



CALIFORNIA GOVERNMENT OPERATIONS AGENCY

**GAVIN NEWSOM**

*California Governor*

January 28, 2021

**YOLANDA RICHARDSON**

*Secretary*

**JULIE LEE**

*Undersecretary*

Mr. Paul Markovich  
President and Chief Executive Officer  
Blue Shield of California  
601 12<sup>th</sup> Street  
Oakland, CA 94607

**DEPARTMENTS**

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Administrative Law  
Franchise Tax Board  
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Retirement System  
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Victim Compensation  
Board  
Department of Tax and  
Fee Administration  
California Complete  
Count Office  
Office of Digital Innovation

Secretary Yolanda Richardson  
California Government Operations Agency  
915 Capitol Mall, Suite 200  
Sacramento, CA 95814

RE: **Letter of Intent to Enter Into An Agreement for a Third-Party Administrator for California's Vaccine Distribution Effort**

The purpose of this Letter of Intent ("LOI") is to memorialize the California Government Operations Agency's (State) and Blue Shield of California's ("Blue Shield") intent to enter into a contract, under which Blue Shield would serve as a third-party administrator for California's vaccine distribution effort. The State and Blue Shield may individually be referred to herein as "Party" or collectively as the "Parties." The Parties intend to work together in good faith to enter into an agreement acceptable to both Parties as quickly as is practicable. This LOI is not intended to be, and shall not constitute in any way, a binding legal agreement.

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Secretary

1. Authority for Emergency Contract. The State has determined that this contract is needed to facilitate efficient distribution of the COVID-19 vaccine as a solution to the COVID-19 emergency. Therefore, pursuant to the March 4, 2020 COVID-19 ("COVID") State of Emergency Proclamation and Order (SOE), paragraph 2, the Parties will enter into an emergency contract for a third-party administrator for California's vaccine distribution effort in order to mitigate the effect of and prevent the spread of COVID. In addition to the SOE, the Parties are statutorily authorized, pursuant to Public Contract Code section 1102, to enter into said emergency agreement.
2. Outline for Scope of Work. Develop and manage a network of providers by executing contracts with providers that meet the State's criteria for the distribution and administration of COVID vaccines at mobile clinics, vaccine hubs, mega vaccination sites, and to at-risk patients in-home. Collaborate to design, manage, and distribute start-up cost payments to vaccine providers to help enable them to vaccinate a high volume of patients. Collaborate on the design and implementation of a system of incentive payments to encourage vaccine providers to use their allocated vaccine quickly, efficiently, at high volume, and with a focus on the communities that have been disproportionately impacted by COVID. Create a real-time data aggregation and reporting platform for ongoing reporting and recommendations regarding vaccine allocation adjustments throughout the network. Develop and implement response strategy recommendations for disproportionally impacted communities using evidence-based strategies.
3. Terms and Conditions. While both Parties acknowledge and understand that the Third-Party Administrator for California's Vaccine Distribution effort contract will be entered into pursuant to emergency authority, the Parties agree to work in good



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faith to include the State's standard terms and conditions as commercially reasonable given the dynamic nature and uncertainty of the COVID emergency and reconcile the Parties' conflicting terms where appropriate. These terms may include but are not limited to:

- General Terms and Conditions for non-IT services contracts (GTC 04/2017)<sup>1</sup>
- Contractor Certification Clauses (CCC 04/2017)<sup>2</sup>
- Federally Funded Contract Terms required by State Contracting Manual, Volume 1, Section 3.11
- Required terms for FEMA reimbursement
- Any obligations resulting from Third-Party Administrator status and/or as a regulated health plan and member of the Blue Cross Blue Shield Association

Blue Shield further acknowledges that any applicable FEMA Terms and Conditions<sup>3</sup> are non-negotiable and required for federal reimbursement. Parties agree to develop special terms and conditions as appropriate.

4. Contract Amount. Blue Shield is committed to assisting the State with responding to and mitigating the effects of COVID-19 through vaccine distribution and administration. The Parties are developing the budget details. Blue Shield intends that the contract payments to Blue Shield will be at or near Blue Shield's cost for providing the services, that it will not profit from this agreement, and that the Parties will reconcile any overpayments to ensure that this agreement does not result in any profit to Blue Shield.



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<sup>1</sup> <https://www.dgs.ca.gov/OLS/Resources/Page-Content/Office-of-Legal-Services-Resources-List-Folder/Standard-Contract-Language>

<sup>2</sup> Ibid.

<sup>3</sup> Copy of FEMA Terms and Conditions are provided with this LOI

**YOLANDA RICHARDSON**

Secretary

The State looks forward to a successful partnership with Blue Shield as a third-party administrator to get Californians vaccinated.

Sincerely,

Approved by:

*Yolanda Richardson*

Yolanda Richardson,  
Secretary  
California Government  
Operations Agency

*Paul Markovich*

Paul Markovich, President  
and Chief Executive  
Officer  
Blue Shield of California



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