



State of Arkansas
OFFICE OF STATE PROCUREMENT
1509 West Seventh Street, Room 300
Little Rock, Arkansas 72201-4222

REQUEST FOR UNPRICED TECHNICAL PROPOSAL

RFTP Number: SP-12-0192	Buyer: Elizabeth Mentgen
Commodity: Pharmacy Administration System Agency: Employment Benefits Division of the Department of Finance and Administration	RFTP Opening Date: April 19, 2012
Date Issued: March 15, 2012	RFTP Opening Time: 2:00 Central Time

RFTP PROPOSALS WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE RFTP ENVELOPE, INCLUDING THE OUTSIDE OF OVERNIGHT PACKAGES, MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE RFTP NUMBER, DATE AND HOUR OF RFTP OPENING, AND VENDOR'S RETURN ADDRESS. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE OFFICE OF STATE PROCUREMENT.

Vendors are responsible for delivery of their RFTP documents to the Office of State Procurement prior to the scheduled time for opening of the particular RFTP. When appropriate, vendors should consult with delivery providers to determine whether the RFTP documents will be delivered to the OSP office street address prior to the scheduled time for RFTP opening. Delivery providers, USPS, UPS, and FedEx deliver mail to our street address on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.

<u>MAILING ADDRESS:</u> Office of State Procurement 1509 West Seventh Street, Room 300 Little Rock, AR 72201-4222 <u>TELEPHONE NUMBER:</u> 501-324-9316	<u>RFTP OPENING LOCATION:</u> Office of State Procurement 1509 West Seventh Street, Room 300 Little Rock, AR 72201-4222
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Company Name: _____

Name (type or print): _____ Title: _____

Address: _____ City: _____ State: _____ Zip Code: _____

Telephone Number: _____ Fax Number: _____

E-Mail Address: _____

Signature: _____

USE INK ONLY. UNSIGNED PROPOSALS WILL NOT BE CONSIDERED

Federal Employer ID Number _____ OR Social Security Number _____

FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY RESULT IN PROPOSAL REJECTION

Business Designation (check one):	Individual ☐	Sole Proprietorship ☐	Public Service Corp ☐
	Partnership ☐	Corporation ☐	Government/ Nonprofit ☐

TYPE OF CONTRACT:	TERM
AGENCY P.R. NUMBER	OFFLINE

INVOICE TO:
EBD
P.O. Box 15610
Little Rock, AR 72231

- 1. MINORITY BUSINESS POLICY:** Minority participation is encouraged in this and in all other procurements by state agencies. Minority is defined by Arkansas Code Annotated § 15-4-303 as a lawful permanent resident of this state who is: African American, Hispanic American, American Indian, Asian American Pacific Islander American or a Service Disabled Veteran as designated by the United States Department of Veterans Affairs. The Arkansas Economic Development Commission conducts a certification process for minority business. Vendors unable to include minority-owned business as subcontractors “may explain the circumstances preventing minority inclusion”.

Check minority type:

African American____ Hispanic American____ American Indian____ Asian American____
Pacific Islander American____ Service Disabled Veteran____

Arkansas Minority Certification Number_____

- 2. EQUAL EMPLOYMENT OPPORTUNITY POLICY:** In compliance with Arkansas Code Annotated § 19-11-104, the Office of State Procurement is required to have a copy of the vendor’s Equal Opportunity Policy prior to issuing a contract award. EO Policies may be submitted in electronic format to the following email address: eeopolicy.osp@dfa.arkansas.gov, or as a hard copy accompanying the solicitation response. The Office of State Procurement will maintain a file of all vendor EO policies submitted in response to solicitations issued by this office. The submission is a one- time requirement, but vendors are responsible for providing updates or changes to their respective policies, and for supplying EO policies upon request to other state agencies that must also comply with this statute. Vendors that do not have an established EO policy will not be prohibited from receiving a contract award, but are required to submit a written statement to that effect.
- 3. EMPLOYMENT OF ILLEGAL IMMIGRANTS:** Pursuant to, Arkansas Code Annotated § 19-11-105, all vendors must certify prior to award of the contract that they do not employ or contract with any illegal immigrants in their contracts with the State. Vendors shall certify online at: <https://www.ark.org/dfa/immigrant/index.php/user/login>
- 4. TECHNOLOGY ACCESS:** The Vendor shall at all times comply with the provisions of Arkansas Code Annotated § 25. 26. 201 et seq., which expresses the policy of the State of Arkansas to provide individuals who are blind or visually impaired with access to information technology purchased in whole or part with state funds. The Vendor expressly acknowledges that state funds may not be expended in connection with the purchase of information technology unless that system meets certain statutory requirements, in accordance with the State of Arkansas technology policy standards, relating to accessibility by persons with visual impairments.

Accordingly, the Vendor represents and warrants to the State of Arkansas that the technology provided to the state for purchase is capable, either by virtue of features included within the technology, or because it is readily adaptable by use with other technology, of:

- Providing equivalent access for effective use by both visual and non-visual means;
- Presenting information, including prompts used for interactive communications, in formats intended for non-visual use; and
- After being made accessible, integrating into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired.

For purposes of this section, the phrase “equivalent access” means a substantially similar ability to communicate with, or make use of, the technology, either directly, by features incorporated within the technology, or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state and federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands or other means of navigating graphical displays, and customizable display appearance.

These specifications do not prohibit the purchase or use of an information technology product that does not meet these standards if the information manipulated or presented by the product is inherently visual in nature, so that its meaning cannot be conveyed non-visually.

5. **COMPLIANCE WITH THE STATE SHARED TECHNICAL ARCHITECTURE PROGRAM:** The respondent's solution must comply with the state's shared Technical Architecture Program which is a set of policies and standards that can be viewed at: www.dis.arkansas.gov/poli stan bestpract/policies.htm. Only those standards which are fully promulgated or have been approved by the Governor's Office apply to this solution.
6. **ALTERATION OF ORIGINAL RFTP DOCUMENTS:** The original written or electronic language of the RFTP documents shall not be changed or altered except by approved written addendum issued by the Office of State Procurement. This does not eliminate a vendor from taking exception(s) to non-mandatory terms and conditions, but does clarify that the vendor cannot change the original document's written or electronic language. If the vendor wishes to make exception(s) to any of the original language, it must be submitted by the vendor in separate written or electronic language in a manner that clearly explains the exception(s). If vendor's/Contractor's submittal is discovered to contain alterations/changes to the original written or electronic documents, the vendor's response may be declared as "non-responsible" and the response shall not be considered.
7. **REQUIREMENT OF AMENDMENT:** THIS RFTP MAY BE MODIFIED ONLY BY AMENDMENTS WRITTEN AND AUTHORIZED BY THE OFFICE OF STATE PROCUREMENT. Vendors are cautioned to ensure that they have received or obtained, and responded to, any and all amendments to the RFTP prior to submission. There will be no addendums to an RFTP 72 hours prior to the RFTP opening. It is the responsibility of the vendor to check the OSP website, <http://www.arkansas.gov/dfa/procurement/bids/index.php> for any and all addendums up to that time.
8. **DELIVERY OF RESPONSE DOCUMENTS:** In accordance with the Arkansas Procurement Law and Rules, it is the responsibility of vendors to submit proposals at the place, and on or before the date and time, set in the RFTP solicitation documents. Proposal documents received at the Office of State Procurement after the date and time designated for RFTP opening are considered late submissions and shall not be considered. Proposal documents arriving late, which are to be returned and are not clearly marked, may be opened to determine for which solicitation the submission is intended.
9. **ADDITIONAL TERMS AND CONDITIONS:** The Office of State Procurement objects to, and shall not consider, any additional terms or conditions submitted by a vendor, including any appearing in documents attached as part of a vendor's response. In signing and submitting his proposal, a vendor agrees that any additional terms or conditions, whether submitted intentionally or inadvertently, shall have no force or effect. Failure to comply with terms and conditions, including those specifying information that must be submitted with a proposal, shall be grounds for rejecting a submission.
10. **ANTICIPATION TO AWARD:** After complete evaluation of the proposals, OSP shall contact all vendors to notify them of the apparent successful vendor. Vendors and agencies are cautioned that these are preliminary results only, and no official award will be issued prior to the end of a fourteen day anticipation period, or longer, depending on the length of the pricing negotiation process. Accordingly, any reliance on these preliminary results is at the agency's/vendor's own risk.

The Office of State Procurement reserves the right to waive the policy of Anticipation to Award when it is in the best interest of the State.
11. **PAST PERFORMANCE:** In accordance with provisions of The State Procurement Law, R7: 19-11-230 Competitive Sealed Bidding - Bid Evaluation paragraph (E) (i) & (ii): a vendor's past performance with the state may be used in the evaluation of any proposal made in response to this solicitation. The past performance should not be greater than three years old and must be supported by written documentation on file in the Office of State Procurement at the time of the RFTP opening. Documentation may be in the form of a written or an electronic report, VPR (Vendor Performance Report), memo, file or any other appropriate authenticated notation of performance to the vendor files.
12. **VISA ACCEPTANCE:** Awarded contractors should have the capability of accepting the State's authorized VISA Procurement Card (p-card) as a method of payment. Price changes or additional fee(s) may not be assessed when accepting the p-card as a form of payment. The successful vendor may receive payment from the State by the p-card in the same manner as other VISA purchases. VISA acceptance is preferred but is not the exclusive method of payment.

13. **EO-98-04 GOVERNOR'S EXECUTIVE ORDER:** Vendors should complete the Disclosure Forms issued with this RFTP.
14. **OUTSTANDING TAX LIABILITY:** Vendors must disclose the existence, as of the date of proposal submission, of any unsatisfied lien, certificate of indebtedness, certificate of assessment, writ of execution, writ of garnishment, business closure order, civil action, or other indication of delinquency against vendors for any outstanding tax liability owed by vendors to any state taxing authority. Vendors acknowledge that a search of public records may be conducted to discover the existence of any unsatisfied tax assessments. Vendors further acknowledge that any unsatisfied liens, certificates of indebtedness, certificates of assessment, writs of execution, writs of garnishment, business closure orders, civil action, or other indication of delinquency for any outstanding tax liability owed by vendors may result in vendors being deemed non-responsible and their proposals rejected.
15. **LANGUAGE:** Proposals will only be accepted in the English language.

SECTION 1 - GENERAL INFORMATION

1.0 INTRODUCTION

This Request for Unpriced Technical Proposal (RFTP) is issued by the Office of State Procurement (OSP) for the Employee Benefits Division of the Arkansas Department of Finance and Administration (EBD).

This RFTP is in support of the pharmacy portion of the health plan established by the State and Public School Life and Health Insurance Board (the "Board") pursuant to A.C.A. 21-5-401 et. seq. It is the intent of EBD to contract with a qualified vendor for the use of a pharmacy benefit administration system so that many traditional functions of a Pharmacy Benefit Manager (PBM) can be performed by EBD. The goal of this task is to streamline operations, reduce redundant administration and save money for the member of the self-funded health plan. This proposal **will** require the selected vendor to perform at least three traditional PBM functions: network management, claims payment / funds transfer, and rebate management. The vendor **will** also be responsible for system training, consultative services for plan management, evidence-based clinical support, and Medicare Primary retiree prescription plan management.

The administration system must operate in a "hosted" or "application service provider (ASP)" model, meaning no server installation or configuration is required on part of EBD or the technical support team. All server management, data integrity & security, disaster preparedness and configuration **will** be the responsibility of the selected vendor.

Finally, as an optional service, the selected vendor must be able to provide EBD with the ability to maintain and operate the software on EBD-provided servers and network environment at any time during the contract period, should EBD choose to exercise this option. This option would likely entail the installation of the program on EBD servers, transferring of the data from the hosted / ASP environment to the EBD environment, and appropriate configuration for technical and security issues. If exercised, these functions **shall** be performed by EBD or designated staff with technical and operational consulting by the vendor.

Administration fees for applicable services **will** be negotiated with the most qualified vendor upon finalization of technical evaluation.

1.1 ISSUING AGENCY

The issuing office is the sole point of contact in the State for the selection process. This RFTP is issued by Office of State Procurement for EBD. Vendor(s) questions regarding RFTP related matters should be addressed to Elizabeth Mentgen at (501) 371-6060 or elizabeth.mentgen@dfa.arkansas.gov. Vendor's questions will be answered as a courtesy and at vendor's own risk.

1.2 TENTATIVE SCHEDULE OF EVENTS

Release RFP	March 15, 2012
Written Vendor Questions Due	March 22, 2012
Mandatory Pre-Bid Conference	March 29, 2012
Posting Q&A's on State Website	April 4, 2012
Proposal Opening Date	April 19, 2012
Implementation Start Date	Immediately upon completion of Pricing Negotiations
Plan Start Date	January 1, 2013

1.3 CAUTION TO VENDORS

1. During the time between the RFTP opening and contract award, any contact concerning this RFTP will be initiated by the issuing office or requesting entity and not the vendor. Specifically, the person(s) named herein will initiate all contact.
2. Vendor **must** submit:
 - a. One (1) hard copy signed original proposal on or before the date specified on page one of this RFTP.
 - b. Failure to submit the required number of copies with the proposal may be cause for rejection.
3. Vendor should submit:
 - a. Five (5) complete hard copies (marked copy) of the signed proposal.
 - b. Six (6) electronic versions of the signed proposal, preferably in MS Word/Excel format, on six (6) separate CD's or flash drives.
 - c. If the Office of State Procurement requests additional copies of the proposal, they **must** be delivered within twenty-four (24) hours of request.
4. For a response to be considered, an official authorized to bind the vendor to a resultant contract **must** have signed the RFTP response.

5. All official documents and correspondence shall be included as part of any resultant contract.
6. The State Procurement Official reserves the right to award a contract or reject a response for any or all line items of a response received as a result of this RFTP, if it is in the best interest of the State to do so. Responses **will** be rejected for one or more reasons not limited to the following:
 - a. Failure of the vendor to submit his response(s) on or before the deadline established by the issuing office.
 - b. Failure of the vendor to respond to a requirement for oral/written clarification, presentation, or demonstration.
 - c. Failure to sign an Official RFTP Document.
 - d. Any wording by the vendor in their response to this RFTP, or in subsequent correspondence, which conflicts with or takes exception to a requirement in the RFTP.
 - e. Failure of any proposed system/services to meet or exceed specifications.
 - f. **Failure of the vendor to attend the mandatory Pre-Bid Conference.**

1.4 RFTP FORMAT

Any statement in this document that contains the word “**must**” or “**shall**” or “**will**” means that compliance with the intent of the statement is **mandatory**, and failure by the bidder to satisfy that intent **will** cause the proposal to be rejected. **It is recommended that bidders respond to each item or paragraph of the RFTP in sequence.** Items not needing a specific vendor statement may be responded to by concurrence or acknowledgement; no response **will** be interpreted as an affirmative response or agreement to the State conditions. Reference to handbooks or other technical materials as part of a response **must not** constitute the entire response and vendor **must** identify the specific page and paragraph being referenced.

1.5 PROPRIETARY INFORMATION

Proprietary information submitted in response to this RFTP will be processed in accordance with applicable State of Arkansas procurement procedures. Responses and documents pertaining to the RFTP become the property of the State and shall be open to public inspection subsequent to bid opening. It is the responsibility of the Vendor to identify all proprietary information. **The vendor must submit one complete copy of the response from which any proprietary information has been removed, i.e., a redacted copy.** The redacted copy should reflect the same pagination as the original, show the empty space from which information was redacted, and should be submitted on a CD or flash drive. Except for the redacted information, the redacted copy **must** be identical to the original hard copy. The vendor is responsible for ensuring the redacted copy on CD/flash drive is protected against restoration of redacted data. The redacted copy **will** be open to public inspection under the Freedom of Information Act (FOIA) without further notice to the vendor. **If you do not send a redacted copy, your entire proposal will be open to public inspection with the exception of financial data.** If the State of Arkansas deems redacted information to be subject to the FOIA, the vendor will be contacted prior to sending out the information.

1.6 RESERVATION

This RFTP does not commit the State Procurement Official to award a contract, or to pay costs incurred in the preparation of a response to this RFTP. The State reserves the right to accept or reject, in part or in its entirety, any or all proposals received as a result of the RFTP, if it is in the best interest of the State to do so.

1.7 CLARIFICATION OF RFTP AND QUESTIONS / PRE-BID CONFERENCE

If additional information is necessary to enable bidders to better interpret the information contained in the RFTP, written questions from vendors will be accepted until the close of business on **March 22, 2012**. These questions **must** be submitted in writing to elizabeth.mentgen@dfa.arkansas.gov.

A Mandatory Pre-Bid Conference will be held by the Office of State Procurement (1509 W. 7th Street, Room 300, Little Rock, AR 72201) on **March 29, 2012 at 10:00 AM** for all vendor(s) who wish to submit proposals. All questions submitted by bidders will be addressed at the Pre-Bid Conference along with applicable follow-up questions, if any. All follow-up questions must be submitted in writing to elizabeth.mentgen@dfa.arkansas.gov no later than 10:00 A.M. March 30, 2012. A consolidated, formal, written State response to all questions (those submitted in writing by March 22, 2012, as well as those addressed at the Pre-Bid Conference) shall also be posted on the OSP website tentatively on **April 4, 2012**.

Answers to general questions may be given as a matter of courtesy and must be evaluated at vendor's risk. These may be addressed to the buyer at elizabeth.mentgen@dfa.arkansas.gov or 501-371-6060.

1.8 RFTP EVALUATION

OSP will evaluate all proposals to ensure all mandatory requirements are met. The EBD evaluation team will then evaluate the technical proposals based on the criteria set forth in Section 3 of this RFTP. Discussions may be held with vendor(s) who submit responses determined to be reasonably susceptible of being selected for award for the purpose of obtaining clarification of response and negotiation for best and final offers.

1.9 PRICING

Pricing **shall not** be submitted with the technical proposal.

1.10 DEFINITION OF TERMS

The State Procurement Official has made every effort to use industry-accepted terminology in this RFTP and will attempt to further clarify any point of item in question as indicated in "Clarification of RFTP". The words "bidder" and "vendor" are used as synonyms in this document.

1.11 PUBLICITY

News release(s) by a vendor pertaining to this RFTP or any portion of the project **shall not** be made without prior written approval of the State Procurement Official. Failure to comply with this requirement is deemed to be a valid reason for disqualification of the vendor's proposal. The State Procurement Official will not initiate any publicity relating to this procurement action before the evaluation process is completed and any resulting contract is issued.

1.12 NEGOTIATIONS

As provided in this Request for Unpriced Technical Proposal and under regulations, discussions may be conducted with the vendor(s) who submit responses determined to be reasonably susceptible of being selected for award for the purpose of obtaining clarification of response and negotiation for best and final offers.

1.13 TYPE OF CONTRACT

The term of the contract **shall** begin on the date of award for an initial term of three (3) years. The contract may be mutually renewed four (4) times in one (1) year increments or a portion thereof.

1.14 RECORDS RETENTION

The Contractor **shall** be required to maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting and other procedures specified by the State of Arkansas. Access will be granted upon request, to State or Federal Government entities or any of their duly authorized representatives.

Financial and accounting records **shall** be made available, upon request, to the State of Arkansas' designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the contract or extension thereof. The Contractor **shall** retain all documentation required to be maintained by the Health Insurance Portability and Accountability Act for six (6) years or as otherwise required by HIPAA.

1.15 PRIME CONTRACTOR RESPONSIBILITY

The Contractor **will** be required to assume prime contractor responsibility and **will** be the sole point of contact for any resulting contracts.

The contractor **shall** give OSP immediate notice, in writing, by certified mail of any action which, in the opinion of the contractor, may result in litigation related in any way to the contract or the State.

The Contractor **must** represent and warrant to EBD that as of the execution date of a Contract the Contractor has been duly organized and validly exists and in good standing under the laws of the State of Arkansas, with power, authority, and legal right to enter into this Contract.

1.16 CONTRACT INFORMATION:

1. The State of Arkansas may not contract with another party:
 - a. To lease any equipment or software for a period of time which continues past the end of a fiscal year unless the contract allows cancellation by the State Procurement Official upon 30 days written notice whenever there are no funded appropriations for the equipment or software.
 - b. To indemnify and defend that party for any liability and damages. However, the State Procurement Official may agree to hold the other party harmless from any loss or claim resulting directly from and attributable to the State's use or possession of equipment or software and reimburse that party for the loss caused solely by the State's uses or possession.

- c. Upon default, to pay all sums to become due under a contract.
 - d. To pay damages, legal expenses or other costs and expenses of any party.
 - e. To continue a contract once the equipment has been repossessed.
 - f. To conduct litigation in a place other than Pulaski County, Arkansas
 - g. To agree to any provision of a contract which violates the laws or constitution of the State of Arkansas.
2. A party wishing to contract with the State of Arkansas should:
- a. Remove any language from its contract which grants to it any remedies other than:
 - i. The right to possession.
 - ii. The right to accrued payments.
 - iii. The right to expenses of de-installation.
 - iv. The right to expenses of repair to return the equipment to normal working order, normal wear and tear excluded.
 - v. The right to recover only amounts due at the time of repossession and any unamortized nonrecurring cost as allowed by Arkansas Law.
 - b. Include in its contract that the laws of the State of Arkansas govern the contract.
 - c. Acknowledge that contracts become effective when awarded by the State Procurement Official.
3. The State of Arkansas may contract with another party:
- a. To accept the risk of loss of the equipment or software and pay for any destruction, loss or damage of the equipment or software while the State has such risk, when the extent of liability for such risk is based upon the purchase price of the equipment or software at the time of any loss and the contract has required the State to carry insurance for such risk.
 - b. To lease any hardware or software for a period of time which continues past the end of a fiscal year provided that in the event funds are not appropriated for the equipment/software described in the contract, the State Procurement Official may, upon 30 days written notice to the vendor/lessor, cancel the contract regarding that equipment/software for which no appropriations were made, or, in the event that there are no funded appropriations from which payment can be made for the equipment/software described in the contract, the State Procurement Official may upon 30 days written notice to the vendor/lessor, cancel the contract as to that equipment/software for which there are no funded appropriations from which payment can be made for the equipment/software.

1.17 CONDITIONS OF CONTRACT

The Contractor **shall** at all times observe and comply with federal and State laws, local laws, ordinances, orders, and regulations existing at the time of, or enacted subsequent to, the execution of this contract which in any manner affect the completion of the work. The Contractor **shall** indemnify and save harmless the agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order or decree by an employee, representative, or subcontractor of the Contractor.

1.18 STATEMENT OF LIABILITY

The State will demonstrate reasonable care but shall not be liable in the event of loss, destruction, or theft of contractor-owned equipment, software, or technical literature to be delivered or to be used in the installation of deliverables. The Contractor **must** retain total liability for equipment, software, and technical literature until the deliverables have been accepted by the "authorized agency official." At no time will the State be responsible for, or accept liability for, any vendor-owned items.

In the event of non-performance of a contractual obligation by the Contractor or his agents which results in the determination by Federal authorities of noncompliance with Federal regulations and standards, the Contractor **will** be liable to EBD in full for all penalties, sanctions and disallowances assessed against EBD.

1.19 CONFIDENTIALITY

The Contractor **shall** be bound to confidentiality of any information that its employees may become aware of during the course of performance of contracted tasks in the event a contract is awarded. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of the contract.

For purposes of this Contract, any information furnished or made available to one party relating to the financial condition, results of operation, business, customers, properties, assets, liabilities or information relating to recipients and providers, including but not limited to Protected Health Information as defined by the Privacy Standards promulgated pursuant to the Health Insurance Portability and Accountability Act (HIPAA) of 1996, **shall** be collectively referred to as "Confidential Information". The Contractor **shall** treat all Confidential Information which is obtained by it through its performance under the contract as Confidential Information to the extent that confidential treatment is provided under State and Federal law,

and **shall not** use any information so obtained in any manner except as necessary for the proper discharge of its obligations and securing of its rights hereunder. The parties acknowledge that the disclosure of Confidential Information in contravention of the provisions hereof would damage the party to whom the information disclosed relates and such party shall have the right to seek all remedies at law or equity to minimize such damage and to obtain compensation.

1.20 CANCELLATION AND TERMINATION

In the event the State no longer needs the service or commodity specified in the contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding, the State may cancel the contract or purchase order by giving the contractor written notice of such cancellation 30 days prior to the date of cancellation.

1.21 SEVERABILITY

If any provision of the Contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both EBD and the Contractor **shall** be relieved of all obligations arising under such provision. If the remainder of the Contract is capable of performance, it **shall not** be affected by such declaration or finding and **shall** be fully performed.

If any one or more of the covenants, agreements, provisions or terms of this Contract **shall** be for any reason whatsoever held invalid, then such covenants, agreements, provisions or terms **shall** be deemed severable from the remaining covenants, agreements, provisions or terms of this Contract and shall in no way affect the validity or enforceability of the other provisions of this Contract.

1.22 ORDER OF PRECEDENTS

The order of precedents among the Contract documents **shall** be:

1. Contract Award
2. Negotiated items
3. RFTP document
4. Vendor response

In the event of a conflict in language among any of these documents, the terms and conditions set forth and/or referenced in the Contract **shall** prevail over conflicting terms and conditions contained in the earlier documents, in their original form or as negotiated. The terms and conditions of each component listed above **will** take precedence over each subsequent component. The State reserves the right to clarify any contractual relationship in writing, with the concurrence of Contractor, and such clarifications shall govern in case of conflict between the Contract components. If this Contract is silent concerning an issue addressed in Contractor's proposal, no conflict in language shall be deemed to have occurred. All features or services in Contractor's proposal shall be presumed to be required to be performed by Contractor unless they are specifically identified in the RFTP as options that may be used by the State at its discretion.

1.23 HOSTING

The State **shall not** accept any license agreements or service level agreements that must be signed prior to award of this contract.

SECTION 2 - REQUIREMENTS

The following elements of the RFTP are **requirements** and **must be met and unconditionally accepted**. If awarded the contract, EBD welcomes the opportunity to discuss with the vendor any alternatives which are better or equal to these requirements, as long as the vendor maintains the full understanding that EBD may not necessarily agree to any recommendation, and that the vendor **will** be held accountable for, and subject to, the requirements below.

Any conditional acceptance of the requirements stated in Section 2 shall result in immediate disqualification of the vendor(s) response.

2.0 VENDOR REQUIREMENTS

- A. All services, including but not limited to rebate processing, network management, claims payment / funds transfer and any other actions **must** be conducted in a transparent and open environment as determined by EBD. It is the intent of the State of Arkansas Employee Benefits Division to have any and all functions, operations and services performed by the vendor open for inspection and completely transparent to any internal or designated external auditor. EBD requires **full and complete transparency** in the operation.
- B. Only such fees disclosed by the vendor and paid to the vendor by EBD **shall** be earned by the vendor. Any additional fees or other revenue earned by the vendor by virtue of the relationship with EBD **must** be disclosed and remitted to EBD along with supporting documentation in an auditable and verifiable format.
- C. All services performed under the resulting contract, including but not limited to server processing, **must** be provided within the United States, and no data is allowed to leave the U.S.
- D. All formulary, claim, member and associated data is the property of EBD and the use thereof, for any purpose other than payment and analysis, is specifically precluded unless authorized in writing by EBD. All data and information created or maintained as a result of this agreement is the property of EBD and **must** be provided to EBD upon request.
- E. Although the regulations affecting this plan under Patient Protection and Affordable Care Act (healthcare reform) are evolving, the vendor **must** operate in full compliance with any and all applicable State and federal laws and advise the Executive Director of EBD as to potential changes required of the plan based on new regulations.
- F. Network pharmacies **must** receive all of the EBD payment for adjudicated claims. The vendor **shall not** retain any portion thereof based upon any agreement between the vendor and its network pharmacies, even if this requires a new agreement. Vendor **must** report all pharmacy payments to EBD on a schedule determined by EBD and in an auditable and verifiable format. Vendor **must** perform all applicable federal and / or state tax reporting including but not limited to applicable IRS Form 1099.
- G. The Formulary, of which the Board has full authority and ownership, is dynamic and is subject to change at the direction of the Board, but typically changes every three (3) months with the addition of new medications, and annually for non-clinically sensitive changes. The Board **will not** allow any new medication to be added to the formulary until reviewed by the Drug Utilization and Evaluation Committee (DUEC) and approved by the Board, unless the drug is a generic version of a currently covered medication. The PBM **must** assist the Executive Director in claims analysis and medication research for a more informed presentation to the DUEC and Board, and also **must** assist any pharmacy clinical consultant retained by EBD, which is currently a contracted service through the University of Arkansas for Medical Sciences (UAMS) College of Pharmacy.
- H. The Board has adopted many programs to improve the quality of services, manage costs, and enhance the communication and outreach through Arkansas based pharmacies. Some of these programs provide for a differentiation of dispensing fees, direct reimbursement of plan savings, and other type of services as summarized in Appendix C. The vendor **must** have experience with innovative approaches for health plan / pharmacy coordination resulting in lower claims trend and improved clinical outcomes. (See evaluation item 3.0.N.)
- I. The rate of reimbursement and any dispensing fee amount, of which the Board has full authority and ownership, **shall** be subject to change at direction of the Board.
- J. EBD **shall** be the determining source for pricing, including but not limited to AWP and MAC. Updates to applicable pricing **shall** be performed at the time and in the manner specified by EBD.

- K. Vendor **must** utilize the secure messaging and task service, currently a secure component of the ARBenefits administration system, as defined and developed by EBD.
- L. Vendor **must** coordinate all external communications through EBD's Information Manager. Failure to do so **will** result in a penalty as indicated in Appendix A.
- M. Any "Implementation Fee" charged by the vendor for expenses incurred during implementation of the program **will** be payable at the end of implementation, anticipated as December 31, 2012. Full implementation **must** be achieved prior to January 1, 2013. Failure to achieve full implementation **will** result in a penalty as indicated in Appendix A.
- N. Vendor **must** provide, as an element of the implementation, training at the EBD training facility for designated staff in a fully operational training technical environment which **must** be operational throughout the duration of the contract. On-going training **must** be provided on an as-needed basis at the request of EBD.
- O. EBD **shall** have the authority to convert to an installed administration model at any time. Technical and operational consulting **must** be provided by the vendor. However, EBD **shall not** be responsible for network management, rebate management, or claims payment / funds transfer at any time. Those services **must** remain the responsibility of the selected vendor.
- P. Vendor **must** be currently licensed / legally authorized to conduct business in the State of Arkansas in the capacity of pharmacy plan administration under a hosted application service provider.
- Q. Vendor **must** currently be facilitating and supporting at least one large (in excess of 50,000 covered lives) self-funded pharmacy plan with at least two (2) years of experience in that capacity.
- R. Vendor **must** agree to be audited by EBD or any designated external auditor and/or Legislative Audit and abide by the specified timeline.
- S. Vendor **must** agree to annually provide a SAS 70 Report if EBD determines there is a need (allowable time will be given to provide this information, if the vendor doesn't currently have a completed SAS 70) and any other applicable audits and certifications.
- T. Vendor **must** provide, within ten (10) days of beginning implementation, a copy of the data dictionary for all fields that are operational in any administration system used on the plan. This data dictionary **must** include the length of the field and a specific description of the data stored in each field.
- U. Vendor **must** provide adequate backup and disaster recovery resources to the satisfaction of EBD to ensure system access for EBD staff and / or authorized representatives at any time.
- V. EBD **shall not** take rebates, incentives, implementation credits or any other payment from vendor as a result of selection through this bidding process.
- W. Vendor **must** provide access to a "specialty pharmacy" for facilitation of specific prescriptions not routinely available in the local pharmacy. However, the plan has no mandatory "specialty pharmacy" requirement within the State of Arkansas and that any medication can be dispensed at an Arkansas based pharmacy at the established reimbursement rate.
- X. Vendor **must** provide access to a "mail order pharmacy" for facilitation of prescriptions routinely available in the local pharmacy. However, vendor **must** also acknowledge their understanding that the plan has no mandatory "mail order pharmacy" requirement or incentive arrangement such as a reduced co-pay or similar approach.
- Y. Throughout the life of the contract, vendor **shall not** undertake a major conversion for, or related to, the system, server(s), network environment, or the like, which are used to deliver services to the plan, without specific prior written notice to EBD. This notification requirement **shall** apply to program fixes, modifications, updates, patches and enhancements.
- Z. Vendor **must** work in a concerted effort with EBD to promote the utilization of and integration with SHARE (State Health Alliance for Records Exchange) and the Arkansas OHIT (Office of Health Information Technology).

2.1 SYSTEM REQUIREMENTS

- A. System **must** use member identification number as structured by EBD.
- B. System **must** use the Employee Benefits Division established BIN for all pharmacy transactions unless specifically directed by EBD.
- C. Administration system **must** have capability of incorporating ANSI X12 HIPAA transactions, including but not limited to the 834 eligibility file.
- D. The administration system **must** be capable of claims adjudication with a different dispensing fee for pharmacies in Arkansas to those pharmacies outside the State. The administration system **must** be capable of adjudicating claims based on different dispensing rates within the State for a certain list of pharmacies. The administration system **must** be capable of adjudicating claims based on a different dispensing rate for medications classified as generic and non-generic.
- E. System **must** provide an on-line search utility for any formulary covered medication and include a pharmacy locator and cost specific to member's plan selection (Gold / Silver / Bronze). Vendor's website **must** comply with Arkansas laws for accessibility.
- F. System **must** integrate with ARBenefits through a single-sign-on / trusted link between the Member page and the vendor website. EBD, or designated third party, will test website structure and pages, and review content for usability as determined by EBD; usability concerns **must** be resolved within two (2) business days.
- G. System **must** be capable of coordination with Health Plan benefit coordinators for deductible / out-of-pocket accumulation tracking as determined by EBD.
- H. System **must** support all required reporting to the Center for Medicaid and Medicare (CMS), specifically, but not limited to, the Medicare RDS reporting.
- I. System **must** be capable of supporting a possible expansion of the program for EGWP or Medicare PDP. Vendor **must** provide technical assistance and consultation regarding this possible expansion of the pharmacy plan.
- J. System **must** be able to change pricing, including but not limited to AWP and MAC pricing, from an electronic data file loaded by EBD staff at the frequency and timing as determined by EBD and for any and all medications covered on the formulary.
- K. System **must** be able to assign certain medications to a "reference pricing" structure as structured and determined by EBD and / or the Board.
- L. System **must** be able to assign certain medications as requiring pre-authorizations, step-therapy, and / or quantity limits as structured and determined by EBD and / or the Board. System **must** have capability to automate pre-authorization and / or step-therapy edits based on prior utilization of specified medications within a drug-specific timeframe.
- M. System **must** utilize "lesser than" logic when processing claims to incorporate submitted amounts as well as internal pricing.
- N. System **must** be capable of providing a detailed Accounting Report of Claims for a timeframe determined by EBD, yearly summary report for date of service by plan by year, a year-end report at the appropriate plan-year end, and any additional requested data for actuarial analysis by deadline established by EBD and in a format established by EBD.

2.2 ADMINISTRATIVE RESPONSIBILITIES

- A. Vendor **must** maintain and manage a compliant and comprehensive pharmacy network both in Arkansas and in all other states.
- B. Although the vendor **must** audit its network pharmacies on behalf of the plan, the vendor **must** also agree that EBD reserves the right to audit any individual pharmacy as well. The vendor **must** advise EBD of all audits undertaken and

of the resulting discrepancies identified, if any. The vendor **must** ensure that all network pharmacy audits are in compliance with applicable state and federal laws.

- C. Vendor **shall** be responsible for maintaining all provider contracts, terms and conditions, and for making such contracts available for inspection and review by EBD or designated third-party auditor upon request.
- D. Vendor **must** handle all pharmacy provider quality and customer service issues.
- E. All claims payments / fund transfers **must** be made in accordance with applicable state or federal law to include but not be limited to process and timelines.
- F. Vendor **must** provide rebate management in an open, transparent and auditable environment to the satisfaction of EBD. All applicable rebate payments and supporting documentation **must** be remitted to EBD using a process and schedule to be defined by EBD.
- G. Vendor **must** identify and report to EBD all opportunities to maximize rebates with the understanding that it is a stated position of the Board not to make any formulary decisions based on the rebate but rather based on the clinical evidence to support a drug's addition to or removal from the formulary.
- H. Vendor **must** agree to report to EBD, at least annually, all financial terms and arrangements of any kind that apply between the PBM and any prescription drug manufacturer, retail pharmacy, or labeler including but not limited to:
 - Marketing, advertising, and promotional fees
 - Formulary management and drug switch programs
 - Data sales fees
 - Educational support and travel expenses
 - Access rebates
 - Formulary management fees
 - Market share rebates
 - Data collection fees
 - Rebate administration fees
 - Any such soft dollar payments as health management fees, grants, disease management fees, or research.
- I. Vendor **must not** make plan coverage changes in their system without a written request from EBD management. As an element of normal anticipated operations, all plan coverage changes will be made by EBD staff.
- J. Vendor **shall not** use extrapolation to determine results of pharmacy audits.

2.3 ON-SITE REPRESENTATIVES

- A. Vendor **must** provide four (4) qualified and acceptable on-site representatives to work in the Member Services section and /or Client Services section of EBD. EBD reserves the right to return a representative at any time to the vendor to be replaced by a qualified and acceptable individual.
- B. Vendor **must** provide four (4) qualified and acceptable on-site representatives to work in the Data / Technical Services section of EBD. EBD reserves the right to return a representative at any time to the vendor to be replaced by a qualified and acceptable individual. One representative **must** be a senior project manager, and the three remaining **must** be data analysts / specialists.
- C. Vendor **must** provide one (1) qualified and acceptable on-site representative to serve as the Pharmacy Plan Formulary Manager and one (1) qualified and acceptable on-site representative to serve as the Plan Design / Quality Control Coordinator. EBD reserves the right to return the representative at any time to the vendor to be replaced by a qualified and acceptable individual.
- D. Vendor **must** provide, upon request by EBD, one (1) licensed on-site Pharmacist to work in the Health Services section of EBD. Pharmacist **must** be licensed and in good standing with the State of Arkansas. EBD reserves the right to return the representative at any time to the vendor to be replaced by a qualified and acceptable individual.
- E. All on-site representatives **must** pass a State of Arkansas background check, follow all rules and regulations as if an on-site state employee, and be required to adhere to State holidays and Governor directives regarding leave and attendance.

2.4 ADMINISTRATIVE / EXECUTIVE SUPPORT

- A. Vendor **must** designate one member of the vendor's staff, who **must** be physically located in the greater Little Rock area, as the Primary Account Manager with duties to include the day-to-day oversight and support for the plan.
- B. Vendor **must** designate one member of the vendor's staff as the Primary Clinical Support Representative who is a licensed pharmacist with duties to include clinical support for the plan. Clinical Support Representative **shall** be required to attend meetings in the greater Little Rock area on occasion as determined by EBD.
- C. Primary Account Manager and Primary Clinical Support Representative **must** work cooperatively with any other vendor for EBD, the Board and any subcommittee with specific attention to the DUEC.
- D. Vendor **must** notify EBD of any changes in vendor's Primary Account Manager or Clinical Support Representative.
- E. The Account Manager **shall** be the primary point of contact for all issues that arise with regard to the plan, and the Account Manager **shall** be the person whom EBD management will hold accountable. The Account Manager **must** have the authority to escalate issues for immediate resolution, and those instructions given to vendor staff from the Account Manager **must** be taken as if directly given from EBD management.
- F. Vendor **must** immediately change the assigned Account Manager and/or Clinical Support Representative at the direction of EBD management.
- G. Vendor **must** provide consulting services regarding vendor services, administration, or any of the services outlined in this RFTP as necessary to support this program and EBD's objectives. Such consulting will not be deemed legal advice and **must** be viewed as a standard service of the vendor and not a billable event.
- H. EBD **shall** have the final decision as to the interpretation of any clause, issue, or discrepancy contained within this RFTP.
- I. Primary Account Manager **must** respond to all requests for additional information within a 24-hour period. Failure to do so may result in a penalty as indicated in Appendix A.

2.5 INVOICING

- A. Vendor **must** agree that any applicable fees, charges, or other amounts **will** be paid based on EBD in-house system reported numbers of transactions, members-per-month, or other established and applicable criteria.
- B. Paid claims **will** be paid based on adjudicated claims after reconciliation and processing by EBD to determine validity.

2.6 PRIVACY AND SECURITY

- A. If selected as the apparent successful submission, prior to award of contract, vendor **must** complete and sign the EBD provided Business Associate Agreement as written. This agreement is attached as Appendix B.
- B. Vendor **must** adhere to Business Associate Agreement in all aspects of administration dealing with the plan for the duration of the contract and any applicable timeframe thereafter.
- C. Vendor and all affiliated companies including any authorized sub-contractor **must** be HIPAA compliant with regards to all aspects of business operations.
- D. Vendor **must** comply with HIPAA and other federal and/or state mandates to include privacy, security, HITECH and electronic data transfer requirements.
- E. Vendor **must** agree to comply with Performance Standards as written and provided in this RFTP in Appendix A. Any modifications, additions, deletions or adjustments of any kind, which are better than or equal to the current standards as determined by EBD will be viewed as a "recommendation" from the vendor and may be discussed with vendor during implementation. However, "recommendations" **will not** be seen as binding on EBD until accepted in writing.

SECTION 3 - INFORMATION REQUIRED FOR EVALUATION

The following elements of the RFTP are designed to illustrate vendor qualifications and abilities in providing the services and support envisioned under this RFTP. Each item **must** be addressed as written, and should be within the limited word count if indicated. Additionally, many questions require supporting documentation to be provided in electronic format. Where this is stated, an electronic copy is the only copy required, and it is strongly preferred that the information **not** be included in the hard copy of the submission. This specified material should be provided **on CD or flash drive** in a clearly indicated folder / naming structure.

Because of the continually evolving technology and practices in the in the Pharmacy System industry, EBD reserves the right to improve the processes, procedures, and services put in place under the resulting contract by adding optional vendor services that are currently available, or may become available, during the contract period. Vendors are encouraged to provide information on any additional innovative ideas or options that are currently available, or may become available during the contract period, and that may fall beyond the scope of the information requested in 3.0 and are better than or equal to the required scope of work in 2.0. Please provide this information on a separate document attachment

3.0 VENDOR QUALIFICATIONS

- A. Considering the scope of the PBM related service market today, describe (should be 500 words or less) what sets your company apart from your competition?
- B. Currently, the plan has approximately 140,000 members divided into two self-insured health plans with no re-insurance and managed through two separate trust funds. Given these details of our plan(should be 500 words or less), describe how our plan compares to your entire count of covered lives, style of health plan, risk model, and other elements to fully communicate the scope and depth of experience in an operational environment as the one envisioned by this solicitation.
- C. During 2010, the plan paid approximately 2.5 million pharmacy claims. Given that detail of our plan (should be 500 words or less), describe your block of business and detail the number of scripts processed/administered by your organization in last 12 months. Additionally, provide information regarding community/mail/specialty setting, scripts per member per month, and other elements to fully communicate the scope and depth of your administration experience with self-insured health plans and how your experience can support EBD in this administrative environment.
- D. Detail your organization's ownership history and structure including all separate legal entities and affiliates. Detail any recent acquisitions or liquidations that impacted the PBM operations. What changes in ownership have taken place in the last three years or since corporate inception if less than three years. What changes in ownership are anticipated within the next three years?
- E. Describe all major shareholders / owners (10% or greater ownership) and list the percent of total ownership of each such shareholder. List any ownership interest, including pending and publicly disclosed transactions, your company has in any business that provides a service or product related to health care, including any contractual relationship or ownership by a drug manufacturer, distributor, wholesaler, or pharmacy.
- F. Provide detailed information on insurance, bonding, and guarantees offered in the event of issues caused by loss of operations due to an emergency or disaster. Identify what general liability and errors and omissions coverage you carry to protect your clients.
- G. Provide copies of your annual reports, audited financial statements, or best available financial statements for your most recent fiscal year.
- H. Detail all past and pending legal actions involving your company, your parent company, and any affiliated company over the past five years. Detail all regulatory and other governmental investigations, probes, formal inquiries, etc. during the past five years.
- I. Detail any government health plan contract terminations that occurred within the past five years including reason for termination, charges of unethical actions, legal actions, determinations of conflicts of interest or other elements to fully communicate the past experiences with governmental entities.

- J. Detail your professional relationship with the Arkansas Pharmacists Association and similar organizations in states where you currently conduct business.
- K. Detail your relationship with the various drug manufacturers. Detail ownership share, formulary structuring guidelines, rebate protocols, contracting process, and any other detail to fully communicate the nature of the relationship.
- L. Are you a TIPPS certified organization? If so, provide details.
- M. Detail your experience with Medicare RDS, EGWP and PDP. Describe plan design, funding environment, risk model, group population, enrollment trends and all other information to fully communicate your experience with these various forms of coverage.
- N. Detail innovative ideas, projects, applications and other solutions implemented by your clients to offset the rising cost of coverage, improve quality, decrease healthcare errors, etc (should be 500 words or less).

3.1 SYSTEM INFORMATION

- A. Detail your claims processing system, capabilities, limitations, age, update history, technical security/monitoring controls, and other elements to fully describe your technical/system environment.
- B. Do you have authority to access and edit source code for the claims system? How rapidly can you revise the software program to accommodate significant plan changes?
- C. Detail your standard process with system screen shots where applicable for implementing changes to the formulary and include, at a minimum, designation of coverage tiers and system configuration for implementing step-therapy, pre-authorizations, and / or quantity limits. Provide additional material as necessary to fully communicate the administration system in regards to EBD's configuration, testing, and on-going formulary management.
- D. Detail the process for requesting system programming and custom configuration in regards to formulary management. Provide timelines for design, testing, and deployment. Provide examples of recent client-initiated changes to improve your formulary management portion of the system.
- E. How does your system integrate the dispensing and adjudication process when Internet, mail order, and network pharmacy claims are involved? Does it differ if mail order and/or Internet services are not provided by your PBM? Provide details.
- F. Describe your system's capability in using different pricing sources for different plans.
- G. Describe your system's process for updating pricing source. Provide screen shots as applicable to fully communicate the procedures and capabilities of your system.
- H. Describe your system configuration and options regarding fill date and submission date consistency.
- I. Describe your system's ability to assign a specific member to an individual physician and/or pharmacist for management of their drug claims?
- J. Detail your system down-time due to all scheduled events during last 36 months. Include, at a minimum, details about the event, resolution, duration of downtime, likelihood of repeat, and other elements to completely communicate the issue.
- K. Detail your system down-time due to all non-scheduled events during last 36 months. Include, at a minimum, details about the event, resolution, duration of downtime, likelihood of repeat, and other elements to completely communicate the issue.
- L. Detail your system's reporting capabilities. Provide examples of standard reporting **in electronic format** sufficient enough to fully communicate the capabilities of your reporting utility.
- M. Detail your customized / ad hoc reporting capability? Describe process and turn-around time for custom reports? Provide a detailed description of the process to request ad hoc reports.

- N. Detail your system's ability to handle multiple group numbers?
- O. Detail your system's ability to generate mailings based on a custom query of system information?
- P. Provide, **in electronic format**, de-identified examples of data and other reporting previously provided to a plan's actuary for rating purposes.
- Q. Detail your reporting capability to benchmark this Plan with other clients of similar characteristics (size, geography, industry, etc.)? What specific entities comprise your "Government" industry benchmark?

3.2 IMPLEMENTATION

- A. Detail any and all services you will provide regarding implementation of this project based on your experiences of large self-funded implementations of the past. Describe staff members, job descriptions, experience, and other information regarding your anticipated implementation team. Detail the types and amounts of information and assistance that is generally requested of clients of similar size, scope, and complexity during implementation?
- B. Detail your experiences with implementation of three groups of similar size, scope, and complexity with specific information on timelines, goals, results, and other elements to fully communicate your implementation experiences.
- C. What risks do you anticipate EBD, the Plan, or the members facing during implementation? How do you propose to mitigate those risks?
- D. Provide a proposed and detailed implementation time chart with implementation beginning upon award of the contract (estimated to be July 1, 2012) and go-live for January 1, 2013. Include processes and recommendations for loading eligibility, historical claims, and historical prior authorizations. Final timeline and details **will** be established by, or approved by, EBD.
- E. Will you be undergoing any other large scale implementations during the anticipated time of this plan's implementation? Explain how you anticipate fulfilling all obligations to EBD and other clients during this time.
- F. Provide a high-level graphical process flow chart of your proposed operational (post-implementation) solution describing the integration between EBD, your organization, medical/health plan claims administrator and network pharmacies in regards to claim submission, adjudication and subsequent payment along with other elements to fully communicate the full understanding of this proposed PBM administration solution.

3.3 ACCOUNT / QUALITY / PROCESS MANAGEMENT

- A. Describe the account management team that will be assigned to EBD. Provide credentials / experience, and organizational chart. Provide detailed information regarding Primary Account Manager and Clinical Support Representative if individuals are known and identified at this time.
- B. Describe your corporate philosophy in regards to transparency in PBM administrative services. What actions do you take to support this philosophy? What assurances or checks-and-balances do you provide your clients for verification of transparency?
- C. Describe your corporate philosophy for quality improvement. What actions do you take to support this philosophy? What programs are in place to measure quality improvement in your operations and the operations of your network?
- D. What quality improvement elements are incorporated into your administration system and processes to aid EBD in our goal of improved quality of healthcare delivery?
- E. What is your position on value-based plan design? What consultation can you provide to incorporate value-based philosophy into a plan design strategy? How can your system be configured to enhance a value-based plan?
- F. Detail any experience with quality programs involving retail pharmacies to improve compliance, generic utilization, enhanced member education, patient safety or other quality based initiatives.
- G. Describe your knowledge of and experience with SHARE as a utility to improve health care efficiencies.

- H. Describe your standard payment process and timeline to the pharmacies detailing if the payment is electronic or check, frequency, remittance statements in electronic format or paper, any outside third-party vendors, and any other element to fully communicate your standard process and payment capabilities.
- I. Describe your proposed process for providing EBD with data regarding payments made to the pharmacies in a format that can be verified and audited against the individual payments from the plan. Provide, **in electronic format**, examples of payment verification report.
- J. Describe your internal audit process for ensuring compliance with established policies and procedures in all aspects of your operation.
- K. How are coordination of benefit and / or primary / secondary coverage transactions handled from a claims processing and plan administration standpoint within your system?
- L. How are claims submitted from an Out-of-Network pharmacy typically handled within your system?
- M. Describe your capabilities for mass communication to all network providers in any and all available methods such as e-mail, mail, fax, automated phone, etc.
- N. Describe your experience with and system integration capability with traditional e-prescribing functionality.

3.4 REBATE MANAGEMENT

- A. Does your organization receive any other fees from drug manufacturers besides the formulary rebate payment? Provide, in detail, nature of fees and total amount of fees earned by your organization in last 12 months. How do you propose to provide sufficient documentation so that an audit can be conducted to verify the disclosure and remittance of all applicable fees and / or rebates to EBD?
- B. Provide, **in electronic copy**, examples of reports to accompany a rebate payment for reconciliation showing at a minimum group, product, and unit. Data **must** be provided in a verifiable and auditable format.
- C. Of the gross amount of rebates/fees collected by your organization in calendar year 2011, what percentage was paid to your clients/plan sponsors? To what exact dollar amount does that percentage equate?
- D. Do you contract directly with drug manufactures or use an aggregator for rebate management? Provide all applicable details to fully communicate the nature of financial terms regarding rebate contracting.

3.5 UTILIZATION MANAGEMENT

- A. How does your system recognize potential drug interactions? Are there different configuration alert levels? If so, what level is normally employed? What steps, prompted by the administration system, are recommended when a potential adverse drug interaction is identified? Do these steps vary with the level of the interaction? Provide details.
- B. Describe all programs you have available to manage drug utilization, drug / gender conflict, abuse patterns by an insured, over prescribing by doctors, fraud by dispensers and / or consumers or any other applicable program.
- C. How do you provide new drug alerts to current clients as they are released to the market? How do you communicate what the potential impact of the newly FDA approved drug will have on a specific plan? Provide examples of these communications **in electronic format**.
- D. Describe your system's process to configure medications requiring pre-authorization. Explain the different pre-authorization options / setting available and indicate the level of program flexibility.
- E. Describe system capabilities for point of sale communication regarding medications requiring a pre-authorization.
- F. Describe system capabilities for medication pre-authorization logic to incorporate medical claims for systemic validation and authorization?
- G. How does the system identify high cost claimants? What setting / criteria are available for use within the program to identify high cost claimants?

3.6 PHARMACY AUDIT

- A. Detail your process for auditing network pharmacies with specific details to address your compliance with applicable state pharmacy audit laws. Describe how a pharmacy would file an appeal regarding any audit finding.
- B. Provide detail of all audits performed on network pharmacies within last month, last quarter, and last year including, at a minimum, audit trigger, finding, and financial recoupment.
- C. Are all network pharmacies audited against the same criteria? Provide details.
- D. What percent of claims audited in the last year had a paid claim amount below \$50? Between \$50 and \$250? Above \$250?
- E. Do you perform your own audits or use an outside third-party? Provide details of third-party if applicable, including financial terms and conditions, years of relationship, ownership, and other elements to fully communicate nature of relationship.

3.7 ONLINE CAPABILITY

- A. To what extent can members research medical conditions, drug information, interactions, step-therapy requirements, and order prescription medications through your site? What other information is available through your site? Can the member ask real-time medical questions to a staff pharmacist and / or physician? Provide additional details to fully communicate the nature of the site's capabilities, features, and functionality.
- B. The site **must** be "secure" to the satisfaction of EBD, and **must** be based on a member number and password so that a member may maintain a "profile", with content and format approved by EBD, on the site. Provide applicable details to fully communicate the nature of the site's security and format.
- C. Detail how and to what extent the site provides member specific health / pharmacy plan information including deductible accumulation, co-pay amounts, co-insurance limits, etc.
- D. Detail how and to what extent the site provides a retail ("brick & mortar") network pharmacy locator?
- E. Given the evolution of web-based services, in 500 words or less, detail what differentiates your services from the competition.

3.8 DISASTER RECOVERY

- A. Fully describe your disaster preparedness, planning, testing and recovery process.
- B. Provide, **in electronic copy**, your current emergency operations / disaster recovery plan including details on a "hot site" if applicable.
- C. How do you propose to address major disruptions in air and / or ground transportation due to acts of terrorism / war / civil unrest / natural disasters which may have an impact on operations of network pharmacies?
- D. Detail your recovery process whenever you have had any unscheduled system down time for more than one (1) hour per occurrence in the last two (2) years. Describe the cause of the downtime, how the situation was handled, and the time frame needed for full recovery.
- E. Detail your database backup system, including on-site and off-site facilities and procedures used to maximize data security. Include information on how often the backup system is tested.
- F. Detail your physical security environment for any and all locations where administration systems and data are stored and / or processed.

3.9 ELIGIBILITY PROCESSING

- A. Describe your system's capability in processing eligibility files received from a plan administrator such as EBD.

- B. Detail your proposed process regarding EBD's staff's loading and management of on-going eligibility and enrollment in the system.
- C. Detail your system's ability to coordinate / facilitate claims payment and / or secondary filing for Medicare part B qualified medications.
- D. What system processes are in place to ensure prescriptions will not be filled for a member after termination or prior to effective date? Detail your standard procedure to recoup funds for invalid claims.

3.10 NETWORK MANAGEMENT

- A. Does your organization contract directly with your pharmacy network? If contracting is performed through a subcontractor, provide details to fully describe the nature of the relationship between the two organizations.
- B. In Arkansas, how many pharmacies are in the network? **In electronic format**, provide listing by city in alpha order.
- C. Provide a list of Arkansas pharmacies that **do not** participate in the network.
- D. Provide, **in electronic format**, a blank copy of standard provider contracts with specific information regarding negotiable items.
- E. Detail how your company will facilitate the continuation of the current generic incentive programs for in-state network pharmacists whose generic dispensing rate qualified for additional reimbursement?
- F. Describe your willingness to partner with EBD, the UAMS College of Pharmacy, and the Arkansas Pharmacists Association in holding forums for community pharmacists and physicians dealing with current industry issues. Would you be willing to sponsor CEU educational opportunities for pharmacists and other clinicians in Arkansas?
- G. Describe your provider education services and provide copies of recent and related materials.
- H. Detail (should be 500 words or less) what separates your provider network and network management from your competition.

3.11 SPECIALTY PHARMACY SERVICES

- A. Describe your understanding of "specialty pharmacy services" based on your experience in the market.
- B. Describe your experience and capabilities in facilitating specialty pharmacy services for a large self-funded health plan. Detail programs, education material, utilization management programs, fraud / waste prevention, and other elements of your program to fully communicate your commitment to cost containment while still providing proper clinical management.
- C. Are you a single-source provider for any limited distribution drugs? If so, provide details, including drug list.
- D. Do you own a specialty pharmacy or provide services through a sub-contractor? Describe in detail the relationship and financial terms and conditions.
- E. Provide, **in electronic copy**, your complete and detailed list of "specialty" medications and requested reimbursement rate methodology.
- F. How many licensed pharmacists, pharmacist assistants, and technicians are employed in regards to specialty services?
- G. Do your pharmacists have a protocol for determining when they should call the physician to see if the prescription may be filled with a less expensive generic or therapeutic equivalent? What are the protocols? Do you evaluate the appropriateness of the prescribing physician's credentials? How do you compare the prescribing physician's qualifications with the type of prescription written?

- H. What method of shipping is generally used? Are express / overnight shipping methods available? Who bears the additional costs for express / overnight shipping? If medication is for infusion, do you provide or facilitate necessary equipment and supplies?
- I. Detail (should be 250 words or less) what separates your specialty pharmacy services from your competition.

3.12 MAIL ORDER SERVICES

- A. Describe your understanding of “mail order services” based on your experience in the market.
- B. Describe your experience and capabilities in facilitating mail order pharmacy services for a large self-funded health plan. Detail programs, education material, utilization management programs, fraud / waste prevention, and other elements of your program to fully communicate your commitment to cost containment while still providing proper clinical management.
- C. Do you own a mail order pharmacy or provide services through a sub-contractor? Describe in detail the relationship and financial terms and conditions.
- D. Provide, **in electronic copy**, your complete and detailed list of medications available through your mail order service and requested reimbursement rate methodology.
- E. How many licensed pharmacists, pharmacist assistants, and technicians are employed in regards to mail order services?
- F. Do your pharmacists have a protocol for determining when they should call the physician to see if the prescription may be filled with a less expensive generic or therapeutic equivalent? What are the protocols? Do you evaluate the appropriateness of the prescribing physician’s credentials? How do you compare the prescribing physician’s qualifications with the type of prescription written?
- G. What method of shipping is generally used? Are express / overnight shipping methods available? Who bears the additional costs for express / overnight shipping? If medication is for infusion, do you provide or facilitate necessary equipment and supplies?
- H. Detail (should be 250 words or less) what separates your mail order pharmacy services from your competition.

3.13 COMPLIANCE

- A. Describe any breaches, complaints or grievances with regards to protected health information (e.g., security or privacy) for your complete book of business and for any affiliated company, including sub-contracts, parent company, or subsidiaries within the last three (3) years. Describe the event and resolution in detail.
- B. Describe any event where employees, associated with your company (direct and/or contract employees) have willfully committed acts that compromise member information, regardless of whether it is PHI or not, within the last five (5) years. Describe the event and resolution in detail.
- C. Provide, **in electronic format**, HIPAA policies, procedures and training materials which are provided to your employees and providers.
- D. What level of compliance-related education, HIPAA and otherwise, do you coordinate, facilitate or manage for providers in your network?
- E. Detail (should be 500 words or less) what steps you take, above and beyond the legal requirements, to protect the security of your client’s data and the compliant management, storage, transfer, and destruction of the confidential information.

3.14 VENDOR REFERENCES

Vendor must provide at least three (3) current client references, with contact information and short summary of contractual relationship including nature of administration services performed. At least one (1) of those references **must** be under the direct management of the anticipated Primary Account Manager for EBD if the vendor is selected.

Evaluation of References

Submission of required references will be evaluated as a **Pass or Fail**. If unfavorable information is obtained from contact with reference, the vendor may be deemed a non-responsible vendor, and the proposal may be rejected.

The provided references will be contacted and asked to confirm:

- A. That the provider has, under previous agreement, successfully performed work of a similar nature to that detailed in this RFTP.
- B. That the provider met all obligations under aforementioned agreement with regard to the quality of work, completion date, and agreed upon dollar amount.
- C. That the provider and all staff conducted themselves in a highly professional and ethical manner.

SECTION 4 - CRITERIA FOR SELECTION

The vendor should address each item listed in this RFTP to be guaranteed a complete evaluation. After initial qualification of responses, selection of the successful vendor will be determined in Committee by evaluation of several factors.

Submission of a response implies vendor acceptance of the evaluation technique and vendor recognition that subjective judgments must be made by the Evaluation Team during the assignment of rating points.

RFTP responses shall be evaluated by the Evaluation Team. Other agencies and consultants of EBD may also examine documents.

Vendor Response To:	Points
3.0 Vendor Qualifications	220
3.1 System Information	220
3.2 Implementation	70
3.3 Account / Quality / Process Management	50
3.4 Rebate Management	50
3.5 Utilization Management	40
3.6 Pharmacy Audit	40
3.7 Online Capability	30
3.8 Disaster Recovery	50
3.9 Eligibility Processing	40
3.10 Network Management	40
3.11 Specialty Pharmacy Services	40
3.12 Mail Order Services	40
3.13 Compliance	70
3.14 Vendor References	PASS/FAIL
Total Possible Points	1000

After the entire evaluation process is completed, all vendors who submitted a proposal will be contacted by OSP and notified of the highest scoring vendor. At this time, EBD will enter pricing negotiations with this vendor. If pricing negotiations are successful, and the 14 day Anticipation to Award period has passed, OSP will issue the contract award to that vendor and advise all vendors that an award has been issued.

If pricing negotiations are unsuccessful, OSP will notify all vendors of such, and EBD will then enter pricing negotiations with the next highest scoring vendor. This procedure will be followed until pricing negotiations are successful and a contract award is issued, or until EBD notifies OSP that they wish to exercise "no award" on the solicitation.

APPENDIX A

PERFORMANCE STANDARDS

Any conditional acceptance, modifications or refusals to these Performance Standards will result in immediate disqualification.

Performance Standard	Performance Guarantee	Performance Penalty
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Account Management:

Listed below are examples of behaviors that could result in a penalty. Not an exhaustive list. (a) Failure to demonstrate and / or practice operational transparency. (b) Failure to provide advance notice to EBD regarding account manager change (c) Any failure to comply with all requirements specified in this RFTP for the duration of the contracted term in addition to any other EBD requested / mandated requirements implemented after the contract is in effect. (d) Account Manager's failure to attend any Board or DUEC meeting without providing sufficient notice of absence or designation of proxy	EBD's Discretion	One (1) to five (5) percent of administration fees per quarter for failure to meet this guarantee
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Implementation:

Comply with mutually agreed upon deadlines, benchmarks, and timelines dealing with the initial implementation of the system.	100%	Five Thousand Dollars (\$5,000) for failure to meet this guarantee
Comply with mutually agreed upon deadlines, benchmarks, and timelines dealing with the initial implementation of the website (including single sign on / trusted link)	100%	Two Thousand Five Hundred Dollars (\$2,500) for failure to meet this guarantee
Ongoing Implementation of Plan Design Changes, products, services, programs, system enhancements, Board or Federal Mandates or other mutually agreed up deliverables by the specified due date	100%	Two Thousand Five Hundred Dollars (\$2,500) per occurrence for failure to meet this guarantee

Training

Failure to conduct appropriate training for EBD staff within specified timeframe	100%	Two Thousand Five Hundred Dollars (\$2,500) per occurrence for failure to meet this guarantee
Failure to maintain an operational testing environment for ongoing training	100%	Five Hundred Dollars (\$500) per occurrence for failure to meet this guarantee

System Availability

Failure to notify EBD of scheduled system downtime	100%	Five Hundred Dollars (\$500) per occurrence for failure to meet this guarantee
Maintain administrative system availability at least 99% of the time with less than 1% allowed downtime for schedule maintenance	99%	Two Thousand Five Hundred Dollars (\$2,500) for failure to meet this guarantee per month
Failure to conduct scheduled maintenance during off-peak hours (10 pm to 5 am central time)	100%	Five Hundred Dollars (\$500) per occurrence for failure to meet this guarantee
Maintain website availability at least 99% of the time with less than 1% allowed downtime for schedule maintenance	99%	Two Thousand Five Hundred Dollars (\$2,500) for failure to meet this guarantee per month

Communication

Education, enrollment, or general communication material submitted to EBD Information Manager for approval prior to release	100%	Five Hundred Dollars (\$500) per occurrence for failure to meet this guarantee
Information requests, questions, and other contact with account manager responded to within twenty-four (24) hours	100%	Five Hundred Dollars (\$500) per occurrence for failure to meet this guarantee

Compliance

No advertent or inadvertent disclosure of Protected Health Information or other protected data	100%	Two Thousand Five Hundred Dollars (\$2,500) per occurrence for failure to meet this guarantee
Use of EBD secure task system and secure file transfer protocol	100%	One Hundred Dollars (\$100) per occurrence for failure to meet this guarantee

Audits

Failure to allow EBD, Legislative Audit, or other designated entity access to all records, contracts, data, procedures, and other information	100%	Five Thousand Dollars (\$5,000) per occurrence for failure to meet this guarantee
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Accounting and Financial Reporting

Failure to provide specified report within pre-determined timeframe	100%	One Hundred Dollars (\$100) per occurrence for failure to meet this guarantee
Failure to provide confirmation letter to EBD regarding IRS Form 1099 processing by March 15 of each year	100%	One Hundred Dollars (\$100) per occurrence for failure to meet this guarantee
Failure to provide confirmation letter to EBD regarding Unclaimed Property Act by November 15 of each year	100%	One Hundred Dollars (\$100) per occurrence for failure to meet this guarantee

Performance Guarantee Reporting & Payment

Failure to report performance guarantee within forty-five (45) days after the end of each quarter	100%	One Thousand Dollars (\$1,000) per occurrence for failure to meet this guarantee
Failure to remit payment for applicable performance guarantee penalties within thirty (30) days of invoice	100%	One Thousand Dollars (\$1,000) per occurrence for failure to meet this guarantee

Network Management

Failure to provide a comprehensive pharmacy network	EBD Discretion	One (1) to five (5) percent of administration fees per quarter for failure to meet this guarantee
Failure to notify EBD, in writing, if action is taken on behalf of the vendor and a pharmacy is removed from your network.	100%	One Thousand Dollars (\$1,000) per occurrence for failure to meet this guarantee

Rebate Management

Failure to provide rebate management services in a fully transparent administrative environment	EBD Discretion	One (1) to five (5) percent of administration fees per quarter for failure to meet this guarantee
Failure to remit all earned rebates to EBD within specified timeframe	100%	One Thousand Dollars (\$1,000) per occurrence for failure to meet this guarantee

Claims Payment / Funds Transfer Management

Failure to make full and timely payments to pharmacies for valid adjudicated claims	100%	One Thousand Dollars (\$1,000) per occurrence for failure to meet this guarantee
Failure to provide timely and auditable documentation regarding pharmacy payments	100%	One Thousand Dollars (\$1,000) per occurrence for failure to meet this guarantee

EBD reserves the right to modify any performance guarantee amount or standard based on modifications to the anticipated services provided by the vendor or mutually agreed upon system limitations or regulatory restrictions on behalf of, or applicable to, EBD and / or the vendor.

APPENDIX B

BUSINESS ASSOCIATE AGREEMENT

I. Definitions

Terms used, but not otherwise defined, in this Business Associate Agreement "The Agreement" shall have the same meaning as those terms as defined below.

Examples of specific definitions:

- a. Business Associate. "Business Associate" shall mean _____.
- b. Covered Entity. "Covered Entity" shall mean **The State of Arkansas, Department of Finance and Administration, Employee Benefits Division**.
- c. Designated Record Set. "Designated Record Set" shall have the same meaning as the term "designated record set" in 45 CFR Section 164.501.
- d. Privacy Rule. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.
- e. Security Rule. "Security Rule" shall mean the Standards for Security of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.
- f. Protected Health Information. "Protected Health Information" or "PHI" shall have the same meaning as the term "protected health information" in 45 CFR - 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- g. Electronic Protected Health Information. "Electronic Protected Health Information" shall mean Protected Health Information that is transmitted or maintained in Electronic Media.
- h. Security Incident. "Security Incident" shall mean the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operation in an information system.
- i. Required By Law. "Required By Law" shall have the same meaning as the term "required by law" in 45 CFR - 164.103.
- j. Secretary. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his/her designee.
- k. Individual. "Individual" shall have the same meaning as the term "individual" in 45 CFR - 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR - 164.502(g).

II. Obligations and Activities of Business Associate

- a. Business Associate agrees to not use or disclose Protected Health Information other than as permitted or required by the Agreement or as Required by Law or as otherwise authorized in writing by Covered Entity. Business Associate shall comply with: (a) Title 45, Part 164 of the CFR; (b) State laws, rules and regulations applicable to PHI not preempted pursuant to Title 45, Part 160, Subpart B of the CFR or the Employee Retirement Income Security Act of 1974 ("ERISA") as amended; and (c) Covered Entity's health information privacy and security policies and procedures.
- b. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.
- c. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

- d. Business Associate agrees to notify and report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement of which it becomes aware. Business Associate shall notify Covered Entity by the end of the next business day of the Business Associate or Covered Entity after Business Associate learns of such unauthorized use or disclosure. Business Associates shall report within five business days of the notice to the Covered Entity: (a) identify the nature of the unauthorized use or disclosure; (b) Identify the PHI used or disclosed; (c) identify who made the unauthorized use or received the unauthorized disclosure; (d) identify what Business Associate has done or shall do to mitigate any deleterious effect of the unauthorized use or disclosure (e) identify what corrective action Business Associate has taken or shall take to prevent future similar unauthorized use or disclosure; and (f) provide such other information, including a written report, as reasonably requested by Covered Entity.
- e. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.
- f. Business Associate agrees to provide access, at the request of Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR - 164.524.
- g. Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR - 164.526 at the request of Covered Entity or an Individual.
- h. Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to EBD, or to the Secretary, or designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule.
- i. Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR - 164.528.
- j. Business Associate agrees to provide to Covered Entity or an Individual, information collected in accordance with Section II of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR - 164.528.
- k. Business Associate shall use Covered Entity's Privacy and Security Policies as its basic policies with regards to PHI. Business Associate is free to develop, implement, maintain and use appropriate administrative, technical and physical security measures in compliance with Section 1173(d) of the Social Security Act, Title 42, Section 1320d-2(d) if the United States Code, Title 45, Part 142, Part 160, Subpart A of Part 164 and Subpart C, § 164.302-164.318 of the CFR to preserve the integrity and confidentiality of all electronically maintained or transmitted Health Information received from or on behalf of Covered Entity pertaining to an individual. Business Associate shall document and keep these security measures current.
- l. Business Associate will use Covered Entity's Benefit Administration System (BAS) to manage EBD's benefit program. By agreeing to use the BAS, the Business Associate agrees to:
 - a. Cooperate with the development and processing of data feeds to and from the BAS;
 - b. Use Covered Entities BAS as sole source of eligibility information.
- m. Business Associate agrees to comply with all state and federal laws to include those applicable to the Business Associate under the HITECH Act of 2009.

III. Permitted Uses and Disclosures by Business Associate

- a. Refer to underlying services agreement:

Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information it creates or receives to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Request for Proposal, provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity or the minimum necessary policies and procedures of the Covered Entity.

IV. Specific Use and Disclosure Provisions

- a. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
- b. Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required by Law.
- c. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 45 CFR - 164.504(e)(2)(i)(B).
- d. Business Associate may use Protected Health Information to report violations of law to appropriate Federal and State authorities, consistent with - 164.502(j) (1).

V. Obligations of Covered Entity

- a. Covered Entity shall provide Business Associate, upon request, with the notice of privacy practices that Covered Entity produces in accordance with 45 CFR section 164.520.
- b. Covered Entity shall notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR - 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of Protected Health Information.
- c. Covered Entity shall notify Business Associate of any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, to the extent that such changes may affect Business Associate's use or disclosure of Protected Health Information.
- d. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR - 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of Protected Health Information.
- e. Business Associate shall develop, implement, maintain and use appropriate administrative, technical and physical safeguards to prevent the improper use or disclosure of any Protected Health Information received from or on behalf of Covered Entity.
- f. If Business Associate conducts any Transaction for or on behalf of Covered Entity, Business Associate shall comply, and shall require any subcontractor or agent conducting such Transaction to comply, with each applicable requirement of Title 45, Part 160, Part 162, Subpart A of Part 164, and Subpart C, §§ 164.302-164.318 of the CFR. Business Associate shall not enter into or permit its subcontractors or agents to enter into any Trading Partner Agreement in connection with the conduct of Transactions for or on behalf of Covered Entity that: (a) changes the definition, Health Information condition or use of a Health Information element or segment in a Transaction; (b) adds any Health Information elements or segments to the maximum defined Health Information set; (c) uses any code or Health Information elements that are either marked "not used" in the

Transaction's Implementation Specification or are not in the Transaction's Implementation Specification(s); or (d) changes the meaning or intent of the Transaction's Implementation Specification(s).

VI. Permissible Requests by Covered Entity

Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity.

VII. Term and Termination

- a. Term. This Agreement shall terminate when all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.
- b. Termination for Cause. Upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
 - 1. Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity;
 - 2. Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
 - 3. If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.
- c. Effect of Termination.
 - 1. Upon termination of this Agreement for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
 - 2. In the event that Business Associate and Covered Entity agree that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon determination that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

VIII. Miscellaneous

- a. Regulatory References. A reference in this Agreement to a section in the Privacy Rule, Security Rule, or other regulatory body means the section as in effect or as amended.
- b. Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.
- c. Survival. The respective rights and obligations of Business Associate under Section VII. of this Agreement shall survive the termination of this Agreement.

- d. Interpretation. Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule.
- e. Indemnification. Business Associate shall indemnify Covered Entity for any and all claims, inquiries, costs or damages that are incurred by Covered Entity due to Business Associate's violation of Business Associate's obligations under applicable HIPAA and HITECH Act Privacy and Security laws and regulations.
- f. Other Agreements. This agreement, upon execution, shall supersede prior Business Associate Agreements and other Agreements with which it conflicts.

IX. HITECH Act Assistance of Business Associate to Covered Entity

In the event of an unauthorized disclosure or breach of a plan participant's PHI that is in the custody or control of Business Associate, Business Associate will take the following steps to assist Covered Entity in addressing applicable requirements under the Health Information Technology for Economic and Clinical Health Act ("HITECH Act"), and to assist Covered Entity in fulfilling Covered Entity's HITECH Act obligations. Within 5 business days, Business Associate agrees to provide:

- a. Business Associate's initial assessment and opinion regarding whether a particular unauthorized data release incident constitutes a "breach" that triggers the HITECH Act's requirements; and
- b. Business Associate's initial assessment and opinion regarding whether a "breach" poses significant risk of financial, reputational or other harm to the individual(s) affected; and
- c. Business Associate agrees to provide Covered Entity with copies of all materials and information disclosed so that Covered Entity can perform independent risk assessment; and
- d. Where notifications are required, Business Associate agrees to provide assistance in drafting proposed notification(s) to the affected individuals, HHS, or prominent media outlets, however, Covered Entity will make final determination and be responsible for notification of individuals, HHS and media if required; and
- e. Business Associate will provide assistance to Covered Entity in the form of supplying data in the possession of the Business Associate that is needed by Covered Entity to make the annual report to HHS of data breach incidents, as required under the HITECH Act's Data Breach Rule. Business Associate agrees to work cooperatively with Covered Entity to help Covered Entity fulfill the annual HHS log or reporting requirement.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed in its name and on behalf effective as of _____.

COVERED ENTITY

BUSINESS ASSOCIATE

By: _____

By: _____

Print Name: Jason Lee

Print Name: _____

Print Title: Executive Director

Print Title: _____

Date: _____

Date: _____

APPENDIX C

GENERAL INFORMATION

The following data is provided as a tool for the prospective vendors to have a better understanding of the current environment. It is for informational purposes only and is subject to change with or without notice.

A. Current Eligibility

Eligibility is defined by applicable state law and the policies of the Board, and as such can change from time to time during the term of this contract. Currently eligible members are those employees and retirees along with their respective dependents as defined in the current Summary Plan Description (SPD). EBD is the sole source in determining eligibility.

Eligibility structure (Accounts, Groups, Member IDs):

Accounts: PSE – 001 ASE – 002

Group: Actives – Account + 001 RA – Account + 002 Retiree – Account + 003

Member ID Number: System **must** utilize the unique member ID's as provided from the EBD. This is an eight digit number assigned to every member (subscribers and dependent) in EBD's system (for example: 12345601). The first six digits are common among all members associated with the subscriber / contract (for example: 123456) with the last two digits defining the sequence of members (for example: 01) joining the plan.

Structure examples: PSE Active member 12345601 would have a group number of 001001

EBD Employees: Employees of the EBD will have differential group numbers to protect member information.

Eligibility periods:

1. Members can enroll during an employee's initial period of eligibility following new employment.
2. Open Enrollment **shall** be the period announced by EBD to allow eligible subscribers to join the plan, change coverage, or add eligible dependents.
3. Special Enrollment based on numerous events that occur throughout the plan year including but not limited to marriage, birth/adoption, etc.

The following is a sample of the various eligibility transactions included in a typical eligibility file. Any of the following could have future or retroactive effective dates.

1. New member/dependent enrollment
3. Member/dependent adding and/or dropping various benefits
4. Member moves between participating employer groups
5. Dependent moves from participating primary member to another primary member
7. Member/dependent becomes eligible for Medicare
8. A lapse is added to a member/dependent coverage
9. Member address changes

The above listing is provided for informational purposes and should not be considered an all-inclusive list of eligibility transactions.

B. Claims Experience

The following information is to provide vendors with current view of the utilization of the plan.

1. Pharmacy Claims

	Total	Specialty	Mail	Retail	Percentage
Paid	3,177,992	10,372	1,539	3,166,081	80%
Rejected	318,288	1,737	476	316,075	8%
Reversed	472,455	6,255	126	466,074	12%
Total	3,968,735	18,364	2,141	3,948,230	100%

Total number of claims processed are from the EBD Database for July 1, 2009 to June 30, 2010.

2. Current Prescription / Utilization Summary

The following information is to provide vendors with a high-level view of the utilization of the plan for the periods shown below. Information below is for informational purposes only, presented in good faith, and based on reports generated by current PBM.

Therapeutic Classes by Plan Paid Amount

	1/1/2009 – 12/31/2009	1/1/2010 – 12/31/2010
1. Antidiabetics	\$ 9,211,883	\$10,828,188
2. Antidepressants	\$ 6,368,653	\$7,253,964
3. Analgesics – anti-inflammatory	\$ 5,567,036	\$6,349,614
4. Antihypertensives	\$ 5,482,091	\$6,276,662
5. Anticonvulsants	\$ 4,911,040	\$3,907,728
6. Antihyperlipidemics	\$ 4,856,154	\$4,045,777
7. Antiasthmatic and bronchodilator	\$ 4,532,015	\$5,270,572
8. Psychotherapeutic and neurological	\$ 4,281,118	\$5,173,331
9. Ulcer drugs	\$ 4,050,562	N / A
10. Antineoplastics	\$ 3,892,516	\$4,800,938

Therapeutic Classes by Number of Prescriptions

	1/1/2009 – 12/31/2009	1/1/2010 – 12/31/2010
1. Antihypertensives	218,348	219,918
2. Antidepressants	177,611	185,407
3. Antihyperlipidemics	165,240	168,333
4. Analgesics – Opioids	126,516	N / A
5. Antidiabetics	121,876	125,486
6. Ulcer drugs	112,461	N / A
7. Beta Blockers	98,433	N / A
8. Diuretics	90,847	N / A
9. Thyroid Agents	71,479	N / A
10. Contraceptives	70,337	N / A
Plan Total	2,475,114	2,523,449

Total Generic Dispensing Rate: 71.6% 75.3%

C. Current Formulary Management Rules

Formulary Management Rules – as Amended July 19, 2011

1. Formulary changes for existing covered medications that are not due to significant clinical, access or financial reasons will only be made at the beginning of a plan year. New Medications are added to the formulary upon approval by the Board
2. New products not currently covered by the plan in some other form will not be added to the formulary until a clinical review is completed by the DUEC. The college of pharmacy will bring new products to the DUEC for review in regards to any of the following conditions:
 - a. When newly available on the market
 - b. When requested by EBD, a member, a provider or the Board
 - c. As part of a class review
 - d. During a mid-quarter emergency review
 - e. When medical literature shows a significant change in outcome or new clinical data
3. Brand products on tier 2 will automatically move to tier 3 when a generic equivalent is released with the generic version added to tier 1; if a generic is removed from the market or has significant shortages in supply, the equivalent brand product on tier 3 will automatically move to tier 2.

4. Excluded drugs will be reviewed in regards to any of the following conditions:
 - a. When requested by EBD or the Board
 - b. As part of a class review
 - c. When medical literature shows a significant change in outcome or new clinical data
5. Financial appeals of formulary rules are not allowed; evidence of a medical reason to change a formulary rule will be considered by DUEC as part of a class review. This rule encompasses traditional tiered drugs, reference price drugs, and certain excluded drugs.
6. Applicable state and federal laws will be followed for the utilization of covered medications.
7. Medications priced under a “Reference Pricing” strategy may be added to Tier I when the plan cost is inverted to the member’s responsibility and a plan savings can be achieved.

D. Rebate Summary

The following information is to provide vendors with a high-level view of the rebates received by the EBD for both plans, PSE and ASE combined, for the periods indicated below. Information below is for informational purposes only, presented in good faith, and based on information maintained by EBD.

	1/1/2009 – 12/31/2009	1/1/2010 – 12/31/2010
Rebates Earned	\$ 4,606,846.51	\$ 4,866,606.43

E. Pharmacy Programs

The Employee Benefits Division currently has a relationship with the Arkansas pharmacies to engage them in helping to manage the costs associated with the prescription drug benefit for the Arkansas State and Public School plan members.

For several years the Board has set an annual target per-member-per-month (PMPM) cost, based on the underwriting trend provided by the plans’ actuarial consultant. The plan shares any savings generated by coming in under the target PMPM with the Arkansas pharmacies for performing interventions and helping members make the best possible decisions regarding their prescription drug therapy.

In addition to any annual incentive, the plan allows for an additional dispensing fee for all generic prescriptions the pharmacy dispenses if they meet a certain threshold. This program allows a pharmacy to receive up to an extra \$4.00 dispensing fee per claim depending on their generic dispensing rate. Because significant savings are available when generics are dispensed, this program is designed to encourage the dispensing of generics when clinically appropriate.

We also pay an additional \$1 dispensing fee for non-generic prescriptions for any Arkansas pharmacy that is pursuing e-prescribing. It is the belief of the Board that e-prescribing is yet another way for our members to gain a better quality experience and allow the plan to save money. It is the hope of the Board that the additional \$1 in dispensing fee will continue to help offset implementation and ongoing expenses that a pharmacy may incur.

The preceding data supplied in this Appendix is informational only, and plan design and all rules are subject to change with or without notice. This information is provided as a tool for the prospective vendors to have a better understanding of the current environment and is not an indication or guarantee of future performance.

STANDARD TERMS & CONDITIONS

1. **GENERAL:** Any special terms and conditions included in the invitation for bid override these standard terms and conditions. The standard terms and conditions and any special terms and conditions become part of any contract entered into if any or all parts of the bid are accepted by the State of Arkansas.
2. **ACCEPTANCE AND REJECTION:** The State reserves the right to accept or reject all or any part of a bid or any and all bids, to waive minor technicalities, and to award the bid to best serve the interest of the State.
3. **BID SUBMISSION:** Bids must be submitted to the Office of State Procurement on this form, with attachments when appropriate, on or before the date and time specified for bid opening. If this form is not used, the bid may be rejected. The bid must be typed or printed in ink. The signature must be in ink. Unsigned bids will be disqualified. The person signing the bid should show title or authority to bind his firm in a contract. Each bid should be placed in a separate envelope completely and properly identified. Late bids will not be considered under any circumstances.
4. **PRICES:** Quote F.O.B. destination. Bid the unit price. In case of errors in extension, unit prices shall govern. Prices are firm and not subject to escalation unless otherwise specified in the bid invitation. Unless otherwise specified, the bid must be firm for acceptance for thirty days from the bid opening date. "Discount from list" bids are not acceptable unless requested in the bid invitation.
5. **QUANTITIES:** Quantities stated in term contracts are estimates only, and are not guaranteed. Bid unit price on the estimated quantity and unit of measure specified. The State may order more or less than the estimated quantity on term contracts. Quantities stated on firm contracts are actual requirements of the ordering agency.
6. **BRAND NAME REFERENCES:** Any catalog brand name or manufacturer's reference used in the bid invitation is descriptive only, not restrictive, and used to indicate the type and quality desired. Bids on brands of like nature and quality will be considered. If bidding on other than referenced specifications, the bid must show the manufacturer, brand or trade name, and other descriptions, and should include the manufacturer's illustrations and complete descriptions of the product offered. The State reserves the right to determine whether a substitute offered is equivalent to and meets the standards of the item specified, and the State may require the bidder to supply additional descriptive material. The bidder guarantees that the product offered will meet or exceed specifications identified in this bid invitation. If the bidder takes no exception to specifications or reference data in this bid he will be required to furnish the product according to brand names, numbers, etc., as specified in the invitation.
7. **GUARANTY:** All items bid shall be newly manufactured, in first-class condition, latest model and design, including, where applicable, containers suitable for shipment and storage, unless otherwise indicated in the bid invitation. The bidder hereby guarantees that everything furnished hereunder will be free from defects in design, workmanship and material, that if sold by drawing, sample or specification, it will conform thereto and will serve the function for which it was furnished. The bidder further guarantees that if the items furnished hereunder are to be installed by the bidder, such items will function properly when installed. The bidder also guarantees that all applicable laws have been complied with relating to construction, packaging, labeling and registration. The bidder's obligations under this paragraph shall survive for a period of one year from the date of delivery, unless otherwise specified herein.
8. **SAMPLES:** Samples or demonstrators, when requested, must be furnished free of expense to the State. Each sample should be marked with the bidder's name and address, bid number and item number. If samples are not destroyed during reasonable examination they will be returned at bidder's expense, if requested, within ten days following the opening of bids. All demonstrators will be returned after reasonable examination.
9. **TESTING PROCEDURES FOR SPECIFICATIONS COMPLIANCE:** Tests may be performed on samples or demonstrators submitted with the bid or on samples taken from the regular shipment. In the event products tested fail to meet or exceed all conditions and requirements of the specifications, the cost of the sample used and the reasonable cost of the testing shall be borne by the bidder.
10. **AMENDMENTS:** The bid cannot be altered or amended after the bid opening except as permitted by regulation.
11. **TAXES AND TRADE DISCOUNTS:** Do not include state or local sales taxes in the bid price. Trade discounts should be deducted from the unit price and the net price should be shown in the bid.
12. **AWARD:** Term Contracts: A contract award will be issued to the successful bidder. It results in a binding obligation without further action by either party. This award does not authorize shipment. Shipment is authorized by the receipt of a

purchase order from the ordering agency. Firm Contracts: A written state purchase order authorizing shipment will be furnished to the successful bidder.

13. LENGTH OF CONTRACT: The invitation for bid will show the period of time the term contract will be in effect.

14. DELIVERY ON FIRM CONTRACTS: The invitation for bid will show the number of days to place a commodity in the ordering agency's designated location under normal conditions. If the bidder cannot meet the stated delivery, alternate delivery schedules may become a factor in an award. The Office of State Procurement has the right to extend delivery if reasons appear valid. If the date is not acceptable, the agency may buy elsewhere and any additional cost will be borne by the vendor.

15. DELIVERY REQUIREMENTS: No substitutions or cancellations are permitted without written approval of the Office of State Procurement. Delivery shall be made during agency work hours only 8:00 a.m. to 4:30 p.m., unless prior approval for other delivery has been obtained from the agency. Packing memoranda shall be enclosed with each shipment.

16. STORAGE: The ordering agency is responsible for storage if the contractor delivers within the time required and the agency cannot accept delivery.

17. DEFAULT: All commodities furnished will be subject to inspection and acceptance of the ordering agency after delivery. Back orders, default in promised delivery, or failure to meet specifications authorize the Office of State Procurement to cancel this contract or any portion of it and reasonably purchase commodities elsewhere and charge full increase, if any, in cost and handling to the defaulting contractor. The contractor must give written notice to the Office of State Procurement and ordering agency of the reason and the expected delivery date. Consistent failure to meet delivery without a valid reason may cause removal from the bidders list or suspension of eligibility for award.

18. VARIATION IN QUANTITY: The State assumes no liability for commodities produced, processed or shipped in excess of the amount specified on the agency's purchase order.

19. INVOICING: The contractor shall be paid upon the completion of all of the following: (1) submission of an original and the specified number of copies of a properly itemized invoice showing the bid and purchase order numbers, where itemized in the invitation for bid, (2) delivery and acceptance of the commodities and (3) proper and legal processing of the invoice by all necessary State agencies. Invoices must be sent to the "Invoice To" point shown on the purchase order.

20. STATE PROPERTY: Any specifications, drawings, technical information, dies, cuts, negatives, positives, data or any other commodity furnished to the contractor hereunder or in contemplation hereof or developed by the contractor for use hereunder shall remain property of the State, be kept confidential, be used only as expressly authorized and returned at the contractor's expense to the F.O.B. point properly identifying what is being returned.

21. PATENTS OR COPYRIGHTS: The contractor agrees to indemnify and hold the State harmless from all claims, damages and costs including attorneys' fees, arising from infringement of patents or copyrights.

22. ASSIGNMENT: Any contract entered into pursuant to this invitation for bid is not assignable nor the duties thereunder delegable by either party without the written consent of the other party of the contract.

23. OTHER REMEDIES: In addition to the remedies outlined herein, the contractor and the State have the right to pursue any other remedy permitted by law or in equity.

24. LACK OF FUNDS: The State may cancel this contract to the extent funds are no longer legally available for expenditures under this contract. Any delivered but unpaid for goods will be returned in normal condition to the contractor by the State. If the State is unable to return the commodities in normal condition and there are no funds legally available to pay for the goods, the contractor may file a claim with the Arkansas Claims Commission. If the contractor has provided services and there are no longer funds legally available to pay for the services, the contractor may file a claim.

25. DISCRIMINATION: In order to comply with the provision of Act 954 of 1977, relating to unfair employment practices, the bidder agrees that: (a) the bidder will not discriminate against any employee or applicant for employment because of race, sex, color, age, religion, handicap, or national origin; (b) in all solicitations or advertisements for employees, the bidder will state that all qualified applicants will receive consideration without regard to race, color, sex, age, religion, handicap, or national origin; (c) the bidder will furnish such relevant information and reports as requested by the Human Resources Commission for the purpose of determining compliance with the statute; (d) failure of the bidder to comply with the statute, the rules and regulations promulgated there under and this nondiscrimination clause shall be deemed a

breach of contract and it may be cancelled, terminated or suspended in whole or in part; (e) the bidder will include the provisions of items (a) through (d) in every subcontract so that such provisions will be binding upon such subcontractor or vendor.

26. CONTINGENT FEE: The bidder guarantees that he has not retained a person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the bidder for the purpose of securing business.

27. ANTITRUST ASSIGNMENT: As part of the consideration for entering into any contract pursuant to this invitation for bid, the bidder named on the front of this invitation for bid, acting herein by the authorized individual or its duly authorized agent, hereby assigns, sells and transfers to the State of Arkansas all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of this assignment and which relate solely to the particular goods or services purchased or produced by this State pursuant to this contract.

28. DISCLOSURE: Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

F-1

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, or grant award with any Arkansas State Agency.

SOCIAL SECURITY NUMBER	FEDERAL ID NUMBER	SUBCONTRACTOR:	SUBCONTRACTOR NAME:
TAXPAYER ID #: --- --- OR ---	☐ Yes ☐ No		
IS THIS FOR:			
☐ Goods? ☐ Services? ☐ Both?			
TAXPAYER ID NAME:			
YOUR LAST NAME: FIRST NAME: M.I.:			
ADDRESS:			
CITY: STATE: ZIP CODE: --- COUNTRY:			

AS A CONDITION OF OBTAINING, EXTENDING, AMENDING, OR RENEWING A CONTRACT, LEASE, PURCHASE AGREEMENT, OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:

F O R I N D I V I D U A L S *

Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse is a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (√)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Relation
General Assembly							
Constitutional Officer							
State Board or Commission Member							
State Employee							

☐ None of the above applies

F O R A N E N T I T Y (B U S I N E S S) *

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (√)		Name of Position of Job Held [senator, representative, name of board/commission, data entry, etc.]	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?		
	Current	Former		From MM/YY	To MM/YY	Person's Name(s)	Ownership Interest (%)	Position of Control
General Assembly								
Constitutional Officer								
State Board or Commission Member								
State Employee								

☐ None of the above applies

***NOTE: PLEASE LIST ADDITIONAL DISCLOSURES ON SEPARATE SHEET OF PAPER IF MORE SPACE IS NEEDED**

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

1. Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM**. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.

2. I will include the following language as a part of any agreement with a subcontractor:

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.

3. No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM** completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature_____ Title_____ Date_____

Entity Contact Person_____ Title_____ Phone No._____

AGENCY USE ONLY

Agency Number_____ Agency Name_____ Agency Contact Person_____ Contact Phone No._____ Contract or Grant No._____

FORMS AVAILABLE FROM OFFICE OF DISCLOSURE AND REVIEW (501) 682-5407