express Scripts:

- ▶ The control objectives specified by management of Express Scripts
- ▶ The controls established and specified by Express Scripts to achieve the specified control objectives

Also included in this section is the following information provided by PricewaterhouseCoopers LLP (PwC), the service auditor:

- ▶ A description of the tests performed by PwC
- ▶ The results of PwC's tests of controls

The control objectives and related controls in Section IV are an integral part of management's description of Express Scripts' Pharmacy Claims Processing System for processing user entities' pharmacy claims transactions outlined in Section III of this report. Express Scripts sometimes modifies or expands controls to meet the processing requirements for specific user entities. PwC's testing covered only those controls provided by Express Scripts for the broad range of user entities and did not cover controls which may be specific to individual user entities of Express Scripts. PwC's tests of the control environment, risk assessment, monitoring, and information and communication included 1) inquiry of appropriate management, supervisory, and staff personnel, 2) observation of Express Scripts' activities and operations, and 3) inspection of Express Scripts' documents and records. The results of these tests were considered in planning the nature, timing, and extent of our testing of the controls designed to achieve the control objectives described on the following pages.

The following were considered in selecting particular tests of the operating effectiveness of controls: (a) the nature of the control being tested; (b) the types and competence of available evidential matter; (c) the nature of the control objectives to be achieved; (d) the assessed level of control risk; and (e) the expected efficiency and effectiveness of the tests.

Additionally, observation and inspection procedures were performed as it relates to system generated reports, queries, listings, and reporting noted in management's description to assess the completeness and accuracy (reliability) of the information utilized in the performance of our testing of the controls. For exceptions identified during the course of our testing, Management Responses to the exceptions identified have been provided and are located within Section V of the report.

The types of testing procedures used to evaluate the fairness of the description of the control and to evaluate the operating effectiveness of specified controls are indicated below.

Type	Description
Inquiry	<p>Interviewed appropriate personnel. Inquiries seeking relevant information or representation from Express Scripts' personnel were performed to obtain:</p> <ul style="list-style-type: none"> • Knowledge and additional information regarding the policy or procedure; • Knowledge of Express Scripts' organizational structure, including segregation of functional responsibilities, policy statements, processing manuals, and personnel policies; • Knowledge of management, operations, administrative and other personnel who are responsible for developing, ensuring adherence to, and applying control structure policies and procedure; and • Corroborating evidence of the policy or procedure. <p>As inquiries were performed for all controls, the test was not listed individually for every control shown in the control matrices below.</p>
Inspection	<p>Inspected documents and client records indicating performance of the control. This includes procedures such as:</p> <ul style="list-style-type: none"> • Examination of source documentation and authorizations; • Examination of documents or records for evidence of performance and authorization (i.e. existence of initials or signatures); and • Inspection of Express Scripts' systems documentation, such as operation manuals, policies and procedures documentation, system flowcharts, and system audit logs.
Observation	<p>Observed the application or existence of specific control structure policies and procedures as represented. This includes procedures such as:</p> <ul style="list-style-type: none"> • Observations of personnel in performance of their assigned duties; and • Observation of various system tasks performed by Express Scripts' personnel.
Reperformance	<p>Reperformed the control or processing of the control to determine the accuracy of its operation. This includes procedures such as:</p> <ul style="list-style-type: none"> • Repformance of the control, for example, by checking prices, effective dates, or specifications within the processing system; and • Obtaining evidence of the mathematical accuracy and correct processing of transactions by performing independent calculations and/or the submission of test transactions.

Testing Performed and Results of Tests when Using the Work of Internal Audit

In performing our examination of the description, PwC has used the work of the Express Scripts independent SOX PMO function and Internal Audit Department (Internal Audit) to assist in determining whether the controls related to the control objectives stated in the description were operating with sufficient effectiveness to provide reasonable assurance that those control objectives were achieved throughout the period November 01, 2020 to October 31, 2021. Work of the SOX PMO function and Internal Audit was used to provide evidence for select controls in the following processes:

- ▶ Logical Access (Control Objective A-1)
- ▶ Application Development and Change Management (Control Objective A-3)
- ▶ Computer Operations (Control Objective A-4)
- ▶ Client Setup and Member Enrollment (Control Objectives B-1 & B-2)
- ▶ Claims Billing (Control Objective C-2)

The testing performed by the SOX PMO function and Internal Audit related to controls over routine processes, and the nature of testing included inquiry of relevant parties who performed the controls, observation of the performance of the controls at different times during the examination period, inspection of samples of documents evidencing the functioning of controls, and/or reperformance of the operation of certain controls. The results of testing performed, including any exceptions identified, by the SOX PMO function and Internal Audit are included in the “Results of Tests” below.

In connection with using the work of the SOX PMO function and Internal Audit, PwC obtained the work papers supporting the tests performed and reviewed the work papers to evaluate whether the work was: (1) performed by a person having the appropriate skill and expertise, (2) properly supervised, reviewed and documented, (3) supported by sufficient, appropriate evidence to draw reasonable conclusions which were appropriate in the circumstances and consistent with the work performed, and (4) any exceptions or unusual matters were appropriately resolved. In addition, PwC (1) inspected the supporting documentation for all controls to evaluate the consistency of the working papers to the supporting documentation, and (2) for selected controls, reperformed the testing for a sub-sample of the sample selected.

Information Technology General Controls

Logical Access

Control Objective A-1: Controls provide reasonable assurance that logical access to system resources (e.g. programs, data and parameters) is restricted to properly authorized individuals.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-1a	Requests for the creation or modification of system user IDs must be approved prior to provisioning.	<ul style="list-style-type: none"> For a sample of new or modified users, inspected the requests for the creation or modification of system user IDs to determine whether the IDs were approved prior to provisioning. 	No exceptions noted.
A-1b	LAN access for users who leave the company is removed upon notification via the Human Resource system Termination Report.	<ul style="list-style-type: none"> For a sample of terminated employees, inspected system access records to determine whether LAN access was removed. 	No exceptions noted.
A-1c	LAN parameters for primary password settings are set in accordance with management's policies.	<ul style="list-style-type: none"> Inspected LAN parameters for primary password settings to determine whether they were set in accordance with management's policies. 	No exceptions noted.
A-1d	Identity access reviews are performed on a periodic basis for in-scope applications to confirm access is appropriate. Users no longer requiring this level of access are removed.	<ul style="list-style-type: none"> For a sample of in-scope applications, inspected supporting documentation to determine whether an entitlement validation was performed and appropriate approval was obtained. For a sampled semi-annual identity access review for in-scope applications, inspected the review for a sample of users to determine whether access was reviewed and users no longer requiring access were removed. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
A-1e	DBA account privileges are reviewed periodically for appropriateness. Users no longer requiring this level of access are removed.	<ul style="list-style-type: none"> For a sample of quarterly access reviews for DB2 databases, inspected the reviews for a sample of users to determine whether DBA account privileges were reviewed for appropriateness and users no longer requiring access were removed. 	No exceptions noted.

Logical Access

Control Objective A-1: Controls provide reasonable assurance that logical access to system resources (e.g. programs, data and parameters) is restricted to properly authorized individuals.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-1e (continued)		<ul style="list-style-type: none"> For a sample of quarterly access reviews for Teradata databases, inspected the reviews for a sample of users to determine whether DBA account privileges were reviewed for appropriateness and users no longer requiring access were removed. For a sampled semi-annual Oracle database review, inspected the review for a sample of users to determine whether DBA account privileges were reviewed for appropriateness and users no longer requiring access were removed. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
A-1f	RACF user IDs are reviewed periodically to verify that privileged attributes are restricted to authorized personnel. Users no longer requiring this level of access are removed.	<ul style="list-style-type: none"> For a sample of quarterly access reviews of RACF user IDs for the F14 system, inspected the reviews for a sample of users to determine whether RACF user IDs were reviewed to verify that privileged attributes were restricted to authorized personnel and users no longer requiring access were removed. 	No exceptions noted.
A-1g	RACF parameters for primary password settings are set in accordance with management's policies.	<ul style="list-style-type: none"> Inspected RACF parameters for primary password settings to determine whether they were set in accordance with management's policies. 	No exceptions noted.
A-1h	On a periodic basis, access to the UNIX root account is reviewed to ensure access is appropriately restricted. Users no longer requiring this level of access are removed.	<ul style="list-style-type: none"> For a sample of quarterly UNIX root account reviews, inspected the reviews for a sample of users to determine whether access was appropriately restricted and users no longer requiring access were removed. 	No exceptions noted.

Logical Access

Control Objective A-1: Controls provide reasonable assurance that logical access to system resources (e.g. programs, data and parameters) is restricted to properly authorized individuals.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-1i	Windows Domain Admins are reviewed periodically to verify that privileged attributes are restricted to authorized personnel. Users no longer requiring this level of access are removed.	<ul style="list-style-type: none"> For a sample of quarterly Windows Domain Admin reviews, inspected the reviews for a sample of users to determine whether access was appropriately restricted and users no longer requiring access were removed. 	No exceptions noted.
A-1j	On a periodic basis, access to CyberArk Administrative accounts is reviewed to ensure access is appropriately restricted. Users no longer requiring this level of access are removed.	<ul style="list-style-type: none"> For a sample of quarterly reviews, inspected the reviews for a sample of CyberArk Administrative accounts to determine whether access was appropriately restricted and users no longer requiring access were removed. 	No exceptions noted.
A-1k	A periodic review of users with access to the "Oracle" account (CyberArk accounts) on in-scope databases is performed to confirm that access is restricted to appropriate individuals. Users no longer requiring this level of access are removed.	<ul style="list-style-type: none"> For a sample of quarterly "Oracle" account reviews, inspected the reviews for a sample of users to determine whether access was appropriately restricted and users no longer requiring access were removed. 	No exceptions noted.
A-1l	CRS parameters for primary password settings are set in accordance with management's policies.	<ul style="list-style-type: none"> Inspected CRS parameters for primary password settings to determine whether they were set in accordance with management's policies. 	No exceptions noted.
A-1m	Requests for the creation or modification of Bill Code Table user IDs must be approved prior to provisioning.	<ul style="list-style-type: none"> For a sample of users granted update access, inspected the requests for the creation or modification of Bill Code Table user IDs to determine whether the IDs were approved prior to provisioning. 	No exceptions noted.

Logical Access

Control Objective A-1: Controls provide reasonable assurance that logical access to system resources (e.g. programs, data and parameters) is restricted to properly authorized individuals.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-1n	Client Website parameters for primary password settings are set in accordance with management's policies.	<ul style="list-style-type: none"> Inspected Client Website parameters for primary password settings to determine whether they were set in accordance with management's policies. 	No exceptions noted.
A-1o	Client Website access for employees who leave the company is removed upon notification.	<ul style="list-style-type: none"> For a sample of terminated employees, inspected system access records to determine whether Client Website access was removed. 	No exceptions noted.
A-1p	Requests for the creation or modification of IDF access must be approved prior to provisioning.	<ul style="list-style-type: none"> For the full population of users granted update access, inspected the requests for the creation or modification of IDF access to determine whether the access was approved prior to provisioning. 	<p>Exception noted.</p> <p>For the two users tested (full population) appropriate approval documentation for their update access was not maintained.</p> <p>Refer to Section V of the report for additional information provided by management in response to the exception.</p>
A-1q	Role changes in G&L are approved prior to changes being made in production.	<ul style="list-style-type: none"> For a sample of role changes, inspected supporting documentation to determine whether the changes were approved prior to being made in production. 	No exceptions noted.
A-1r	New hires are auto-provisioned application access by the G&L Identity Management system based on pre-defined criteria and data from the HR system.	<ul style="list-style-type: none"> Inspected a sampled user to determine whether access was auto provisioned based on pre-defined criteria from HR system to the G&L identity management system. 	No exceptions noted.

Physical Access

Control Objective A-2: Controls provide reasonable assurance that physical access to computer equipment is limited to properly authorized individuals.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-2a	The Data Center is secured using a computerized card access system, which controls electronic locks on both interior and exterior doors. Additionally, the facility is equipped with centrally monitored door alarms, CCTV, and a 24-hour, seven-day-per-week security guard service.	<ul style="list-style-type: none"> Observed the Piscataway Data Center to determine whether the data center was secured using a computerized card access system, which controlled electronic locks on both interior and exterior doors. Observed the Piscataway Data Center to determine whether the facility was equipped with centrally monitored door alarms, CCTV, and a 24-hour, seven-day-per-week security guard service. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
A-2b	Access to the Data Center is granted based on job requirements, and is approved by appropriate management.	<ul style="list-style-type: none"> For a sample of users granted access to the Data Center, inspected access request forms to determine whether access was granted based on job requirements and access was approved by appropriate management and accurately provisioned. 	No exceptions noted.
A-2c	Area Managers over all special areas within the Data Center periodically review reports of personnel with authorized access to those areas. Individuals no longer requiring access are removed.	<ul style="list-style-type: none"> For a sample of monthly Data Center reviews, inspected supporting documentation to determine whether access was appropriately restricted and individuals no longer requiring access were removed. 	No exceptions noted.

Application Development and Change Management

Control Objective A-3: Controls provide reasonable assurance that changes to existing applications are authorized, tested, approved, implemented, and documented, in accordance with management's policies.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-3a	Non-emergency changes are tested in accordance with policy.	<ul style="list-style-type: none"> For a sample of non-emergency changes, inspected supporting documentation to determine whether the changes were tested in accordance with policy. 	No exceptions noted.
A-3b	Non-emergency changes are documented and approved prior to implementation into production in accordance with policy.	<ul style="list-style-type: none"> For a sample of non-emergency changes, inspected supporting documentation to determine whether the changes were documented and approved prior to implementation into production, in accordance with policy. 	No exceptions noted.
A-3c	Emergency changes must be documented and approved in accordance with policy.	<ul style="list-style-type: none"> For a sample of emergency changes, inspected supporting documentation to determine whether the changes were documented and approved in accordance with policy. 	No exceptions noted.
A-3d	On a periodic basis, a review of system generated change reports is performed and changes identified are compared against change tickets to verify that the appropriate process and approvals are associated to each of the changes.	<ul style="list-style-type: none"> For a sample of daily system scans, inspected the change reports to determine whether review was performed and, if necessary, changes identified were mapped to change tickets and supporting documentation. 	No exceptions noted.
A-3e	Database Administration team reviews proposed changes to the database structure for required documentation, and approves each change via a ServiceNow ticket.	<ul style="list-style-type: none"> For a sample of Oracle database changes, inspected supporting documentation to determine whether the Database Administration team reviewed and approved the change. 	No exceptions noted.

Application Development and Change Management

Control Objective A-3: Controls provide reasonable assurance that changes to existing applications are authorized, tested, approved, implemented, and documented, in accordance with management's policies.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-3e (continued)		<ul style="list-style-type: none"> For a sample of Teradata database changes, inspected supporting documentation to determine whether the Database Administration team reviewed and approved the change. For a sample of DB2 database changes, inspected supporting documentation to determine whether the Database Administration team reviewed and approved the change. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
A-3f	On a periodic basis, management compares developers with access to modify code in Endeavor with users who can migrate mainframe code into production to determine whether appropriate segregation of duties exists.	<ul style="list-style-type: none"> Inspected the annual review to determine whether it was completed and, if necessary, users no longer requiring access were removed. 	No exceptions noted.
A-3g	On a periodic basis, management compares Phoenix and BTT Developers to those with access to migrate Phoenix and BTT code to production to determine whether appropriate segregation of duties exists.	<ul style="list-style-type: none"> Inspected the annual review to determine whether it was completed and, if necessary, users no longer requiring access were removed. 	No exceptions noted.
A-3h	On a periodic basis, management compares users with access to eSD code affecting eligibility with those who can migrate code into production to determine whether appropriate segregation of duties exists.	<ul style="list-style-type: none"> Inspected the annual review to determine whether it was completed and, if necessary, users no longer requiring access were removed. 	No exceptions noted.

Application Development and Change Management

Control Objective A-3: Controls provide reasonable assurance that changes to existing applications are authorized, tested, approved, implemented, and documented, in accordance with management's policies.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-3i	On a periodic basis, management compares developers with access to modify CGS code to users who can migrate CGS code to production to determine whether appropriate segregation of duties exist.	<ul style="list-style-type: none"> Inspected the annual review to determine whether it was completed and, if necessary, users no longer requiring access were removed. 	No exceptions noted.
A-3j	On a periodic basis, management compares developers with access to modify Optimus Pricing code to users who can migrate Optimus Pricing code to production to determine whether appropriate segregation of duties exist.	<ul style="list-style-type: none"> Inspected the annual review to determine whether it was completed and, if necessary, users no longer requiring access were removed. 	No exceptions noted.

Computer Operations

Control Objective A-4: Controls provide reasonable assurance that processing is scheduled appropriately and deviations are identified and resolved.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-4a	Job scheduling requests for recurring jobs are reviewed for accuracy, scheduling instructions, and potential impact to another production job flow, and authorized by appropriate individuals.	<ul style="list-style-type: none"> For a sample of job scheduling requests for recurring jobs, inspected supporting documentation to determine whether the requests were reviewed and authorized by appropriate individuals. 	No exceptions noted.
A-4b	CA-7 operational exceptions are documented in the ServiceNow problem ticket tracking system and exceptions are researched and resolved.	<ul style="list-style-type: none"> For a sample of operational exceptions, inspected supporting documentation to determine whether CA-7 operational exceptions were researched and resolved. 	No exceptions noted.
A-4c	A periodic review of users with access to the CA-7 job scheduling software is performed to confirm access is restricted to appropriate individuals. Users no longer requiring this level of access are removed.	<ul style="list-style-type: none"> For the sampled semi-annual access review for the CA-7 job scheduling software, inspected the review for a sample of users to determine whether access was appropriately restricted and users no longer requiring access were removed. 	No exceptions noted.
A-4d	Job scheduling requests for one-time-only (OTO) jobs are reviewed for accuracy, scheduling instructions, potential impact to another production job flow, and authorized by appropriate individuals.	<ul style="list-style-type: none"> For a sample of OTO job scheduling requests, inspected supporting documentation to determine whether the requests were reviewed and authorized by appropriate individuals. 	No exceptions noted.

Computer Operations

Control Objective A-4: Controls provide reasonable assurance that processing is scheduled appropriately and deviations are identified and resolved.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-4e	GoldenGate operational exceptions are documented in the ServiceNow problem ticket tracking system and exceptions are researched and resolved.	<ul style="list-style-type: none"> For a sample of operational exceptions, inspected supporting documentation to determine whether the GoldenGate operational exceptions were researched and resolved. 	No exceptions noted.
A-4f	CGS EIW batch jobs are monitored periodically to ensure successful transfer of data from IW to CGS. A Service Now ticket is created for batch job failures to track remediation.	<ul style="list-style-type: none"> For a sample of weeks, inspected supporting documentation to determine whether CGS batch jobs completed and, if necessary, operational exceptions were researched and resolved. 	No exceptions noted.

Backup and Recovery

Control Objective A-5: Controls provide reasonable assurance that application data is backed up regularly and available for restoration in the event of unexpected processing interruptions.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
A-5a	Backups of financially significant application data are configured to be executed on a routine basis and processing exceptions are researched and resolved.	<ul style="list-style-type: none"> For a sample of weeks, inspected supporting documentation to determine whether a backup of FRP and EIW financially significant data was performed and if necessary, exceptions were researched and resolved. 	No exceptions noted.
A-5b	Disaster Recovery and Business Continuity plans have been established to address impacts to operations and restoration of operations. Disaster Recovery and Business Continuity plans are tested and reviewed periodically in accordance with policies and procedures.	<ul style="list-style-type: none"> Inspected the documented disaster recovery plan and business continuity plans for evidence of review. For the annual Disaster Recovery exercise, inspected supporting documentation to determine whether the exercise took place, results were reviewed, and if necessary, any issues identified were logged for resolution by management. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

Pharmacy Claims Processing Controls

Client Setup and Member Enrollment

Control Objective B-1: Controls provide reasonable assurance that benefit plan specifications, additions, or changes are documented, approved, and entered for processing completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-1a	Benefit plan implementation documentation containing system specifications is approved before processing of live claims.	<ul style="list-style-type: none"> For a sample of benefit plan implementations, inspected supporting documentation to determine whether approval was obtained prior to processing of live claims. 	No exceptions noted.
B-1b	Configuration Delivery Services (CDS) - Pricing department performs a QC review of the Pricing Systems and compares pricing arrangements to requirements (including client's intent).	<ul style="list-style-type: none"> For a sample of pricing arrangements, inspected supporting documentation to determine whether Configuration Delivery Services (CDS) - Pricing performed a QC review and, where relevant, the Pricing Analyst performed a validation of the client information entered into the pricing forms against requirements. For a sample of pricing arrangements, inspected supporting documentation to determine whether system setup was accurate based on requirements. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
B-1c	The Benefit Validation/Testing Team performs validation of new benefit plan implementations and benefit plan changes to verify system setup is accurate based on client intent documentation.	<ul style="list-style-type: none"> For a sample of benefit plan implementations and changes, inspected supporting documentation to determine whether the Benefit Validation/Testing Team performed validation to verify system setup was accurate based on client intent documentation. For a sample of benefit plan implementations and changes, inspected supporting documentation to determine whether system setup was accurate based on client intent documentation. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

Client Setup and Member Enrollment

Control Objective B-1: Controls provide reasonable assurance that benefit plan specifications, additions, or changes are documented, approved, and entered for processing completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-1d	Changes and additions made to benefit information require approval.	<ul style="list-style-type: none"> For a sample of changes and additions made to benefit information, inspected supporting documentation to determine whether approval was obtained. 	No exceptions noted.
B-1e	Data submitted via AGL is subjected to edit validation checks to ensure group records contain valid data and confirmation is sent to the client or plan sponsor.	<ul style="list-style-type: none"> Observed data submitted via AGL to determine whether it was subjected to edit validation checks and errors were accurately captured within the pre-edit reporting that is provided to the client or plan sponsor. 	No exceptions noted.
B-1f	Requests for changes to the plan file are reviewed for completeness by the plan file area and are subjected to a QA process to validate coding accuracy.	<ul style="list-style-type: none"> For a sample of changes to the plan file, inspected supporting documentation to determine whether requests were reviewed for completeness and were subjected to a QA process to validate coding accuracy. For a sample of changes to the plan file, inspected supporting documentation to determine whether the system was coded accurately based on request. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
B-1g	Changes and/or additions to clinical information entered into Clinical Rules Station are validated against the request to verify system setup was complete and accurate.	<ul style="list-style-type: none"> For a sample of changes and/or additions to clinical information, inspected supporting documentation to determine whether the updates were validated against the request to verify system setup was complete and accurate. For a sample of changes and/or additions to clinical information, inspected supporting documentation to determine whether updates within CRS were accurate. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

Client Setup and Member Enrollment

Control Objective B-1: Controls provide reasonable assurance that benefit plan specifications, additions, or changes are documented, approved, and entered for processing completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-1h	Medical vendors work with Express Scripts to resolve any issues relating to new connection testing and validation. Once both parties are comfortable with the results, the vendor provides approval for the test results. In the absence of vendor approval, a negative confirmation email is sent to the vendor, before an Eligibility Manager can approve set-up based upon the review of the testing and validation results.	<ul style="list-style-type: none"> For a sample of Medical vendor implementations, inspected supporting documentation to determine whether testing of system parameters was completed by and results were reviewed and approved by the vendor or Eligibility Manager. 	No exceptions noted.
B-1i	Benefit changes and/or additions configured by BBA are validated against the request to verify that benefit setup was complete, accurate, and consistent with client intent.	<ul style="list-style-type: none"> For a sample of BBA changes and/or additions, inspected supporting documentation to determine whether the updates were validated against the request to verify that benefit setup was complete, accurate, and consistent with client intent. For a sample of BBA changes and/or additions, inspected supporting documentation to determine whether the system was updated accurately based on intent. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

Client Setup and Member Enrollment

Control Objective B-1: Controls provide reasonable assurance that benefit plan specifications, additions, or changes are documented, approved, and entered for processing completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-1j	Prior to go-live, regression testing is performed on client pricing data migrated to Optimus Pricing. Any variances identified when comparing the source systems and Optimus Pricing processing results are reviewed and either documented as an expected variance or further investigated and corrected. Once all regression testing results have been reviewed and determined to be acceptable, the status of the pricing data in Optimus Pricing is changed to active.	<ul style="list-style-type: none"> For a sample of migrated carriers, inspected supporting documentation to determine whether the carriers were included in a regression testing wave. For a sample of Optimus Pricing migration waves, inspected supporting documentation to determine whether results of regression testing were reviewed and, if necessary, variances were investigated and corrected. For a sample of pricing elements, inspected supporting documentation to determine whether pricing data was migrated from source systems to Optimus pricing completely and accurately. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>

Client Setup and Member Enrollment

Control Objective B-2: Controls provide reasonable assurance that changes or additions to the Integrated Drug Master File and Formulary Rules Station are authorized and entered for processing completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-2a	New Generic Code Numbers transmitted by FDB are identified and automatically suspended for further review before they are updated within the IDF.	<ul style="list-style-type: none"> Observed new Generic Code Numbers transmitted by FDB to determine whether they were identified and automatically suspended for further review. For a sample of new Generic Code Numbers transmitted by FDB, inspected supporting documentation to determine whether the suspended records were further reviewed before they were updated within the IDF. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
B-2b	Third-Party Vendor files are subjected to a completeness check on the records submitted for processing. The IDF verifies the record count on files received in order to verify the total number of third-party vendor input records is posted completely to the IDF.	<ul style="list-style-type: none"> Observed the submission of a third-party vendor file to determine whether the IDF update program verified the total number of input records was posted completely to the IDF. For a sample of NDC's, inspected supporting documentation to determine whether pricing information from the third-party vendor agrees to pricing information in the IDF. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
B-2c	Changes and/or additions to drug formulary information entered into the Formulary Rules Station are validated against the request to verify system setup was complete and accurate.	<ul style="list-style-type: none"> For a sample of changes and/or additions to drug formulary information, inspected supporting documentation to determine whether they were validated against the request to verify system setup was complete and accurate. For a sample of changes and/or additions made to drug formulary information, inspected supporting documentation to determine whether the changes and/or additions were authorized and entered into FRS accurately. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

Client Setup and Member Enrollment

Control Objective B-2: Controls provide reasonable assurance that changes or additions to the Integrated Drug Master File and Formulary Rules Station are authorized and entered for processing completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-2d	Third-Party Vendor files are subjected to edit checks on the records submitted for processing. The IDF compares current drug information to vendor submitted updates to verify the accuracy of third-party vendor input records.	<ul style="list-style-type: none"> Observed the submission of a third-party vendor file to determine whether programmed system edit and validation checks were completed on key fields to verify that vendor information was posted accurately to the IDF. 	No exceptions noted.
B-2e	Changes to MAC price are made through an automated load. An automated email containing the load results is generated and reviewed by Supply Chain pricing personnel. If errors are noted within the results, they are investigated and corrected.	<ul style="list-style-type: none"> For a sample of days, inspected supporting documentation to determine whether Supply Chain pricing personnel reviewed the automated email containing the load results and, if errors were noted with the results, they were investigated and corrected. 	No exceptions noted.

Client Setup and Member Enrollment

Control Objective B-3: Controls provide reasonable assurance that pharmacy information is created and maintained based on proper authorization and is recorded in the system completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-3a	Express Scripts personnel are required to receive approval for rates, fees, and network affiliations prior to pharmacy setup.	<ul style="list-style-type: none"> For a sample of rates, fees, and network affiliations, inspected supporting documentation to determine whether the rates, fees, and network affiliations were approved prior to pharmacy setup. 	No exceptions noted.
B-3b	An individual independent of the original data entry process verifies pharmacy information specific to rates, fees, and network affiliations entered into the system for accuracy.	<ul style="list-style-type: none"> For a sample of rates, fees, and network affiliations, inspected supporting documentation to determine whether an individual independent of the original data entry process verified the information entered into the system for accuracy. For a sample of rates, fees, and network affiliations, inspected supporting documentation to determine whether pharmacy information specific to rates, fees, and network affiliation was entered accurately into the system. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
B-3c	Pharmacy pricing updates in compliance with contract terms are reviewed and approved by an ESI Pricing Director or above prior to upload.	<ul style="list-style-type: none"> For a sample of pharmacy pricing updates, inspected supporting documentation to determine whether the pricing updates were approved by an ESI Pricing Director or above prior to upload. 	No exceptions noted.
B-3d	Pricing updates are simulated by an automated QC process within the Flex Pricing Tool. If the results are acceptable, the Pricing Director or above approves the updates prior to them being loaded into production.	<ul style="list-style-type: none"> For a sample of pricing updates submitted through the Flex Pricing Tool, inspected supporting documentation to determine whether the Pricing Director or above validated the updates prior to them being loaded into production. 	No exceptions noted.

Client Setup and Member Enrollment

Control Objective B-3: Controls provide reasonable assurance that pharmacy information is created and maintained based on proper authorization and is recorded in the system completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-3d (continued)		<ul style="list-style-type: none"> For a sample of pricing updates entered into the system, inspected supporting documentation to determine whether the pricing updates were authorized and successfully loaded into Phoenix. 	No exceptions noted.

Client Setup and Member Enrollment

Control Objective B-4: Controls provide reasonable assurance that member enrollment information is created and maintained based on proper authorization and is recorded in the system completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-4a	Eligibility personnel test system parameters for new client implementations and re-implementations to confirm that data is processed completely and accurately in accordance with client specifications. Client data is validated by the client review and approval of either the test plan and results, test summary documents, or the Eligibility pre-edit report. In the absence of client approval, a negative confirmation email sent to the client should be in effect, before an Eligibility Manager can approve set-up based upon review of the test plan and results, test summary documents, or the Eligibility pre-edit report.	<ul style="list-style-type: none"> For a sample of eligibility implementations and reimplementations, inspected supporting documentation to determine whether testing of system parameters was completed by the Eligibility personnel and results were reviewed and approved by the client or Eligibility Manager. 	No exceptions noted.
B-4b	<p>A set of statistical parameters & edits are built within the Eligibility system to determine if the file passes validation and should be applied. Edit checks include:</p> <ul style="list-style-type: none"> Verification of Customer ID Date of birth Member number Client group must be established before records are accepted 	<ul style="list-style-type: none"> Observed eligibility data received to determine whether edit and validation checks were completed on the key fields as outlined within the control. 	No exceptions noted.

Client Setup and Member Enrollment

Control Objective B-4: Controls provide reasonable assurance that member enrollment information is created and maintained based on proper authorization and is recorded in the system completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-4c	For clients who are enrolled in the Generated Term process, system logic confirms records within the Eligibility system are updated using the full population client file. Records sent on a full population client file which do not exist within the system are added, records within the system which do not exist on a full population client file are terminated, and records on a full population client file with updated fields are modified accordingly within the system.	<ul style="list-style-type: none"> Observed processing of Generated Term clients to determine whether records on a client file which did not exist within the system were added, records within the system which did not exist on a client file were terminated, and records on a client file with updated fields were modified accordingly within the system. 	No exceptions noted.
B-4d	If the number of eligibility records received from the client does not match the number of records noted by the client in the trailer record, the Eligibility system willabend. The Eligibility Department will notify the client that a new file is necessary before the data can be loaded to the system.	<ul style="list-style-type: none"> Observed eligibility data submitted into the eligibility application to determine whether the Eligibility system abended when the number of eligibility records received from the client did not match the number of records noted by the client in the trailer record. 	No exceptions noted.

Client Setup and Member Enrollment

Control Objective B-4: Controls provide reasonable assurance that member enrollment information is created and maintained based on proper authorization and is recorded in the system completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
B-4e	<p>Eligibility data submitted via eSD is subjected to online edit validation checks on required fields in order to add/update records. Edit checks include:</p> <ul style="list-style-type: none"> • Date of birth • Member number • Client group must be established before records are accepted 	<ul style="list-style-type: none"> • Observed eligibility data received to determine whether edit and validation checks were completed on the key fields as outlined within the control. 	No exceptions noted.

Claims Processing/Adjudication

Control Objective C-1: Controls provide reasonable assurance that pharmacy claims transactions are valid and are processed completely, accurately, and only once.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
C-1a	Claims data submitted into the POS system is subject to the following types of programmed system edit and validation checks: <ul style="list-style-type: none"> • Eligibility member/group verification • Pharmacy verification • Prescriber verification • Ingredient cost • NDC 	<ul style="list-style-type: none"> • Observed claims data submitted into the POS system to determine whether programmed system edit and validation checks were completed on key fields as outlined within the control. 	No exceptions noted.
C-1b	Any prescription which is filled for the same member, pharmacy, Rx and fill number, is considered a duplicate claim by POS system logic.	<ul style="list-style-type: none"> • Observed claims data submitted into the POS system to determine whether a prescription filled for the same member, pharmacy, Rx and fill number was considered a duplicate claim by POS system logic. 	No exceptions noted.
C-1c	Based on the setup of mandatory or voluntary plan status, edits within the POS system reject claims based on their formulary status.	<ul style="list-style-type: none"> • Observed claims data submitted into the POS system to determine whether edits rejected claims based on their formulary status. 	No exceptions noted.
C-1d	Based on the plan's benefit specifications, POS determines pricing and claim coverage through the following: drug price, client billed amount, pharmacy reimbursement, and member co-pay.	<ul style="list-style-type: none"> • For a sample of adjudicated claims, inspected benefit specifications in the POS system to determine whether the system accurately determined pricing and claim coverage for the drug price, client billed amount, pharmacy reimbursement, and member co-pay. 	No exceptions noted.

Claims Processing/Adjudication

Control Objective C-1: Controls provide reasonable assurance that pharmacy claims transactions are valid and are processed completely, accurately, and only once.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
C-1e	POS indemnity tables accumulate claim costs to determine maximum out-of-pocket limits, deductibles, and plan stop-loss limits.	<ul style="list-style-type: none"> Observed claims data entered into POS to determine whether POS indemnity tables accumulated claim costs and determined maximum out-of-pocket limits, deductibles, and plan stop-loss limits. 	No exceptions noted.
C-1f	The POS system uses and/or compares multiple drug prices such as: AWP, MAC and U&C, and prices the claim based upon the client specifications within the system.	<ul style="list-style-type: none"> For a sample of adjudicated claims, inspected claims data in the POS system to determine whether the system compared the drug price to AWP, MAC, and U&C pricing and selected the amount based upon the client specifications within the system. 	No exceptions noted.
C-1g	The POS system calculates claims co-payment fees based on benefit plan specifications.	<ul style="list-style-type: none"> For a sample of adjudicated claims, inspected claims data in the POS system to determine whether the system accurately calculated claims co-payment fees based on benefit plan specifications. 	No exceptions noted.

Claims Billing

Control Objective C-2: Controls provide reasonable assurance that claims billing transactions are valid and are processed completely, accurately and only once.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
C-2a	At the conclusion of each day, the POS Summary table is referenced to obtain summarized counts by transaction type (i.e., retail claims, retail rejects, and retail adjustments). The POS data is compared by transaction type to the IW summarized claims data to verify that the claim counts agree. A balancing report is generated and any exception (current threshold is claim difference of 1,500) is noted by a system abend, researched, and resolved.	<ul style="list-style-type: none"> Inspected system settings to determine whether claims data is transferred completely and accurately from POS to IW. Inspected system logic to determine whether the system was configured to generate a balancing report. Inspected system logic to determine whether the system was configured to abend when claim count differences are greater than 1,500. Inspected supporting documentation to determine whether the system accurately calculated the claim count difference between POS and IW, per the balancing report, for a sampled date. For the population of system abends, inspected supporting documentation to determine whether the abends were researched and resolved. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p> <p>No exceptions noted.</p>
C-2b	The Revenue Cycle Management Team will obtain the necessary approvals as outlined in Express Scripts company policy documentation before processing adjustments or manual billings.	<ul style="list-style-type: none"> For a sample of adjustments and manual billings, inspected supporting documentation to determine whether approval was obtained prior to processing the adjustment or manual billing. 	No exceptions noted.

Claims Billing

Control Objective C-2: Controls provide reasonable assurance that claims billing transactions are valid and are processed completely, accurately and only once.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
C-2c	On a weekly basis, a Revenue Cycle Management Analyst runs a query identifying claims in IW Staging with a status of 'P' or 'B' and claims greater than 45 days old, but less than 365 days old, are monitored and investigated when the unbilled claims exceed \$1,000,000 to determine if resolution is required.	<ul style="list-style-type: none"> For a sample of weeks, inspected supporting documentation to determine whether claims greater than 45 days old, but less than 365 days old, were monitored and investigated, as necessary. For a sample of weeks, reperformed the review of claims in staging to determine whether claims greater than 45 days old, but less than 365 days old, and greater than \$1,000,000 were identified for investigation. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
C-2d	Bi-weekly, an automated process reconciles the summarized IBS billing invoice data, for the specific billing period, to the claims data stored in IW Staging. If a discrepancy is identified, the job which moves claims from the IW Staging tables to the History tables abends and a ticket is generated by Resource Management (RM) flagging the discrepancy.	<ul style="list-style-type: none"> Observed the automated process to determine whether the system reconciles the summarized IBS billing invoice data, for the specific billing period, to the claims data stored in IW Staging. For a sample of bi-weekly reconciliations, inspected supporting documentation to determine whether a ticket was generated by Resource Management (RM) flagging any discrepancies, if identified, and properly routed for resolution. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>

Claims Billing

Control Objective C-2: Controls provide reasonable assurance that claims billing transactions are valid and are processed completely, accurately and only once.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
C-2e	Billing PSO investigates out-of-balance reported items between IW Staging and IBS billed claims and documents resolution to ensure out-of-balance discrepancies do not result in inaccurate or incomplete client invoice.	<ul style="list-style-type: none"> For a sample of out-of-balance items reported, inspected supporting documentation to determine whether Billing PSO investigated out-of-balance reported items and documented resolution. 	<p>Exception noted.</p> <p>For 1 of 6 sampled bi-weekly reconciliations, an out of balance discrepancy for one client was not properly identified prior to loading data from IW staging into IW history.</p> <p>Selected the remaining population of 20 bi-weekly reconciliations and no additional exceptions were noted.</p> <p>Refer to Section V of the report for additional information provided by management in response to this exception.</p>

Client Guarantee Settlements

Control Objective C-3: Controls provide reasonable assurance that client contracted AWP pricing guarantees are setup and settled completely and accurately.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests
C-3a	Once guarantee information is input and submitted, it is reviewed and electronically verified by a second individual within the FCO Team, who compares the information in CGS to the contract or CRF. New setups and changes are not included in the guarantee calculations until approved electronically by an individual independent of the setup.	<ul style="list-style-type: none"> For a sample of guarantees setup within the CGS system, inspected supporting documentation to determine whether a QC review was performed by an individual independent of the system setup. For a sample of guarantee configuration elements, inspected supporting documentation to determine whether system setup was accurate based on supporting documentation. 	<p>No exceptions noted.</p> <p>No exceptions noted.</p>
C-3b	CGS calculates guarantee performance by applying profile and exclusion rules and parameters input into CGS for each client guarantee according to a client's contract. Performance results are gathered by querying claim data and reference lists from IW based on CGS profile and exclusion rules.	<ul style="list-style-type: none"> For a sampled guarantee, reperformed the guarantee calculation to determine whether CGS calculated the guarantee performance in accordance with the client's contract. 	No exceptions noted.
C-3c	Guarantee settlement packages are independently reviewed for completeness and accuracy prior to client submission.	<ul style="list-style-type: none"> For a sample of settled guarantees, inspected supporting documentation to determine whether guarantee settlement packages were independently reviewed for completeness and accuracy prior to client submission. 	No exceptions noted.
C-3d	Guarantee payments to clients are approved by authorized management based on the GOA grid.	<ul style="list-style-type: none"> For a sample of guarantee payments, inspected supporting documentation to determine whether the guarantee payments were approved by authorized management based on the GOA grid. 	No exceptions noted.

Section V – Other Information Provided by Evernorth Health, Inc.

The information included in this Section is presented by Express Scripts to provide additional information to user organizations and has not been subjected to the procedures applied by PricewaterhouseCoopers LLP in their examination of the description of the controls related to pharmacy claims processing and accordingly, PwC does not express an opinion on it.

Business Continuity Summary

Express Scripts has established a comprehensive Business Continuity program to quickly and effectively respond to crisis, emergency, or disaster events. The program utilizes industry best practices and continues to improve and mature in order to meet the needs of a growing and successful company. The key foundational components of the Express Scripts Business Continuity program include: Crisis Management/Emergency Preparedness, Business Continuity Planning, Disaster Recovery Planning, Operational Risk Management, Program Oversight, Express Scripts' Network- Point-of-Sale Contingency Capabilities, Express Scripts' Pharmacy Operations/Home Delivery Distribution Backup/Contingency Capabilities, Call Center Customer Service Operations Backup/Contingency Capabilities, Recovery Strategies, and System and Application Data.

The Business Continuity program documents the coordination of safety, continuity, and/or recovery responses to disruptions ranging from minor to major incidents. The Business Continuity program focuses on four key areas of recovery: People, Facilities, Technology and Operations.

COVID-19 Global Pandemic

Following the emergence of the novel strain of coronavirus (COVID-19), the Company has been actively monitoring the impact to all aspects of our business, including, but not limited to, the Pharmacy Claims Processing services covered in this SOC 1 report. The Company has performed a thorough assessment and concluded that there has not been any adverse impact to the processes and controls described in this report.

Crisis Management/Emergency Preparedness

Express Scripts has a formal, approved Crisis Management Plan defining incident identification, declaration triage, and escalation procedures. The Crisis Management Team consists of Executive Leadership, key business leaders, and individuals from Corporate Communications, Corporate Procurement, Corporate Real Estate, Corporate Compliance, Human Resources, IT – Information Technology, Legal, Local Crisis Response Teams, Public Affairs, Security and Safety teams, Senior Leadership, and Site Leadership.

On a daily basis, the Business Continuity Team monitors weather and events (i.e., hurricanes, wildfires, delivery disruptions, etc.) which could interrupt critical business processes and/or impact clients, members, employees or facilities.

Depending on the event and potential impact, the Business Continuity Team follows the appropriate Crisis Management procedures and engages operational response teams to manage the event to closure.

Business Continuity Planning

Business Continuity Planning's goal is to ensure all necessary steps are taken to identify the impact or potential losses, validate recovery strategies, create business recovery plans and ensure continuity services through plan testing and maintenance. The annual BIA identifies the financial exposure, operational, client and member impacts for each critical business process. This drives and supports the establishment of a target recovery time objective (RTO) for each critical process or group of related processes. Business Continuity Planning ensures critical business processes resume operations within a specific time frame, should an incident impact business operations.

Disaster Recovery Planning

Express Scripts has a formal Disaster Recovery (DR) Planning program to respond to a disaster or an interruption. The DR plan identifies steps to stabilize and restore the organization's critical systems and technical environment. The plan addresses recovery of critical IT facilities, IT systems, applications, and telephone systems. The DR plan defines the resources, actions, tasks, equipment and data required to manage the technology recovery effort. DR Planning is a component of the overall Business Resiliency Plan describing how to recover and restore IT technology to operation if it is interrupted or destroyed by a disastrous event. This includes IT systems and applications, telephone systems and features, telecommunications connectivity, and data center availability.

Operational Risk Management

Operational Risk Management prepares a performance risk analysis and develops mitigation solutions to allow Business Continuity to better manage events which could negatively impact business operations. Risk mitigation is the first line in Express Scripts' defense against unplanned business process disruptions. Additionally, the identification of potential points of failure in business processes is essential. This allows for the mitigation and planning to avoid or diminish a disruption to the business.

Program Oversight

The Business Continuity and Disaster Recovery program has three key oversight committees:

1. Business Continuity Steering Committee
2. DR Governance Council
3. Board of Directors' Audit Committee

Express Scripts' Network - Point-of-Sale Contingency Capabilities

Network architecture is designed to ensure entire portions of the system could be shut down without impact to production. Express Scripts, Verizon or AT&T can re-route traffic to maintain connectivity. Internet feeds are provided by multiple carriers, and sites are connected through redundant network links. In addition, a separate hot backup site for Express Scripts' web site is available.

Express Scripts' Pharmacy Operations/Home Delivery Distribution Backup/Contingency Capabilities

Express Scripts' regional home delivery pharmacies provide complete backup/contingency and redundant capabilities in the event of a disaster at any pharmacy site. The Rx Router allows dispensing of medication from any pharmacy in the national network. In the event of a failure at one home delivery pharmacy, prescription records are easily transferred to other pharmacies for fulfillment without significant processing interruption. Express Scripts' dispensing process allows automatic sorting and isolation of packages by destination zip code or shipping carrier, facilitating alternate delivery methods. Express Scripts maintains relationships with several shipping carriers, reducing shipping carrier failures. The shipping carriers work closely with Express Scripts during natural disasters, such as a hurricane, flood and wildfire to determine alternate delivery or pick-up locations, minimizing delivery disruptions.

Call Center Customer Service Operations Backup/Contingency Capabilities

In the event of a disruption at a call center, calls can be readily routed to an alternate site. Call routing assures uninterrupted service to members in the event of a disaster at a site.

Recovery Strategies

A BIA is completed by the business owners to identify processes and their respective dependency on IT resources. The BIA ranking assigned to a business process determines how quickly a system or application must be recovered and how much data loss is acceptable. The acceptable time required to recover a process or application is called the RTO and the Recovery Point Objective (RPO) identifies the acceptable amount of data loss. Based on the BIA ranking, recovery strategies are implemented. Business recovery strategies include: workload shifting, recovery at alternate sites, work from home, overtime, flexible staffing, cross-training, engaging support staff into daily operations, and third-party vendor engagements. Express Scripts' IT systems and applications are comprised of various interdependent applications, data, and underlying hardware. The RTO and RPO of an application determine the approach and technologies available for a successful recovery in the event of a disaster. Our primary and secondary data center locations are geographically dispersed throughout the United States to provide geographic distance, continual data access and critical data availability.

System and Application Data

The process for data backups includes:

- ▶ Transactions are backed up daily, replicated to the secondary recovery datacenter.
- ▶ Incremental backups of member information, client and relevant data are performed daily, along with disk replication and virtual tape replication between the production data center and secondary recovery data center sites. Multiple generations (30 days) of data backups are retained to minimize data lost in the event of a disaster.
- ▶ Production servers, with the use of image level backups, are fully recoverable.
- ▶ Software tools such as FDR (Fast Dump Restore), SRDF (Symmetrix Remote Data Facility), and DFDSS (Data Facility Data Set Services) are deployed on a daily basis to capture critical data for recovery of the system infrastructure.
- ▶ Daily backups are reported on and audited allowing for any exceptions to be identified and corrected. System and database files are copied and saved on a daily basis, and replicated to the secondary recovery site, ensuring security and recoverability of the data if needed for recovery.

Express Scripts has developed a testing methodology and employs a range of testing strategies to validate recovery strategies and ensure plan validity. Critical operational business areas and associated technology solutions are exercised annually. Express Scripts contracts with third party vendors which provide site recovery and technology solutions. This ensures production processes and technology at both Express Scripts and vendor sites remain compatible. Internal Express Scripts recovery sites are also tested to validate recovery strategies and ensure recovery time objectives are met.

Encryption Procedures

Express Scripts file transmissions of non-public information are either PGP encrypted, routed via encrypted VPN tunnel, performed using NDM (an encrypted mainframe-to-mainframe method), or performed over a dedicated line. Express Scripts uses 128-bit SSL encryption on external websites or web services processing confidential information.

Servers at Express Scripts are hardened and have access restrictions to control against the possibility that a server will be subverted to intercept communication in server-to-server paths. All mainframe backups are encrypted. All mainframe data stored on disc is encrypted at both the primary Express Scripts data center and at the Disaster Recovery Facility.

Additionally, Express Scripts has deployed full-disk encryption on laptops and desktops, and has implemented the ability to save encrypted information to USB and/or CD. All CDs generated by the Express Scripts data center are encrypted by default. Information is encrypted in transit and at rest on mobile devices. Backups of the distributed environment are also encrypted.

Management Responses

Management has provided the following responses as it relates to the exceptions noted in Section IV – Evernorth Health, Inc.'s Control Objectives and Controls, and PricewaterhouseCoopers' Tests of Operating Effectiveness and Results of Tests.

No.	Controls Specified by Express Scripts	Testing Performed by PricewaterhouseCoopers	Results of Tests	Management Response
A-1p	Requests for the creation or modification of IDF access must be approved prior to provisioning.	For the full population of users granted update access, inspected the requests for the creation or modification of IDF access to determine whether the access was approved prior to provisioning.	Exception noted. For the two users tested (full population) appropriate approval documentation for their update access was not maintained.	Both users possessed temporary update access to IDF which was deemed appropriate. The temporary update access was required as part of their job responsibilities to support quality assurance and monthly release activities.
C-2e	Billing PSO investigates out-of-balance reported items between IW Staging and IBS billed claims and documents resolution to ensure out-of-balance discrepancies do not result in inaccurate or incomplete client invoice.	For a sample of out-of-balance items reported, inspected supporting documentation to determine whether Billing PSO investigated out-of-balance reported items and documented resolution.	Exception noted. For 1 of 6 sampled bi-weekly reconciliations, an out of balance discrepancy for one client was not properly identified prior to loading data from IW staging into IW history. Selected the remaining population of 20 bi-weekly reconciliations and no additional exceptions were noted.	Upon identification of an out-of-balance scenario in the C-2d control, the Billing PSO team ran the incorrect query to identify all of the out of balance scenarios for that particular bi-weekly period. The incorrect query logic resulted in the Billing PSO team not properly identifying one client who was in an out-of-balance scenario. Management performed an assessment for the entire period and confirmed that this was the only instance of an out-of-balance scenario that was not properly identified. Going forward, management will enhance the C-2d control to proactively communicate the specific out-of-balance carriers so there is sufficient detail for the Billing PSO team to investigate.