

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is entered into by and between the Attorney General of Oklahoma (“Attorney General”) and Caremark, L.L.C., CaremarkPCS Health, L.L.C., and Caremark PhC, L.L.C. (“Respondents”). Collectively, the Attorney General and Respondents are referred to herein as the “Parties.”

RECITALS

WHEREAS, on February 3, 2025, the Attorney General filed an Amended Complaint and Request for Hearing (“Amended Complaint”) in the administrative action captioned *State of Oklahoma ex rel. Gentner Drummond, Attorney General of Oklahoma v. Caremark, LLC; CaremarkPCS, LLC; CaremarkPhC, LLC*, Case No. PBM-2025-0001 (“Action”) alleging that (1) Respondents violated 59 O.S. § 360(A)(5) for the 191 prescription claims identified in Exhibit A (“Complaint Claims”), and (2) Respondents violated 59 O.S. § 360(A)(4) on 15 occasions; and

WHEREAS, between January 1, 2024, and March 31, 2025, the Attorney General received complaints from or on behalf of pharmacies asserting below-cost reimbursement for the additional claims identified in Exhibit B to this Agreement (“First Additional Claims”); and

WHEREAS, between April 1, 2025, and August 31, 2025, the Attorney General received complaints from or on behalf of pharmacies asserting below-cost reimbursement for the additional claims identified in Exhibit C to this Agreement (“Second Additional Claims”); and

WHEREAS, the Attorney General alleges that Respondents violated 59 O.S. § 360(A)(4)-(5) for the First Additional and Second Additional Claims;

WHEREAS, Respondents neither admit nor deny the allegations of the Amended Complaint and the allegations relating to the First Additional and Second Additional Claims; and

WHEREAS, to avoid the expense associated with continued administrative proceedings

and/or litigation, the Parties agree to settle the Action;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the Parties contained herein, the receipt and sufficiency of which are acknowledged by the undersigned, it is agreed by and between the Parties as follows:

Section 1: Recitals. The recitals set forth above shall be incorporated into and made a part of this Agreement, and the Parties represent and warrant that such Recitals are accurate.

Section 2: Payment. Within thirty (30) calendar days following the Effective Date (as defined in Section 16 below), Respondents shall pay to the Attorney General, as a single, lump-sum payment, the total amount of FIVE MILLION EIGHTY-ONE THOUSAND FIVE HUNDRED TWENTY DOLLARS AND SIXTY-NINE CENTS (\$5,081,520.69). This amount comprises the sum of ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$125,000.00), in payment of legal costs and associated fees incurred by the Attorney General, and the sum of FOUR MILLION NINE HUNDRED FIFTY-SIX THOUSAND FIVE HUNDRED TWENTY DOLLARS AND SIXTY-NINE CENTS (\$4,956,520.69), in payments to be made to the pharmacies identified in Exhibits A-C in a manner to be determined by the Attorney General. By agreeing to make this payment, Respondents do not waive any defenses in future cases to federal preemption of Oklahoma law.

Section 3: Reimbursement Appeals. Within ninety (90) calendar days following the Effective Date (hereafter known as the "Grace Period"), and for as long as the now-current version of 59 O.S. § 360(A)(4)-(5) remains in effect and materially unchanged, and absent any contrary court ruling that is binding upon the State of Oklahoma, Respondents shall implement and maintain processes to resolve all reimbursement appeals filed by or on behalf of Oklahoma pharmacies as follows.

- a. If an appeal by a pharmacy, pharmacy service administrative organization

(“PSAO”), contract representative, or other appropriate entity (collectively “Appealing Entity”) is filed with Respondents, the reimbursement amount shall be reviewed against the National Average Drug Acquisition Cost (“NADAC”), as provided by the Centers for Medicare and Medicaid Services (“CMS”), in effect as of the date of the claim, and where a NADAC amount exists. If the challenged reimbursement amount is less than the applicable NADAC amount, Respondents shall permit the Appealing Entity to reverse and rebill the claim, with reimbursement adjusted to the NADAC amount. For any drugs without an established NADAC amount, or for drugs where the NADAC amount is less than the pharmacy’s invoice cost, the Appealing Entity may submit valid invoice documentation and said reimbursement appeal shall be adjusted to the pharmacy’s invoice cost. Valid invoice documentation may also include wholesale invoice files. Further, Respondent shall not restrict the Appealing Entity’s choice between NADAC or invoice cost appeals. Respondent shall not alter or change an Appealing Entity’s appeal type based on the availability of other extrinsic supporting documentation not otherwise provided by the Appealing Entity.

- b. If the Appealing Entity does not provide appropriate invoice documentation when required (*i.e.*, when a prescription drug does not have an established NADAC amount) to demonstrate that the reimbursement amount paid to the pharmacy for the appealed claim is less than the pharmacy’s invoice cost for that prescription, Respondents shall notify the Appealing Entity that additional

information is required to resolve the appeal and will specify what additional information is required. Respondents shall make any notification to the Appealing Entity under this Section in the same manner and methods as when the appeal was filed. Respondents shall advise the Appealing Entity of the deadline, which shall not be less than ten (10) calendar days, by which it must submit additional documentation consistent with this Section. If the Appealing Entity does not provide the requested information within at least ten (10) calendar days of receipt of the request for additional information, Respondents shall not be required to adjust the reimbursement amount for the claim at issue. If the Appealing Entity provides valid invoice documentation reflecting the pharmacy's invoice cost for the prescription, that information shall be deemed sufficient documentation, and Respondents shall not request any further documentation concerning the cost of that prescription.

- c. The Attorney General reserves the right to inquire with Respondents about any reimbursement appeals or adjustments. Respondents shall respond to an inquiry from the Attorney General within twenty (20) calendar days. For any reimbursement appeals received by Respondents within the Grace Period, Respondents shall promptly address those appeals directly with the Appealing Entity, within ten (10) calendar days and in a manner that is consistent with the processes outlined in this Section.
- d. Any reimbursement adjustments for a pharmacy shall remain in effect for ninety (90) calendar days from the date of adjustment. During this period, the

pharmacy or its Appealing Entity may submit updated invoice documentation to reflect any changes in pricing. After the ninety-day period, the Appealing Entity may submit updated appeals or invoice documentation solely for purposes of requesting future adjustments, if necessary.

- e. Consistent with 59 O.S. § 360, Respondents shall respond to any reimbursement appeal within ten (10) calendar days of the submission of the appeal by an Appealing Entity.
- f. The Attorney General will email Respondent's counsel any complaints asserting below-cost reimbursement received by the Attorney General within the Grace Period.

Section 4: General Release and Discharge: In exchange for Respondents' agreement to and in compliance with the terms of the Agreement, the Attorney General hereby releases and discharges Respondents from and concerning any liability, rights, claims, demands, damages, or causes of action relating to the Complaint Claims, First Additional Claims, and Second Additional Claims relating to any alleged violations of 59 O.S. § 360(A)(4,) (5). The Attorney General reserves the right to bring any legal action for complaints it receives that are more than ninety (90) calendar days after the Effective Date, or for any complaints that the Attorney General receives within the Grace Period, provided those complaints are not resolved in compliance with this Agreement. Further, the Attorney General reserves the right to bring any enforcement action regarding any claim received within one-hundred eighty (180) days prior to the Effective Date, provided they do not fall within the action relating to alleged violations of 59 O.S. § 360(A)(4)-(5) and insofar that said claim(s) are not resolved in a manner consistent with this Agreement. Nothing in this Section

shall be construed to waive the rights or obligations of either the state or federal government in investigating and/or bringing legal action against the PBM related to any claims associated with a federal or state-funded program, including but not limited to Medicare and Medicaid programs.

Section 5: Pharmacy Release: The Attorney General shall present each pharmacy eligible for payment pursuant to this Agreement with a release form attached hereto as Exhibit D, Pharmacy Release. Upon written request by Respondents, the Attorney General shall provide Respondents with a copy of each executed Pharmacy Release within 10 calendar days of the written request.

Section 6: Consultation with Counsel. The Parties have had the opportunity to consult with their respective counsel regarding this Agreement prior to its execution.

Section 7: Knowing and Voluntary Agreement. The Parties represent and acknowledge that they have had a reasonable amount of time to consider this Agreement and that, in executing this Agreement, they relied entirely on their own judgment, beliefs, and interests. They have not relied upon any representation or statement made by any other individual or entity with regard to the subject matter, basis, or effect of this Agreement, other than as explicitly stated in this Agreement. The Parties specifically acknowledge that all releases contained herein have been made knowingly and voluntarily.

Section 8: Negotiated Agreement: No Construction Against Any Party. The Parties agree and acknowledge that this Agreement was the result of negotiations and mutual agreement among the Parties. For this reason, the Parties agree that no ambiguity in this Agreement—to the extent any such ambiguity may exist—may or will be construed or interpreted against the “drafter,” since, in this instance, both Parties constitute the “drafter.”

Section 9: No Admission of Liability or Wrongdoing. This Agreement reflects the Parties’

compromise and settlement of disputed claims and shall not be construed as or deemed to be evidence of an admission of fault or liability.

Section 10: Authorization to Execute this Agreement. The Parties to this Agreement represent and warrant that the individuals signing the Agreement are authorized to do so on behalf of the entities they are stated to represent on the signature page of this Agreement.

Section 11: Modification. No modification or amendment to this Agreement will be enforceable unless it is in writing and signed by the Parties.

Section 12: Complete Agreement. This Agreement, including its Exhibits, constitutes the entire agreement between the Parties and supersedes all prior agreements or understandings that may have been reached between the Parties. None of the Parties has agreed to anything other than that which is expressly set forth in this Agreement.

Section 13: Severability. Should any provision of this Agreement be declared or determined to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, and/or provisions shall remain in full force and effect by, among, and between the Parties.

Section 14: Counterparts & Facsimile Signatures. This Agreement may be executed in counterparts, each of which will be deemed to be an original copy of this Agreement and, when taken together, will be deemed to constitute one and the same Agreement. Facsimile signatures or scanned PDF signature pages shall be deemed acceptable to bind the Parties to the terms and conditions of this Agreement.

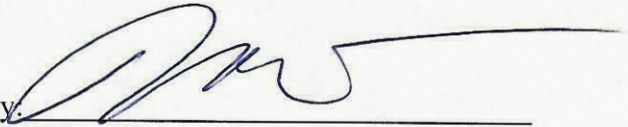
Section 15: Jurisdiction: If a material dispute arises between the Attorney General and Caremark, L.L.C., CaremarkPCS Health, L.L.C., and Caremark PhC, L.L.C. from or because of this Agreement, the Parties agree the proper forum for resolution of that dispute will be before the

Office of Administrative Hearings Pharmacy Benefits Management in the State of Oklahoma, subject to any available right to judicial or other appeal. Nothing in this agreement shall limit Respondents' contractual arbitration agreements with any pharmacies or other parties.

Section 16 Effective Date: The term "Effective Date" as used herein shall refer to the date on which this Agreement is executed by both Parties.

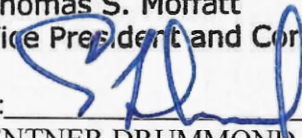
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the dates reflected below:

Dated: 10/31, 2025

By: 
RESPONDENTS

Thomas S. Moffatt
Vice President and Corporate Secretary

Dated: 10/31, 2025

By: 
GENTNER DRUMMOND
ATTORNEY GENERAL OF OKLAHOMA