

COMMONWEALTH of VIRGINIA
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
600 East Broad Street, Suite 1300
Richmond, VA 23219

August 17, 2009

Dear Prospective Vendor:

The Department of Medical Assistance Services (DMAS) is soliciting proposals from qualified firms to serve as the Department's Pharmacy Services Administrator. The Pharmacy Services Administrator shall establish and administer pharmacy-related services including the Pharmacy Call Center, Preferred Drug List (PDL), Service Authorizations (SA), the Maximum Allowable Cost (MAC) and Specialty MAC (SMAC) for Medicaid and FAMIS fee-for-service clients. The selected Contractor shall provide the required services for DMAS. Specific details about this procurement are in the enclosed Request for Proposal (RFP) 2009-03.

The Commonwealth will not pay any costs that any Contractor incurs in preparing a proposal and reserves the right to reject any and all proposals received.

Contractors are requested not to call this office. All issues and questions related to this RFP should be submitted in writing to the attention of Donna Francioni-Proffitt, Pharmacy Manager, 600 East Broad Street, Richmond, VA 23219, or by fax at 804-786-5799. In order to expedite the process of submitting inquiries, it is requested that vendors submit any questions or issues by email in MS Word format to PharmacyRFP@dmass.virginia.gov.

Contractors who wish to submit a proposal are required to submit a Letter of Intent which must be received by the Department no later than 2:00 PM local time on August 27, 2009. The prior submission of a Letter of Intent is a prerequisite for submitting a proposal; proposals shall not be accepted from Contractors who have not submitted a Letter of Intent by the deadline specified above. Letters of Intent shall be sent to:

Department of Medical Assistance Services
Attention: William D. Sydnor
600 East Broad Street, Suite 1300
Richmond, VA 23219

Sincerely,
William D. Sydnor
William D. Sydnor
Contract Management Director

Enclosure

REQUEST FOR PROPOSALS
RFP 2009-03

Issue Date: August 17, 2009

Title: Virginia Medicaid Pharmacy Services Administrator to include Pharmacy Call Center, Preferred Drug List, Service Authorization Programs, Maximum Allowable Cost and Specialty MAC for Fee-for-Service Clients

Contract Period: An initial period of three years from date of award, with provisions for three 12-month extensions

All inquiries should be directed in writing to:

Donna Francioni-Proffitt, Pharmacy Manager
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, Virginia 23219

Deadline for submitting Letter of Intent and inquiries is **2:00 pm, August 27, 2009.**

Proposal Due Date: Proposals will be accepted until **2:00 p.m. local time on September 25, 2009.**

Submission Method: The proposal(s) must be sealed in an envelope or box and addressed as follows:

“RFP 2009-03 Sealed Proposal”
Department of Medical Assistance Services
Attention: William D. Sydnor
600 E. Broad Street, Suite 1300
Richmond, Virginia 23219

Facsimile Transmission of the proposal is not acceptable.

Note: This public body does not discriminate against faith-based organizations in accordance with the *Code of Virginia*, §2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

In compliance with this Request for Proposal and to all conditions imposed therein and hereby incorporated by reference, the undersigned proposes and agrees to furnish the services contained in their proposal.

Firm Name (Print)	F.I. or S.S. Number
Address	Print Name
Address	Title
City, State, Zip Code	Signature (Signed in Ink)
Telephone	Date Signed
Fax Number	
eVA Registration <u>Required</u>	eVA Vendor #:
Check Applicable Status Corporation ----- Partnership ----- Proprietorship ----- Individual -----Woman Owned ----- Minority Owned ----- Small Business ----- If DMBE certified, provide certification number:	

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES
REQUEST FOR PROPOSALS
FOR
PHARMACY SERVICES ADMINISTRATOR

RFP 2009-03

ISSUED: August 17, 2009

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RFP 2009-03

**VIRGINIA MEDICAID
PHARMACY SERVICES ADMINISTRATOR
FOR MEDICAID AND FAMIS FEE-FOR-SERVICE CLIENTS**

SECTION I - INTRODUCTION

1.1 Introduction

The Department of Medical Assistance Services (DMAS) is the single State agency in the Commonwealth of Virginia that administers the Medicaid Program under Title XIX of the Social Security Act and the State Children's Health Insurance Program (known as FAMIS) under Title XXI of the Social Security Act for low-income people. These programs are financed by federal and state funds and administered by the state according to federal guidelines. Both programs include coverage of pharmaceutical products and services for clients enrolled in managed care organizations and fee-for-service programs.

The Commonwealth of Virginia, acting through its Department of Medical Assistance Services (DMAS), hereinafter referred to as the Department, is committed to offering Medicaid and FAMIS fee-for-service eligible recipients high quality, appropriate, and cost-effective pharmacy services. The Commonwealth's goal is to improve the quality, coordination and management of pharmacy benefits, while controlling pharmaceutical expenditures.

It is the intent of the Department to solicit proposals from Offerors who wish to contract with the Commonwealth under a fixed-based contractual arrangement as described in Section V of this RFP. Qualified organizations shall be capable of providing the Department with comprehensive pharmacy services. Proposals shall be based on the Pharmacy Services Administrator responsibilities and proposal submission requirements set forth in this Request for Proposal (RFP 2009-03). The selected Administrator will provide the services required in this RFP; in an efficient and effective manner; within federal, state, and DMAS requirements; ensuring the highest standards of performance, program integrity, and customer service; at a reasonable cost to the Commonwealth. Following evaluations of the proposals received as a result of this RFP, the Department may conduct competitive negotiations. The Department intends to make a single award as a result of this RFP.

The Commonwealth is soliciting proposals that meet the following overall objectives:

- Ensure Medicaid and FAMIS fee-for-service clients receive high quality, appropriate, and cost-effective pharmacy services;
- Reflect an understanding of, and dedication to, the special needs of a diverse Medicaid population;
- Ensure that the pharmacy programs are based on the safety and therapeutic efficacy of the drug first, and then cost-effectiveness;
- Minimize program administrative costs and reduce state benefit expenditures for pharmaceuticals without negatively impacting the clients and their access to needed prescription medications;
- Provide an effective and highly efficient operation that takes advantage of technology; reduce the administrative burden on providers, pharmacists, and clients; and provide flexible operations which allow the state to react to program changes in a timely manner;
- Assure that the pharmacy programs are fully integrated with existing Medicaid operations and the Department's Medicaid Management Information System (MMIS); and
- Generate savings as determined by the Department that are net of any administrative expenses to administer the programs.

1.2 Background

Virginia Medicaid plays a fundamental role in the provision of pharmacy services to the low-income population and is particularly important for the low-income elderly and disabled enrollees who depend upon prescription drugs to maintain or improve their health care functioning. Pharmaceuticals are an important part of medical care and health care costs, not just in Medicaid, but generally. Medicaid programs face the challenge of managing pharmacy expenditures in a difficult economic environment while maintaining beneficiary access to appropriate care. Information related to current pharmacy program operations, including those programs covered under this RFP, is available at <http://www.dmas.virginia.gov/pharm-home.htm>. Annual reports are available at http://www.dmas.virginia.gov/ab-studies_reports.htm.

Medicaid Coverage of Prescription Drugs

Medicaid prescription drug coverage is a benefit that provides access to a broad range of prescription drugs to a population that otherwise might be unable to get necessary but expensive drug therapy, including those with severe mental illness or HIV/AIDS.

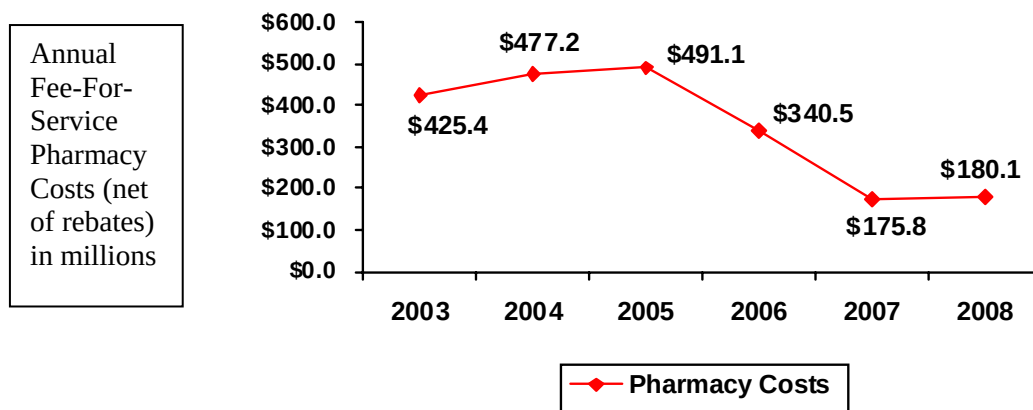
In Virginia, the Medicaid prescription drug benefit is provided through a fee-for-service program and a managed care organization program. The 314,490 Medicaid and FAMIS clients who participate in the fee-for-service program are individuals who live in areas of the Commonwealth that currently do not have a managed care organization available or who are excluded from the managed care organization programs (such as persons in nursing facilities, community based care waiver programs, and foster care). Approximately 62 percent (more than 515,000 recipients) of the Medicaid and FAMIS clients receive pharmacy benefits through one of five managed care organizations. Appendix A provides current and historical enrollment data for Medicaid and FAMIS fee-for-service clients.

Trends in Virginia's Medicaid Spending for Prescription Drugs

Virginia Medicaid payments for fee-for service pharmacy costs decreased substantially after the implementation of Medicare Part D in January 2006 (Table 1). Medicare Part D provides prescription drug coverage for individuals who are dually eligible for both Medicaid and Medicare. In addition, the Department expanded the number of recipients in Medicaid managed care plans from 1996 through October 2007 thereby further reducing the number of fee-for-service recipients and fee-for-service pharmacy claims.

These changes decreased the overall fee-for-service pharmacy expenditures; however, since these changes have been in effect, pharmacy costs have resumed an upward trend. Efficient management of these costs is an important goal of the Department especially since Medicaid has seen an increase in enrollment since 2008. The Department's current pharmacy management initiatives have helped slow the increase in drug expenditures over the past several years, however, the total amount spent on fee-for-service pharmacy claims continues to rise. This increase in expenditures is similar to the experience of other states.

Table 1
Virginia Medicaid Fee-For Service Pharmacy Costs
Source: Statistical Record of the Virginia Medicaid Program



Appendix B contains additional information regarding Medicaid pharmacy expenditures by therapeutic class of drug, as well as historical information on federal and supplemental drug rebates that have been recovered by the Virginia Medicaid program.

Managing Virginia's Medicaid Drug Use and Costs

Virginia has several methods, within federal guidelines, at its disposal to control prescription drug utilization and spending in its fee-for-service program:

- Generic substitution for brand name drugs;
- Drug utilization review, both through online messages to pharmacies and retrospective reviews;
- Disease state management for complex patients with high drug costs, such as asthma, diabetes, and congestive heart failure;
- Drug rebates from manufacturers; and
- Pharmacy lock-in for abusers.

Cost control strategies implemented by the General Assembly and the Department in the fee-for-service program since 2002 include:

- Reduced Medicaid reimbursement for pharmacies from average wholesale price (AWP) minus 9 percent to AWP minus 10.25 percent;
- Revised pricing for anti-hemophilia drugs;
- Established 34-day supply limit;
- Improved third party recovery program;
- Preferred Drug List and Service Authorization Program;
- Increased co-pay for brand drugs from \$2.00 to \$3.00;
- Reduced pharmacy dispensing fee from \$4.25 to \$3.75;
- Maximum Allowable Cost (MAC) Program; and
- Specialty Maximum Allowable Cost (SMAC) Program

Currently, the Virginia Medicaid program reimburses pharmacies based on the lower of the following pricing methodologies:

- Pharmacy's usual and customary charge;
- Average Wholesale Price -10.25%;
- Federal Upper Limit (FUL);
- Maximum Allowable Cost;
- Specialty Maximum Allowable Cost.

Monitoring Service Authorization Processes

DMAS monitors all new service authorization processes to ensure that there are no financial incentives connected with the approval or denial of a particular drug. Specifically, the Department maintains data that captures the number of service denials, the number of appeals for service authorization denials and the outcomes, and the associated administrative costs. DMAS conducts a cost benefit analysis of all new service authorization processes to ensure that access to necessary health care services has not been impacted and that the expected cost savings has been achieved.

Payments to Contractor

The 2009 Appropriations Act and 12VAC30-130-1000 require that DMAS pay its Contractor based on the reasonable cost of services provided. This language also prohibits DMAS from making certain types of payments to its Contractor for the services to be provided through this RFP.

The Appropriations Act provisions related to the monitoring of service authorizations and payments to the Contractor are at Appendix D.

1.3 Definitions

Throughout this RFP, the following definitions are applicable:

- CMS - Centers for Medicare and Medicaid Services - the Federal agency of the United States Department of Health and Human Services that is responsible for the administration of Title XIX and Title XXI of the Social Security Act.
- Client, Recipient, Enrollee, Member or Participant - an individual having current Medicaid eligibility who shall be authorized by the Department to participate in the Virginia Medicaid program.
- Contract Modifications - any changes or modifications to the Contract that are mutually agreed to in writing by the Contractor and the Department or are mandated by changes in Federal or State laws or regulations as per Section 8.15.
- Contract - the signed and executed document resulting from this RFP, including all attachments or documents incorporated by reference.
- Contractor - for the purposes of this RFP, the Pharmacy Services Administrator that has entered into an agreement with the Department to provide pharmacy related services under a fixed-based contractual arrangement.
- Federal Rebate - any discount provided by a manufacturer pursuant to 42 U.S.C. § 1396r-8.
- Fee-for-Service - the Department's traditional health care payment system in which physicians and other providers receive a payment for each unit of service they provide.
- Fiscal Agent - a contracting organization which assumes all or part of the State Medicaid Agency's responsibilities with respect to claims processing, provider enrollment and relations, utilization review, and other functions. Synonymous with Fiscal Intermediary.
- Fiscal Year (State) - July 1 through June 30.
- Generic Multi-Source Drugs - non-innovator product that has the same clinical formulation as the innovator drug, which is A-rated by the FDA in the most recent version of the "Orange Book"

(meaning the drug has therapeutically equivalent alternatives), and is available from at least three different manufacturers, in sufficient quantities to supply pharmacies.

- Health Insurance Portability & Accountability Act of 1996 (HIPAA) - standardization of electronic patient health, administrative and financial data; unique health identifiers for individuals, employers, health plans, and health care facilities, and security standards protecting the confidentiality and integrity of individually identifiable health information past, present, or future.
- Maximum Allowable Cost (MAC) - allowable costs as defined in state regulation and state law, which is currently defined as the higher of either the lowest published wholesale acquisition cost (WAC) plus 10 percent or the second lowest WAC plus 6 percent for products widely available for purchase in the state. The products must be available from a minimum of three different suppliers that are able to supply sufficient quantities of the drug, which pharmacies may purchase. The drugs considered must be listed as therapeutically and pharmaceutically equivalent in the FDA's most recent version of the "Orange Book".
- Monthly - for the purposes of reporting requirements, monthly shall be defined as the 15th day of each month for the prior month's reporting period. For example, January's monthly reports are due by February 15th; February's are due by March 15th, etc.
- National Provider Identifier (NPI) - a unique 10-digit identification number issued to health care providers in the United States by the Centers for Medicare and Medicaid Services (CMS). All individual HIPAA covered healthcare providers or organizations must obtain an NPI for use in all HIPAA standard transactions, even if a billing agency prepares the transaction.
- Offeror - a person or entity that makes an offer in response to a Request for Proposal.
- Pharmacy and Therapeutics Committee (P&T Committee) - the Committee formed to review therapeutic classes, conduct clinical reviews of specific drugs, recommend additions or deletions to the PDL, and perform other functions as required by 12VAC30-50-210 and 12VAC30-130-1000.
- Preferred Drug List (PDL) - the list of drugs adopted by the Department that may be prescribed and dispensed in the Virginia Medicaid and FAMIS fee-for-service program without service authorization. Non-preferred drugs may be prescribed but require service authorization prior to dispensing to the patient.
- Protected Health Information (PHI) - individually identifiable patient information, including demographics, which relates to a person's health, health care, or payment for health care. HIPAA protects individually identifiable health information transmitted or maintained in any form or medium.
- Quarterly - for the purposes of reporting requirements, quarterly shall be defined as within 30 calendar days after the end of each quarter, unless otherwise specified by the Department.
- Quarters - Calendar quarters starting on January 1, April 1, July 1, and October 1.
- Reference Price - the price of the most cost-effective drug within each therapeutic class that is included in the PDL program.
- Service Authorization - express permission from the Department or its Contractor to prescribe and dispense drugs that are not on the Preferred Drug List or authorized by the P&T Committee.
- Shall - a mandatory requirement or a condition to be met.
- Specialty Drugs - category of prescription medications that have grown out of advances in drug development research, technology and design. These drugs are used to treat specific chronic or genetic conditions. Specialty drugs include biological drugs, blood-derived products, complex molecules, and select oral, injectables, and infused medications. Specialty drugs typically require tailored patient education for safe and cost effective use, patient specific dosing, close patient monitoring, administration (via injection, infusion or orally), and refrigeration or other special handling.
- Specialty Maximum Allowable Cost (MAC) Program - this program works in conjunction with the current Virginia Maximum Allowable Cost (MAC) program and the Preferred Drug List (PDL) to ensure recipients receive quality specialty drug products in a cost-effective manner. The Specialty

MAC reimbursement amount is determined by and based on the wholesale acquisition cost (WAC) + 4.75%.

- State - Commonwealth of Virginia.
- State Supplemental Rebate - any cash rebate or other program benefit that offsets Virginia Medicaid expenditures and that supplements the CMS Federal Rebate.
- Subcontractor - a state approved entity that contracts with the Contractor to perform part of the Contractor's responsibilities.
- Therapeutic Class – a grouping of drug or non-drug remedial agents relating to the treatment of diseases and disorders.
- Virginia Medicaid Management Information System (VAMMIS) - the medical assistance eligibility, enrollment, and payment information system of the Virginia Department of Medical Assistance Services.
- Virginia Medicaid Policy - includes the state plan, regulations, manuals and Medicaid memoranda.

SECTION II - NATURE AND SCOPE OF SERVICES

2.1 Primary Programs

The RFP requests a Contractor to administer multiple pharmacy-related programs to address the rising costs for medications covered under the Medicaid and FAMIS fee-for-service programs. In accordance with this RFP, the Pharmacy Services Administrator will be responsible for the following:

- a. Pharmacy Services Consultation and Support - Consult and support the Department regarding trends in the pharmaceutical industry and changes in national, state and federal government policies that have the potential to impact the Virginia Medicaid pharmacy program. Support the Department in pharmacy-related policy documents, legislation, inquiries, appeals, trainings, and agency correspondence.
- b. Pharmacy Call Center - Operate a comprehensive 24 hour, 7-day per week toll-free telephone call center capable of responding to enrollee and provider concerns; providing education; and handling service authorizations and pharmacy related activities.
- c. Preferred Drug List (PDL) Program – Review and maintain a preferred drug list program for the Medicaid and FAMIS fee-for-service populations. The Contractor shall support the Pharmacy & Therapeutics Committee to select those preferred drugs that are safe and therapeutically effective and are the most cost-effective. Preferred drugs can be prescribed and dispensed with no service authorization; non-preferred drugs can be prescribed, but must be authorized by the Contractor prior to being dispensed by the pharmacist.
- d. Service Authorization - Administer the Service Authorization program. The plan should achieve the objective of compliance with any drug the Commonwealth determines to be part of the pharmacy program without unduly disrupting access to care or increasing provider costs, and demonstrate the means by which this will be accomplished.
- e. Maximum Allowable Cost and Specialty Maximum Allowable Cost Program - Administer a MAC and Specialty MAC program to control the cost of multisource generic drugs and specialty drugs by setting a maximum reimbursement amount.

The RFP does not include pharmacy claims processing, Drug Utilization Review and other functions that shall be performed by the Medicaid fiscal agent contractor. The Pharmacy Services Administrator will,

however, be required to establish and maintain a system interface with existing vendors, including the fiscal agent and the drug rebate vendor as needed.

2.2 Changes in Relevant Population

The Department provides health care services to over 515,000 Medicaid and FAMIS participants through one of five managed care organizations. Over the duration of this contract, the Department may deem it necessary to expand or retract the managed care program. A retraction would result in an increase in the number of recipients' receiving pharmacy services under this contract. An expansion would decrease the number of recipients' receiving pharmacy services through this contract. The Department reserves the right to expand or retract the number of participants in this contract with 90 days notice. If the Department experiences an increase or decrease in the number of eligible participants of at least 20% or more from the actual enrollment reflected at the time of the implementation of this contract, the parties shall enter into good faith negotiations and shall agree upon revised payment terms to adjust to the change in volume. Data that reside at the Department shall serve as the final authority for determination of volume. The Department will notify the Contractor of any deletions of programs and/or populations and its projected impact on payment at least 90 days prior to the effective date of the deletion of program and/or population.

2.3 Schedule for Implementation

The Commonwealth is seeking a Contractor who can implement the various programs and tasks quickly and efficiently. The schedule below represents the state's maximum timeframes for implementation of these programs.

August 17, 2009	Release RFP
August 27, 2009	Letters of Intent due to Department
August 27, 2009	Inquiries due to Department
September 25, 2009	Proposals due to Department
December 17, 2009	Intent to Award
December 30, 2009	Contract signed and approved
January 1, 2010	Begin process for connectivity to fiscal agent and development of interface file
April 1, 2010	Call center operational, notices sent to providers, clients, and advocacy groups, and "edits" in place for selected drugs
May 1, 2010	Readiness Review
July 1, 2010	Pharmacy related programs are implemented

2.4 DMAS Responsibilities

DMAS shall oversee the pharmacy programs, including overall program management, determination of policy and monitoring of services. The Department shall meet with the Contractor representative, at a minimum, on a bi-monthly basis and communicate daily (if needed) to discuss the pharmacy benefit activities. During these meetings, issues such as pharmacy benefit questions, VAMMIS system problems, and project plans will be addressed.

DMAS will work in partnership with the Contractor, providers, and interested parties in developing a quality program. The primary responsibilities of the Department shall include, but are not limited to:

- a. Federal and state policy interpretation – DMAS shall make the final decision regarding all policy issues;

- b. P&T Committee membership – the Secretary of Health and Human Resources shall make appointments to the P&T Committee;
- c. Conduct on-going project management, oversight, and monitoring of Contractor to ensure statutory/regulatory compliance and a high quality product;
- d. Provide Contractor with all necessary up-to-date client eligibility and utilization information;
- e. Review and approve any Contractor written communications to clients, providers and others prior to release;
- f. Monitor all performance contract standards as stated in this RFP;
- g. Review and approve any contracts between the Contractor and subcontractors; and
- h. Review and approve all supplemental rebate agreements.

SECTION III - TECHNICAL PROPOSAL REQUIREMENTS

This section contains the technical proposal requirements for this RFP. The Offeror shall provide a detailed narrative of how it will define and perform each of the required tasks listed in this section and by cross-referencing the Offeror's proposal response to each RFP requirement. The narrative shall demonstrate that the Offeror has considered all the requirements and developed a specific approach to meeting them that will support a successful project. It is not sufficient to state that the requirements will be met. The description shall correspond to the order of the tasks described herein.

The Offeror may perform all of these processes internally or involve subcontractors for any portion. All subcontractors shall be identified by name and by a description of the services/functions they will be performing. The prime Contractor shall be wholly responsible for the entire performance of this contract whether or not subcontractors are used.

The successful Offeror will be able to describe the methods it will use to meet the objectives and requirements of the Pharmacy Services Administrator contract in an efficient and effective manner. The successful Offeror will also provide functionality that will place Virginia at the leading edge of innovation. DMAS encourages potential vendors to bring new ideas and innovations and propose enhancements that will help DMAS more effectively balance its responsibilities to Medicaid members and the fiscal needs of Virginia taxpayers.

At a minimum, the Contractor shall be required to provide the following services:

3.1 Pharmacy Services Consultation and Support

The Contractor shall consult the Department regarding changes and trends in the pharmaceutical industry that have the potential to impact the Virginia Medicaid program. The Contractor shall support the Department in responses to stakeholders. The Contractor may also include in this section ideas for innovative improvements to the Medicaid program.

The Contractor shall:

- a. Provide quarterly updates on national, federal and state policy changes and provide recommendations to the Department regarding these changes;
- b. Keep the Department abreast of industry and other similar state Medicaid program trends and changes and provide recommendations to the Department regarding these changes;
- c. Identify new drug applications in the traditional and specialty pharmacy industries;
- d. Make recommendations to the Department as appropriate on cost savings and quality improvement initiatives;
- e. Be responsive to the Department when it receives requests from the General Assembly and other stakeholders on pharmacy-related issues;

- f. Be responsive to the Department during its development and revisions to Medicaid Memos, Provider Manuals, and other official agency documents;
- g. Support the Department with other pharmacy-related inquiries as requested;
- h. Inform the Department on a quarterly basis, or sooner if there is significant benefit to the program, about Federal or State policy or legislative changes, actual or proposed, and new cost savings initiatives or industry trends that could potentially impact the PDL, SA, MAC or Specialty MAC programs; and
- i. Submit a monthly report that identifies additional pharmacy services cost savings initiatives for the Department to consider. The report shall be organized by the programs administered by the contractor (PDL, service authorization, MAC, and Specialty MAC). The report shall provide a summary of each initiative proposed, current and projected utilization data to support proposed savings, and pros and cons of each proposed initiative (e.g., policy, administrative barriers). The report shall also contain a brief timeline for implementation.

The Offeror's proposal shall address methodologies to be used, timelines, project work plans, personnel and other pertinent information in order to implement the requirements successfully to achieve full compliance with all tasks and deliverables.

3.2 Pharmacy Call Center

The Contractor shall provide and maintain a toll-free telephone call center for providers and recipients. As it is anticipated that the majority of the service authorization requests for the PDL and other associated pharmacy programs shall be received through the call center, DMAS requires a highly effective and responsive operation.

The Point-of-sale (POS) and technical pharmacy call center is under contract with the Fiscal Agent Contractor. In response to this RFP, the Offeror's proposal must include a description of how assistance (including but not limited to coordination, referrals, and PA edits) shall be provided to pharmacies, providers, and/or recipients inquiring about pharmacy services not provided under this RFP and resulting contract. The Offeror shall describe all associated cost in the Call Center Cost Proposal (Appendix H).

The call center is not required to be in the Commonwealth of Virginia; however, the Contractor must provide the capacity for the Department to monitor calls remotely from DMAS offices and timely at no cost to the Department. The Offeror's proposal must include a description of methods that it will provide to enable the DMAS Contract Monitor to perform routine monitoring of calls for all populations covered under the contract resulting from this RFP. Offeror shall describe the geographical locations of its firm at the national, regional, and local levels, as applicable. Offeror shall identify all locations that will be used to support a resultant contract and the operations handled from these locations (particularly note any Virginia-based locations that will be used). Offeror should clearly identify any overseas locations, which may be used to support the resultant contract or any related transactions.

The Contractor shall install, operate, monitor and support an automated call distribution system sufficient to handle each required program as indicated in this RFP. The Contractor agrees to relinquish ownership of the toll-free numbers upon contract termination. The call center toll-free numbers shall be established in such a way that DMAS' continued use of such toll-free numbers shall not be interrupted, impeded or cost DMAS any additional funds should DMAS wish to continue use of the toll-free numbers in the event the contract is terminated or expires on its own terms. The Contractor shall be responsible for all costs associated with the toll-free numbers during the term of the Contract as well as for all costs accrued or due and owing as of the date of termination or expiration of the contract, including, but not limited to, any taxes, penalties or fines.

The Contractor shall create and maintain a database that must include documentation regarding all inbound and outbound calls. All data contained within the Contractor's database is the property of the Department and shall be provided to the Department upon contract termination. Reporting from the database is described in Section 3.11 of this RFP.

The Call Center is to be utilized for the following general functions:

- Complete service authorization decisions, handle complaints and reconsiderations and make final determinations associated with the service authorization process.
- Provide technical and clinical support functions for prescribers, pharmacists and recipients who request assistance on how to complete the pharmacy functions described under this RFP.
- Provide general information about the programs in response to inquiries.

Timely and accurate responses are required, while maintaining confidentiality of information. Contractor staff must be consistently responsive, helpful and courteous when responding to the inquiries received via the call center.

3.2.1 Estimation of Present Call Volume

The table below details the number of calls received by the current contractors. The figures below are presented as a representation of past activity. The data detailed below are not a guarantee of the future call volume, which could vary significantly. Changes in DMAS policies or industry practices could possibly alter the future volume. Pharmacy expenditure and claims data are available in Appendix B.

Call Type	July 1, 2007- June 30, 2008 (SFY 08)	July 1, 2008 – June 30, 2009 (SFY 09)
PDL Total calls	40,740	44,156
Doctor	25,718	28,048
Pharmacy	14,138	15,188
Recipient	884	920
POS Total calls*	23,766	19,056
Doctor	4,850	5,333
Pharmacy	17,962	12,659
Recipient	954	1,064
MAC	39	60
Disputes	4	1
SMAC	**	6
Disputes	**	0

*POS call volume is for informational purpose only. POS and other technical pharmacy calls shall be handled by the Fiscal Agent Contractor

**Program began July 1, 2008

3.2.2 Telecommunications System

The Contractor's telecommunication system shall have the capability to accept local and toll-free calls, make outbound calls, and all of the following requirements:

- Provide toll-free telephone access for providers (in-state and out-of state) and recipients to support service authorizations and other pharmacy program initiatives twenty-four (24) hours a day, seven (7) days a week.
- Provide a process for communication, review and resolution of MAC/SMAC reimbursement discrepancies initiated by providers in a timely fashion.

- c. Accept questions and concerns regarding the MAC and Specialty MAC program to address pricing dispute resolution, provider education and any other issues as directed by the Department.
- d. Receive from recipient or prescriber complaints about or reports of: (1) the recipient's inability to obtain a prescribed medication in a timely manner; (2) any adverse event(s) or reactions that the recipient has suffered as a result of being unable to obtain a prescribed medication in a timely manner; and (3) any adverse event(s) or reactions that the recipient has suffered as a result of the recipient using a preferred drug rather than a prescribed drug.
- e. Ensure that personnel responding to service authorization requests are fully trained and knowledgeable about Virginia Medicaid standards and protocols.
- f. Have the capacity to handle all telephone calls at all times; have the upgrade ability to handle any additional call volume. Any additional staff or equipment needs shall be the responsibility of the Contractor. The Contractor shall be responsible for adequate staffing and equipment during high peak times.
- g. Provide sufficient telecommunications capacity to meet the state's needs with acceptable call completion and abandonment rates as specified in the performance standards. This capacity must be scalable (both increases and decreases) to demand in the future.
- h. Provide Virginia registered pharmacists during all hours of call center operation to respond to pharmacy related questions that require clinical interventions, reconsiderations and consultation. Provide on call physician support for responses to service authorization requests.
- i. Effectively manage all calls received by the automated call distributor and assign incoming calls to available staff in an efficient manner.
- j. Ensure call tracking reporting by program (PDL, MAC/SMAC).
- k. Report types of calls by program (either through the ACD system or via the Contractor's internal tracking system).
- l. Provide detailed analysis of all calls, including but not limited, to the quantity, types of calls received, the amount of time it takes to answer them initially, the number of calls transferred, length of time it takes the caller to reach a live person, and length of call.
- m. Measure the number of callers encountering busy signals or hanging up while on hold.
- n. Measure the amount of time callers are placed on hold.
- o. Make certain that Contractor staff are responsive, helpful, courteous and accurate when responding to inquiries, and maintain recipient confidentiality. The Contractor will be responsible for a Quality Assurance program that shall be in place to sample calls and follow up calls to confirm the quality of responses, and caller satisfaction. The Contractor is responsible for reports on the outcomes of the Quality Assurance program, and any training required to maintain the highest level of quality.
- p. Design and implement a management call tracking and reporting capability including an electronic record to document a synopsis of all calls and to provide a complete record of communication to the call line from providers, recipients, and other interested parties.
- q. Provide complete on-line access by the state to all computer files and databases that support the system for applicable pharmacy programs.
- r. Develop, maintain, and ensure compliance with Medicaid confidentiality procedures/policies, including HIPAA requirements, within the call line department.
- s. Provide greeting message when necessary and educational messages approved by the Department while callers are on hold.
- t. Install and maintain its telephone line in a way that allows calls to be monitored by a third party for the purposes of evaluating Contractor performance with a message which informs callers that such monitoring is occurring. Call monitoring by a third party, for accuracy and quality of information, must be available at the location of the call center as well as remotely.
- u. Ensure that there is a back-up telephone system in place that shall operate in the event of line trouble or other problems so that access to the call center by telephone is not disrupted.
- v. Advise DMAS immediately of all electronic communications failures that occur between the fiscal agent and the Contractor.

- w. Ensure that telephone translation services are accessible via the toll-free number and providers or recipients will be involved in three way conversation with the language line and not have to make an additional call.
- x. Ensure TDD/TDY capabilities.
- y. Report and assess the busiest day by number of calls.
- z. Measure the number of calls in the queue at peak times.
- aa. Provide detailed daily reports of abandonment rate, average wait time to abandon, and abandonment during call transfer, service levels, etc.
- bb. Provide real-time information on call center performance, e.g., outgoing calls, calls waiting, agents logged-in, available agents, etc.
- cc. Provide adequate staff to handle service authorization requests received by web-based system, facsimile or email.
- dd. Provide reports on the number of service authorizations received by internet, facsimile or email.
- ee. Ensure reporting of complaints and grievances by program (PDL, MAC/SMAC).
- ff. Certified pharmacy technicians shall handle all initial service authorization requests taken at the call center. Any service authorization denial must be determined or approved by a Virginia registered pharmacist on duty at the Call Center.
- gg. A pharmacist must be available via telephone at all times for clinical support.

3.2.3 Communication and Language Needs

The Contractor shall ensure that communication and language needs are addressed. This applies to all non-English speaking callers and is not limited to prevalent languages. The caller cannot be charged a fee for translator or interpreter services. The Contractor shall have the capacity and sufficiently trained staff available to utilize the Virginia Relay service for the deaf and hard-of-hearing.

3.2.4 Call Center Performance Standards

The Contractor is responsible for meeting the following performance standards and is required to provide reports demonstrating that it has performed as follows:

- a. The call center shall be available twenty-four (24) hours a day, seven (7) days a week, to respond to service authorization requests and other pharmacy related issues/questions, except for prior written approved down time.
- b. The call center must be staffed to answer at least 95% of all incoming calls in three rings or less (an automated voice response system which places call in queue may be used at initial time of call);
- c. No more than 3 calls per operator should be in the queue at any time;
- d. Telephone calls shall be of sufficient length (average 4-5 minutes) to assure adequate information is imparted to the recipient;
- e. The average wait time in the queue should not be longer than 3 minutes (180 seconds) for 90% of incoming calls answered each month;
- f. The rate of abandoned calls can not exceed 5% in any one week;
- g. The average wait time to abandon should not be longer than 3 minutes for 95% of incoming calls;
- h. All call line inquiries that require a callback shall be returned in one business day of receipt one hundred percent (100%) of the time;
- i. Only calls that meet the criteria specified by the Department should be referred to the Department;
- j. The Contractor must develop a system to continually audit telephone responses for customer service skills as well as accuracy of responses. The Contractor must provide an example of staff audit progress reports used internally, for review by the Department. Deficiencies must be addressed immediately. The Department shall audit the call center for monitoring and quality improvement purposes at any time, including on-site or remote monitoring;

- k. Performance standards as noted above must be met in consideration of all populations served, lengthy calls, and additional customer service requirements as specified by the Department; and,
- l. Provide call center reports per requirements described in Section III.

The Offeror's proposal shall address methodologies to be used, timelines, work plans, personnel and other pertinent information in order to implement the requirements successfully to achieve full compliance with all tasks and deliverables.

3.3 Website/E-mail

The Commonwealth requires that the Contractor provide secure email for all communications to and from DMAS. DMAS requires Secure ESMTTP over Transport Layer Security (TLS) RFC 3207 over the Internet on a domain to domain basis for all Contractor domains. The Contractor's proposed solution must include a method for secured industry standard email using strong encryption keys (greater than 128 bit) between DMAS and the Contractor. The Contractor shall maintain a website site to be used on a shared server and compliant with the Virginia Information Technology Accessibility (VITA) Standards. The current VITA standards are published at <http://www.vita.virginia.gov/docs/websiteStandards.cfm>.

The website is required to provide information associated with the pharmacy related services as well as Virginia Medicaid policies and procedures that have been put in place as a result of the contract. The system must be able to be easily customized and have interactive communications capabilities to meet the needs of the state, MMIS, providers and recipients. Confidentiality policies and procedures are of the utmost importance to the state. The Contractor must provide support and maintenance of the website and guarantee any data exchange between the Contractor and the state, MMIS, providers or recipients will be secure (SSLv3 or TLSv1). The website shall contain a section or page devoted to enrollees and providers covered under the Virginia Medicaid programs. At a minimum, the site shall contain the following:

- a. Information associated with the pharmacy programs as well as Virginia Medicaid policies and procedures;
- b. Information on the Preferred Drug list, how to submit a service authorization request and a portal for providers to submit service authorizations via direct data entry (DDE);
- c. Develop and maintain the MAC/SMAC list in electronic form for internet access (to be posted to Contractor's and DMAS' websites). The MAC list should include product name, form, strength, the current MAC and the Federal Upper Limit (FUL) price, when available. This web-based list should be updated on a monthly basis;
- d. Contractor contact names, telephone numbers, and addresses for providers and recipients to contact with respect to services covered in this RFP;
- e. Information regarding how to submit grievances and or appeals to the Contractor and to DMAS; and
- f. Information to assist providers and recipients in relation to frequently asked questions, DMAS provider manuals, and such other information/materials as requested by DMAS.

Routine updates shall be made by the Contractor upon request by the Department at no cost to the Department.

The Contractor shall assure that the website technology includes web trending software to track the utilization of the site; i.e. total visits, total page views, top page, etc., with monthly comparison reports to the Department. The Contractor agrees to relinquish ownership of the website upon contract termination, at which time the Department shall take title to this web address and its contents.

As part of the response to this RFP, Offerors shall:

- a. Describe how web-based technologies will be used to enhance the operation of the program, maintain cost effectiveness of operations, and increase accessibility of information for providers and recipients.
- b. Demonstrate the ability to support DMAS' strategy to develop and enhance web-based solutions whenever possible.
- c. Describe the ability to customize communications to targeted populations, and the willingness to customize the website applications based on the needs of DMAS.
- d. Describe and implement the technical capacities of website support, including:
 - i. secure, interactive capabilities with the MMIS, providers and recipients.
 - ii. timeliness of updates and changes.
 - iii. client customization capability.
 - iv. security/confidentiality.
- e. Describe all website capacities and applications which will be made available to DMAS through the Offeror's website.

3.4 Virginia Medicaid Pharmacy and Therapeutics Committee

The Contractor will support DMAS' P&T Committee in performing its responsibilities in the administration and maintenance of the Preferred Drug List and service authorization programs. DMAS' P&T Committee is established pursuant to the requirements included in the 2009 Appropriations Act (See Appendix C).

The Contractor shall:

- a. Attend all P&T meetings.
- b. Work in conjunction with DMAS and the P&T Committee to develop the PDL and service authorization programs to be therapeutically sound, cost-efficient, and minimally disruptive to Virginia Medicaid recipients and their providers.
- c. Provide information and staff support to the P&T Committee as needed to ensure timely implementation and on-going maintenance of the PDL and service authorization programs.
- d. Facilitate review of all therapeutic classes by the P&T Committee no less than annually.
- e. Require its clinical pharmacists to review new medications in therapeutic classes affected by the PDL as the FDA approves them, and inform the P&T Committee of such reviews.
- f. Provide P&T Committee support to include reviewing all medications in a therapeutic class for comparative efficacy, side effects, dosing, prescribing trends, and other clinical indications.
- g. Prepare and present clinical and Virginia-specific utilization management information to the P&T Committee for its use in making clinical recommendations.
- h. Make recommendations to the P&T Committee based on clinical and utilization management data.
- i. Provide the P&T Committee with accurate net cost information for specific drugs reviewed by the P&T Committee, which examines the cost of the drug per unit minus the federal and supplemental rebates, where applicable.
- j. Provide the P&T Committee with accurate market share information.
- k. Make available to DMAS, on a scheduled to be determined by the Department, all documents for the P&T Committee meetings.
- l. Provide reports on the activities of the P&T Committee as outlined in Section 3.11.
- m. Facilitate the P&T Committee's use of clinical subject matter experts in reviewing various classes of drugs or individual drugs if such expertise is requested by the P&T Committee members.
- n. Discuss issues with the P&T Chair and Co-Chair as needed.
- o. Facilitate and document DMAS process for acting on or deviating from the recommendations by the P&T Committee.
- p. Provide adequate administrative support to help manage the PDL timeline from preparing for the P&T Committee meetings, to post meeting activities (e.g., P&T Committee minutes) and follow-up implementation. The timeline shall be co-developed with DMAS.

The Offeror's proposal shall address methodologies to be used, timelines, work plans, personnel and other pertinent information in order to implement the requirements successfully to achieve full compliance with all tasks and deliverables. The Offeror's response to this RFP shall include a sample of the information provided to the P&T Committee, including therapeutic class review information (one class), agendas and meeting minutes.

3.5 Preferred Drug List (PDL)

A PDL is designed to optimize the prescribing and dispensing of those safe and therapeutically effective drugs within each therapeutic class that are the most cost-effective. A PDL assures that more costly drugs, which do not have any significant clinical or therapeutic advantage over others in their class, are used only when medically necessary. The program design must include the following elements:

- a. A stringent clinical review of medical and scientific data are undertaken by the P&T Committee, with the support of the Contractor, to evaluate which classes of drugs should be subject to the PDL program. Within the classes of drugs determined to be subject to PDL, the P&T Committee, with the support of the Contractor, determines which drugs within each class are safe, therapeutically effective, and provide equivalent clinical outcomes. The evaluation includes careful consideration of the health and safety of the Medicaid population with minimal disruption of access to medical care or increasing provider costs. Recommendations are made for preferred drugs based on a thorough review of therapeutic effectiveness, safety, and health outcomes, followed by an analysis of the relative costs of the drugs in each class under consideration.
- b. Exclusions from the PDL focus on specific therapeutic classes and not on general diagnoses. The budget language (See Appendix C) directs the P&T Committee to determine which drugs should be subject to the PDL program and service authorization requirements, as well as appropriate exclusions. The drug classes already excluded address several of the directives provided in the budget language. It is important to note that additional exclusions not already included in the base PDL savings assumptions will reduce the amount of savings. The medical and pharmacy experts on the P&T Committee make recommendations to DMAS regarding how drugs will be treated under this program. The most current PDL list is available at http://www.dmas.virginia.gov/pharm-pdl_program.htm.
- c. The Contractor drafts, negotiates and manages the supplemental rebate process, subject to DMAS approval. Drugs that may be considered non-preferred must be authorized prior to being dispensed to a Medicaid client.
- d. Prescribers are required to obtain a service authorization for all non-preferred drugs in each class through the call center staffed with appropriate clinicians, and/or through written communications (e.g., direct data entry, fax, mail). Call center representatives provide a determination as to whether it is appropriate for the specific patient to receive a non-preferred drug. A reconsideration process is maintained to assure the ability of prescribers to have any potential denials reviewed. The Medicaid client has the right to a fair hearing regarding denial of the specific product should the denial stand despite a reconsideration process. The Department administers the fair hearings, however, the Contractor is required to provide support for cases as a result of the Contractor's determinations.

The Contractor shall assume responsibility for administering and maintaining the existing PDL, including existing service authorization criteria. As the PDL is re-evaluated and/or expanded, the Contractor shall develop proposed service authorization criteria for non-preferred drugs and certain preferred drugs.

The Contractor shall:

3.5.1 Administer and Maintain the Preferred Drug List

- a. Identify, in conjunction with the P&T Committee, the top therapeutic classes of drugs within the Virginia Medicaid pharmacy claims data based on actual utilization, and classified according to the First DataBank classification of Specific Therapeutic Class and claims data in the MMIS.
- b. Include all drugs on the PDL that are approved by the P&T Committee and DMAS that are deemed PDL-eligible (including specialty drugs as recommended by the P&T Committee (reference http://www.dmas.virginia.gov/pharm-pdl_program.htm).
- c. Exclude certain drugs from the PDL program and associated service authorization requirements for non-preferred drugs as previously determined by the P&T Committee, the Department and/or the Virginia General Assembly. In addition, the PDL will not apply to all therapeutic classes. It is expected that other therapeutic classes will be excluded from the base PDL for reasons such as:
 - i. uniqueness of prescribing requirements or the treatment regimen for a particular illness or disease (i.e., not therapeutically appropriate as determined by the P&T Committee);
 - ii. there is only one drug in a specific therapeutic class;
 - iii. there is very low utilization in a specific therapeutic class;
 - iv. economics of including on PDL and administering service authorizations do not generate savings (i.e., not cost-effective).
- d. Include on the PDL those preferred drugs that are recommended by the P&T Committee as being safe and therapeutically effective, and establish a service authorization process for the non-preferred drugs that are not on the PDL;
- e. Ensure that the Preferred Drug List program includes provisions for:
 - i. the dispensing of a 72-hour emergency supply of the prescribed drug and a dispensing fee to be paid to the pharmacy for such supply;
 - ii. responses by telephone or other telecommunications device within 24 hours of a request for service authorization; and
 - iii. an expedited review process of denials by the Department.
- g. Assist the P&T Committee and the Department in conducting clinical reviews of new name-brand drugs and new generic drugs for clinical safety and efficacy, and possible inclusion or exclusion in the PDL.
- h. Assist the P&T Committee and the Department in conducting clinical reviews of existing drugs for new indications or changes to indications that might affect their inclusion or exclusion in the PDL.
- i. Annually review drugs within a therapeutic class.
- j. Develop changes to drug review criteria for the PDL based on new information.
- k. Analyze cost information relative to drug alternatives as they affect the PDL.
- l. Assist DMAS with monitoring compliance with the PDL.
- m. Support and facilitate meetings of the P&T Committee as necessary to maintain the PDL.
- n. Bring all proposed changes to the PDL to the P&T Committee and DMAS for review and approval prior to implementation.
- o. Provide PDL services to DMAS and its Fiscal Agent in a format which facilitates the loading of specific designated products' PDL status into the MMIS. The listing format must use standard data elements (i.e., Therapeutic class, Generic code, HICL, etc.) in addition to each product name by brand and generic title. These elements must be approved by DMAS and its Fiscal Agent prior to coding and testing. DMAS must give approval to final test results prior to implementation of PDL operations. The Contractor must assure a mechanism whereby timely additions/deletions to the PDL can be made to the MMIS during standard maintenance operations on the drug file.
- p. At a minimum, participate in bi-weekly status meetings with DMAS.
- q. Provide a monthly brand patent expiration watch list (generic watch list).

The Offeror's proposal shall address methodologies to be used, timelines, work plans, personnel and other pertinent information in order to implement the requirements successfully to achieve full compliance with

all tasks and deliverables.

3.6 Service Authorization Program for the PDL

The Contractor shall:

- a. Determine methods and procedures for providers to request and receive service authorizations. Service authorization requests must be accepted via multiple media, including but not limited to direct data entry (DDE), telephone, facsimile, and/or secured email. Proposals must include processing timeframes required for each method of submission that are consistent with industry standards. The Contractor's methods and procedures, as well as those of all subcontractors employed by the Contractor to provide services under the resulting contract, must comply with the Health Insurance Portability and Accountability Act (HIPAA) and other applicable federal and state privacy and security laws and regulations. The Contractor shall not charge providers for submission, via any media, of service authorization requests.
- b. Provide a sufficient number of properly functioning toll-free and V/TTY telephone numbers (in-state and out-of state) for providers, other responsible parties, and some enrollees to call and fax service authorization requests as described in this RFP.
- c. Process requests in accordance with state rules and regulations. For telephone requests, staff shall enter provider's responses on-line into the system, and provide the review decision to the caller.
- d. Ensure compliance with all Federal and State service authorization requirements;
- e. Provide a seamless transition for the Medicaid program's providers and clients;
- f. Ensure that personnel responding to inquiries and requests are fully trained and knowledgeable about Virginia Medicaid regulations, policies, standards and protocols relating to the service authorization program.
- g. Provide a staffing plan to handle the anticipated SA review volume;
- h. Provide a process for capturing all service authorizations in VAMMIS;
- i. Develop clinical service authorization review criteria in conjunction with DMAS, its Drug Utilization Review Board, and P&T Committee. CMS-approved reference books as well as current medical literature may be used to develop the criteria;
- j. Develop a plan for administering the Service Authorization program. The plan should achieve the objective of compliance with the PDL without unduly disrupting access to care or increasing provider costs, and demonstrate the means by which this will be accomplished;
- k. After approval of the Preferred Drug List and as supplemental drug rebates are negotiated as described above, provide service authorization services for prescriptions written for non-preferred drugs. Service authorization services will consist of prescription review by a licensed pharmacist or certified pharmacy technician to ensure that all predetermined therapeutically appropriate criteria have been met before the prescription may be dispensed;
- l. Have an automated approval process for prior authorizations based on patient's drug history with an emphasis on reduction of transactions and manual interventions;
- m. Provide to DMAS weekly reports that summarize all service authorization activities performed on behalf of the Virginia Medicaid program;
- n. Submit reports on monitoring parameters for all compliance measures as agreed and developed by the Department;
- o. Ensure that all service authorizations conducted via the telephone meet the service and quality standards required in Section III;
- p. Make the service authorization review criteria easily understood and widely available to providers, Medicaid clients, and identified stakeholders through various media;
- q. Pre-test service authorization procedures with physicians and pharmacists prior to implementation to ensure that the process is working as designed;
- r. Provide complete on-line access (read only) by the state to all computer files and databases that support the system for applicable service authorization programs.

The Offeror shall also describe any processes used to amend service authorization requirements based upon internal research of trends, professional guidelines, etc. The Department shall approve final service authorization procedures prior to implementation and upon any revision. In instances where manufacturers and labelers that do not sign supplemental rebate agreements with DMAS, but have drugs that meet the safety and efficacy standards of the P&T Committee, these drugs will be given a status of non-preferred. Prescriptions for non-preferred drugs will be subject to service authorization.

The Offeror's proposal shall address methodologies to be used, timelines, work plans, workflows with timeframes, personnel (including clinical staff reviewers, physicians, pharmacists, etc.) and other pertinent information in order to implement the requirements successfully to achieve full compliance with all tasks and deliverables.

The service authorization data detailed below are not a guarantee of the volume of future SA requests. Changes in DMAS' PDL policies or industry practices could possibly alter the future volume of SA requests.

Month	Total	Approved	Change in Therapy	Denied
Jul-07	1,599	1,251	332	16
Aug-07	1,761	1,431	321	9
Sep-07	1,492	1,163	314	15
Oct-07	1,537	1,218	310	9
Nov-07	1,411	1,167	239	5
Dec-07	1,308	1,105	198	5
Jan-08	2,265	1,762	497	6
Feb-08	1,656	1,342	311	2
Mar-08	1,616	1,331	269	16
Apr-08	1,696	1,339	350	7
May-08	1,572	1,249	291	6
Jun-08	1,697	1,386	308	3
Total	19,610	15,744	3,740	99

Month	Total	Approved	Change in Therapy	Denied
Jul-08	1,818	1,420	388	10
Aug-08	1,634	1,229	400	5
Sep-08	1,883	1,363	505	15
Oct-08	2,002	1,394	589	19
Nov-08	1,625	1,138	469	8
Dec-08	1,771	1,260	501	6
Jan-09	1,871	1,350	516	5
Feb-09	1,752	1,242	507	2
Mar-09	1,900	1,343	550	7
Apr-09	1,974	1,392	579	3
May-09	1837	1255	577	5

Jun-08	1974	1410	561	3
Total	22,041	15,796	6,142	88

3.7 State Supplemental Rebates and Drug Pricing

The Contractor shall:

- a. Negotiate and obtain competitive supplemental rebate and drug pricing contracts.
- b. Concurrent with the administration of the PDL, conduct meetings with the Department to develop a supplemental rebate and drug pricing strategy with the designated pharmaceutical manufacturers. Distinct strategies will be developed for the Medicaid fee-for-service population and the FAMIS (Title XXI) fee-for-service population, which is not eligible for federal rebates.
- c. Subject to DMAS approval, negotiate Medicaid and FAMIS fee-for-service state Supplemental Rebate and drug pricing agreements with pharmaceutical manufacturers. Such agreements will be in a format agreed to by the parties. DMAS will review and approve agreements prior to execution. If DMAS does not approve an agreement, DMAS retains the right to continue negotiations with the pharmaceutical manufacturer or direct the Contractor to continue such negotiations.
- d. Provide DMAS with access to all Medicaid and FAMIS fee-for-service supplemental rebate and drug pricing contracts and related documentation.
- e. Ensure that Medicaid fee-for-service supplemental rebates are over and above the federal rebates and in compliance with federal law.
- f. Maintain the confidentiality of each of DMAS' Medicaid and FAMIS fee-for-service supplemental rebate and drug pricing contracts confidentially and keep separate from those of other clients. The Contractor will propose a plan for securing and maintaining the supplemental rebate and drug pricing contracts and related confidential information in a format agreed to by DMAS. The Department must approve confidentiality agreements.
- g. Provide to DMAS monthly and ad hoc reports on the performance of the PDL, Medicaid and FAMIS fee-for-service supplemental rebates, and drug pricing, broken out by population. The parties will agree upon the format of the reports. DMAS will incur no additional expense in the generation of any such reports.
- h. Meet requirements of the Drug Rebate Services (DRS) contractor in order to provide supplemental rebate rates.

The Offeror's proposal shall address methodologies to be used, timelines, work plans, personnel and other pertinent information in order to implement the requirements successfully to achieve full compliance with all tasks and deliverables.

3.8 MAC and Specialty MAC Drug Programs

The MAC and Specialty MAC programs are currently administered through the MAC contract, which is unique from the PDL contract. The MAC and the Specialty MAC programs shall be included as part of this Pharmacy Services Administrator contract. The Contractor shall take over the existing MAC and SMAC programs and assume responsibility for administering and maintaining all related activities.

3.8.1 MAC Program

The Maximum Allowable Cost (MAC) Program employs pricing methodology commonly used by Medicaid programs to control the cost of generic multiple source drugs by setting a maximum reimbursement amount. Drugs are considered "multiple source" or "multisource" when therapeutically effective drugs are available from multiple manufacturers.

The Virginia Administrative Code (12VAC30-80-40) sets forth criteria for DMAS to use when developing a methodology for reimbursing generic drugs through the Medicaid program. According to the regulations, the Department's established pricing methodology shall be the higher of either (i) the lowest Wholesale Acquisition Cost (WAC) plus 10% or (ii) the second lowest WAC plus 6.0% for products widely available for purchase in the state and included in the national pricing compendia. Pricing should be based on multiple methodologies for each drug class. Furthermore, drugs in the MAC program should be available from a minimum of three different suppliers. Suppliers should be able to offer sufficient quantities of the drug that pharmacies are able to purchase. The drugs considered must be listed as therapeutically and pharmaceutically equivalent in the FDA's most recent version of the "Orange Book" and the MAC price should be applied to all NDCs. The DMAS MAC program is to be administered in accordance with these regulations and will require the selected vendor to administer the program in accordance with this directive unless Federal or State legislative changes modify the current process.

In order to price drugs in the MAC and Specialty MAC programs, a contract with First Data Bank shall be required as the source of pricing.

3.8.2 Cost Savings Projections

The Contractor shall:

- a. Estimate an expected minimum effective MAC cost savings as part of their proposal and provide a detailed analysis of how these cost savings were derived;
- b. Provide innovative proposals for cost savings/performance guarantee arrangements. At the Department's option, the accuracy of any estimated performance results may be independently audited;
- c. Submit all proposals for cost savings projections and performance guarantees in an electronic format in which the methodology can be determined; and
- d. Describe the positive or negative impact that any of the requirements set forth in State law and regulation will have on cost savings projections.
- e. Propose alternate regulatory budget language and potential savings.

3.8.3 MAC Program Requirements

The Contractor shall administer a MAC program to control the cost of generic multiple source drugs by setting a maximum reimbursement amount.

The Contractor shall:

- a. Administer a MAC program that meets the requirement of relevant State and Federal regulations pertaining to prescription drug cost methodology that will increase cost savings for the Department;
- b. Establish prices for generic multiple source drugs using the Department's established pricing methodologies, which shall be the higher of either (i) the lowest Wholesale Acquisition Cost (WAC) plus 10% or (ii) the second lowest WAC plus 6.0% for products widely available for purchase in the state and included in the national pricing compendia. Pricing should be based on multiple methodologies for each drug class;
- c. Revise prices for generic multiple source drugs;
- d. Implement pricing improvements to the state's MAC, to reflect lower price points for drugs on the CMS FUL when the FUL price points are found to not meet marketplace acquisition costs. The MAC list will include all drugs on the CMS FUL listing as well as other drugs that have been deemed to be appropriate for MAC pricing. These changes shall be implemented, as needed, based on market conditions;
- e. Provide its methodology for setting state MAC rates to the Department and to publish the overall

range in accordance with state regulation. The methodology should include the factors used to set the MAC rate, the identity of the reference product using the NDC, the factor by which the MAC rate exceeds the reference product price, and the identity and date of the published compendia used to determine the reference product to set the MAC rate;

- f. Identify that the use of a MAC rate is lower than the Federal Upper Payment Limit (FUL) for the drug, or the development of a MAC rate that does not have a FUL that will result in the use of higher-cost innovator brand name or single source drugs in the Medicaid program;
- g. Monitor market conditions for fluctuations in pricing to ensure proper reimbursement to providers and implement a process to eliminate products from the list or modify MAC rates consistent with changes in the marketplace;
- h. Monitor generic pricing compared to brand pricing that will allow the P&T to consider potential for switching at the most proficient time.
- i. Implement a process to eliminate products from the list or modify MAC rates consistent with changes in the marketplace;
- j. Provide a process for communication, review and resolution of reimbursement discrepancies initiated by providers in a timely fashion, DMAS should be informed on a weekly basis of these issues;
- k. Provide a mechanism to evaluate program outcomes and compliance rate;
- l. Develop and maintain the MAC list in electronic form for internet access (to be posted to Contractor's and DMAS' websites). The MAC list should include product name, form, strength, the current MAC and the Federal Upper Limit (FUL) price, when available. This web-based list should be updated on a monthly basis;
- m. Administer the MAC program to maximize cost savings for the Department. Drugs in the MAC program should be available from a minimum of three different suppliers. Suppliers should be able to offer sufficient quantities of the drug that pharmacies are able to purchase. The drugs considered must be listed as therapeutically and pharmaceutically equivalent in the FDA's most recent version of the "Orange Book" and the MAC price should be applied to all NDCs;
- n. Identify multisource generic prescription drugs (all dosage forms) to be included on the MAC program and calculate the MAC reimbursement for the selected multisource prescription drugs. The MAC list must be maintained to reflect market conditions on a weekly basis;

The Offeror's proposal shall address methodologies to be used, timelines, work plans, personnel and other pertinent information in order to implement the requirements successfully to achieve full compliance with all tasks and deliverables.

For evaluation purposes, the Contractor shall complete the following worksheet based on a sample MAC list currently implemented by its organization:

Estimated percent of Medicaid reimbursable generic prescriptions	
Estimated percent of the Medicaid reimbursable generic AWP	
Estimated percent of the Medicaid reimbursable multisource brand prescriptions	

- a. For those generic drugs subjected to MAC pricing, what is the average effective discount off AWP?
- b. Describe company's experience in managing state Medicaid MAC lists. For each state managed, indicate whether the MAC list was initially developed by the state.
- c. Detail assistance to be provided to the state in establishing MAC prices for new generics and OTC medications as they become available.
- d. Provide monthly MAC review process, including procedures to address price variability and market

availability issues. Address the flexibility in allowing the Department to provide input regarding the drug selection and price points of the MAC list.

- e. Provide a sample copy of the proposed MAC and associated MAC prices in proposal, with prices effective as of April 1, 2010.
- f. Provide sample trend of MAC pricing from April 2008 to April 2009 for the following selected drug products:
 - i. Metformin 500 mg (ea)
 - ii. Buspirone 10 mg (ea)
 - iii. Tramadol 50 mg (ea)
 - iv. Fluoxetine 10 mg capsule (ea)
 - v. Lisinopril 20 mg (ea)
 - vi. Risperidone 1mg (ea)
 - vii. Azithromycin 250mg (ea)
 - viii. Clonidine 0.2 mg (ea)
 - ix. Simvastatin 20mg (ea)
 - x. Methylphenidate 5 mg tablet (ea)
 - xi. Albuterol Sulfate MDI (ea)
 - xii. Zolpidem 5mg and 10mg
 - xiii. Sertraline 50mg (ea)
 - xiv. Warfarin 4 mg (ea)
 - xv. Ondansetron 4mg (ea)

3.8.4 Specialty MAC Program

Specialty drug products are products used to treat chronic, high-cost or rare diseases, including treatments for certain diseases such as Hepatitis-C and Multiple Sclerosis, as well as drugs such as growth hormone agents and interferon. Specialty drugs include biological drugs, blood-derived products, complex molecules, and select oral, injectables, and infused medications. These drugs tend to be higher in cost than standard pharmaceutical products because they typically require tailored patient education for safe and cost-effective use, patient-specific dosing, close patient monitoring, administration via injection, and require refrigeration or other special handling.

The Department currently includes drugs in the following Specific Therapeutic Classes (STC) in its Specialty MAC pricing program:

- Hematopoietic Agents
 - STC – N1B (Hematinics)
 - STC – N1C (Leukocyte Stimulants)
- Anti Tumor Necrosis Factor Agents
 - STC-S2J (Tumor necrosis factor inhibitor)
- Immunomodulator Agents
 - STC-S2M (Interleukin-1 receptor antagonist)
- Agents to treat Multiple Sclerosis
 - STC-H0E (Agents to treat multiple sclerosis)
- Growth Hormone Agents
 - STC-P1A (Growth hormones)
- Interferon Agents for Hepatitis C
 - STC-W5G (Hepatitis C treatment agents)

DMAS is reviewing the following drugs for potential inclusion in its Specialty MAC program in the near future:

- Respiratory Syncytial Virus (RSV)
- Human Immunodeficiency Virus (HIV); and
- Low Molecular Weight Heparin (LMWH).

The Specialty MAC program is designed to ensure that recipients receive appropriate specialty drugs in the most cost-effective manner through a discounted pricing program that limits disruption in the specialty drug market, maintains access to specialty drugs and minimizes administrative requirements. This program works in conjunction with the MAC program and the PDL to ensure recipients receive quality products in a cost-effective manner.

The current Specialty MAC reimbursement amount is determined by and based on the Wholesale Acquisition Cost (WAC) + 4.75%. Drugs are priced for reimbursement to the dispensing pharmacy according to the rates based on a fair, “market bearing” price with consideration for pharmacies’ acquisition costs and a reasonable margin. The pricing is specific to each National Drug Code (NDC) for each drug in the initial six specialty drug classes. All pharmacy providers willing to accept these prices may render services. The Specialty MAC list must be maintained to reflect market conditions on a weekly basis. Pricing information must be available to DMAS on request.

3.8.5 Specialty MAC Program Requirements

The Contractor shall administer the Specialty MAC pricing methodology established by the Department for agreed upon specialty drugs.

The Contractor shall:

- a. Administer the Specialty MAC program that meets the requirement of relevant State and Federal regulations pertaining to a prescription drug cost methodology that will increase cost savings for the Department;
- b. Submit to the Department, on at least a quarterly basis, proposed classes of drugs to be considered as specialty drugs that may be appropriate for inclusion in the Specialty MAC program based on ongoing cost and clinical effectiveness reviews. The Contractor shall submit a proposal identifying the criteria and analytical tools that will be used to develop these reports;
- c. Revise prices for specialty drugs on a weekly basis;
- d. Monitor market conditions for fluctuations in pricing to ensure proper reimbursement to providers and implement a process to eliminate products from the list or modify Specialty MAC rates consistent with changes in the marketplace;
- e. Provide a process for communication, review and resolution of reimbursement discrepancies initiated by providers in a timely fashion, DMAS should be informed on a weekly basis of these issues;
- f. Provide a mechanism to evaluate program outcomes and compliance rate;
- g. Develop and maintain the Specialty MAC list in electronic form for internet access (to be posted to Contractor’s and DMAS’ websites). The Specialty MAC list should include product name, form, strength and the current Specialty MAC price. This web-based list should be updated on a quarterly basis;
- h. Propose innovative ideas to the MAC/SMAC programs.

The Offeror’s proposal shall address methodologies to be used, timelines, work plans, personnel and other pertinent information in order to implement the requirements successfully to achieve full compliance with all tasks and deliverables.

3.8.6 Dispute Resolution for the MAC and Specialty MAC Programs

The Contractor shall establish and execute a process for responding to provider requests for evaluation of current MAC pricing and Specialty MAC pricing. These disputes must be resolved within 72 hours. Following resolution with providers, the effective price must be submitted to the Department within 24 hours. The Contractor shall resolve all state MAC and Specialty MAC disputes that arise from providers related to pricing and availability while maintaining a positive relationship with the pharmacy community.

3.9 Provider Reconsideration and Appeals

3.9.1 Provider Reconsideration to the Contractor

The Contractor shall have an automatic reconsideration process in place available to providers who wish to challenge adverse decisions. This process must assure that appropriate decisions are made as promptly as possible. The Contractor, in response to this RFP, must submit its reconsideration process, including timelines, which allows for automatic review by the physician of those requests that the reviewers have advised the providers that the medical information provided does not meet DMAS specified criteria.

If the clinical pharmacy director upholds the adverse decision, the provider may accept that decision and the case will be denied and a denial letter identifying appeal rights will be generated to both the provider and the recipient. The Contractor may consult with DMAS Medical Support on cases of question.

The Contractor must develop policies and procedures regarding the reconsideration processes. These must be reviewed and approved by the Department prior to implementation. The Contractor shall notify providers of their rights to appeal adverse actions. The Contractor will provide DMAS with monthly reports indicating the number of reconsideration requests received as well as the detailed analysis and disposition.

3.9.2 Provider Appeals to DMAS

Medicaid providers also have the right to appeal adverse decisions to the Department. The Contractor must inform providers of their right to appeal to the Department. Upon receipt of notification of an appeal by the Department, the Contractor shall prepare and submit appeal summaries to the DMAS Appeals Division, the DMAS Contract Monitor, and the provider involved in the appeal in accordance with required time frames. The Contractor shall comply with all state and federal laws, regulations, and policies regarding the content and timeframes for appeal summaries. Failure to submit appeals summaries within the required timeframe shall result in the Contractor being liable for any costs that DMAS incurs as a result of the Contractor's noncompliance.

The Contractor shall attend and defend the Contractor's decisions at all appeal hearings or conferences, whether informal or formal, or whether in person or by telephone, or as deemed necessary by the DMAS Appeals Division. Contractor travel or telephone expenses in relation to appeal activities shall be borne by the Contractor. Failure to attend or defend the contractor's decisions at all appeal hearings or conferences shall result in the Contractor being liable for any costs that DMAS incurs as a result of the Contractor's noncompliance.

3.10 Enrollee Grievance and Appeals

3.10.1 Enrollee Grievance to the Contractor

The Contractor shall have an internal grievance process in place available to Medicaid enrollees who wish to file a grievance or challenge adverse actions. This process must assure that appropriate decisions are made as promptly as possible. The process shall include provisions for expediting within 1 working day. The Contractor must develop policies and procedures regarding the grievance processes. These must be reviewed and approved by the Department prior to implementation. The Contractor shall notify recipients of their rights to appeal adverse actions. The Contractor will provide DMAS with monthly reports indicating the number of grievance requests received as well as the detailed analysis and disposition.

3.10.2 Enrollee Appeals to DMAS

Medicaid enrollees have the right to appeal adverse decisions to the Department as described in 12VAC30-110, *et seq.* The Contractor must notify the enrollees of their right to appeal to the Department and the fact that enrollees have the right to appeal directly to the Department for a state fair hearing and provide the Department's address for the appeals. Upon receipt of notification of an appeal by the Department, the Contractor shall prepare and submit appeal summaries to the DMAS Appeals Division, the DMAS Contract Monitor, and the recipient involved in the appeal in accordance with required time frames. The Contractor shall comply with all state and federal laws, regulations, and DMAS policies regarding the content and timeframes for appeal summaries. Failure to submit appeals summaries shall result in a liquidated damage of \$100 per calendar day for each day that the appeal summary is late.

The Contractor shall attend and defend the Contractor's decisions at all DMAS appeal hearings or conferences, whether informal or formal, or whether in person or by telephone, or as deemed necessary by the DMAS Appeals Division. Contractor travel or telephone expenses in relation to appeal activities shall be borne by the Contractor. Failure to attend or defend the contractor's decisions at all appeal hearings or conferences shall result in a liquid damage of \$100 per calendar day for each day that the hearing or conference is delayed as a result of the Contractor's noncompliance.

3.11 Reporting Requirements

The Contractor must maintain data necessary to complete reports specified in this RFP. The Contractor shall submit accurate and complete management reports to DMAS at the following intervals: weekly, quarterly (cumulative), and annually, as specified herein, and on demand. The Contractor shall demonstrate experience in data accumulation and in writing reports that are well organized, clear, concise and readable by laypersons. All reports, analyses, and/or publications developed under this contract will be the property of the Department.

The Contractor shall also provide such additional reports, routine and/or ad hoc in relation to the RFP (and resulting contract) requirements in a format as agreed upon by the Department and the Contractor. The Department shall incur no expense in the generation of such reports. Additionally, the Contractor shall make revisions in the data elements or format of the reports required in this RFP and resulting contract upon request of the Department and without additional charge to the Department. The Department shall provide written notice of such requested revisions of format changes in a notice of required report revisions. Contractor shall maintain a data gathering and storage system sufficient to meet the requirements of this RFP.

The Department reserves the right to change reporting requirements and request ad hoc reports with sufficient notice. In addition, the Department may request ad hoc reports to be delivered within 3-5 business days. This timeframe can be extended if necessary depending upon the nature of the report. Reports shall include, but not be limited to, call center reports, reports on the number and type of complaints, reports that track the MAC/SMAC activities, service authorization activities such as the number of service denials, the number of appeals for service authorization denials and the outcomes, and

the associated administrative costs. For all service authorizations required in this RFP, the Contractor will report on the number of prescriptions, number of service authorization requests, number of approvals, denials, drug for which service authorization was requested, trends by drugs, by pharmacy, by prescribers, by geographic area, by recipient type. Reports shall be separated for (i), preferred drug list (ii), service authorizations associated with the PDL (iii) call center statistics, and (iv) maximum allowable cost and specialty maximum allowable cost reports.

Weekly reports are due to the Department by close of business the first business day of the following week. Monthly reports are due by the 15th of the following month. Monthly reports should be cumulative, and have quarterly and annual summaries. Cumulative quarterly reports are included in the monthly as a separate report. Annual reports are due within the last month of the quarter following the end of the contract year, however, in order for the Department to meet its reporting requirements to the General Assembly, summary annual statistics shall be due no later than August 15th. Reports from the Contractor's ACD or internal operating system (i.e., reporting volume stats for incoming calls, average talk time, outgoing calls, speed to answer, abandonment rate, etc.) shall provide separate statistical analysis by program (PDL, SA, MAC/SMAC).

The Offeror must submit sample reports reflective of the Offeror's proposed technology and abilities; and in following with the requirements described in this RFP; as part of its submission proposal.

CALL CENTER REPORTS (all reports must be delineated by program (PDL/SA and MAC/SMAC))		
Weekly	Monthly	Quarterly
• Call center statistics • Total hours of daily call center access provided, and any downtime experienced. • Overall call volume, by type of program including nature of inquiry and source of call (prescriber, recipient, pharmacy). • Call abandonment rate, and average time prior to abandonment for both initial inquiries, and calls on hold. • Wait time for customer service representative and/or clinician on hold; number and percentage of calls on hold which were answered by call line staff within thirty (30) seconds, and greater than thirty (30) seconds. • Comprehensive report on the nature of calls received, with counts of the twenty most frequent types of calls handled during the month. • Call volume by prescriber, pharmacy and recipient, with indication of the key types of calls being received. Detailed statistics	• Outcomes of Quality Assurance measurements. • Busy Hour Report: Reflects the number and percentage of calls answered each hour per day. • Monthly Call Center Activity Report: includes, at a minimum, total types of calls logged into database; and total calls and percentage for each category. • Language Line: reports the different languages provided by the service, the number of calls associated with each language, the total incoming calls, percentage of incoming calls requiring language line assistance, overall and per language. • Calls in Queue Per Operator: Provides summary showing the number of calls in queue per operator; no more than three calls in queue per operator at any time in a half-hour segment. • Website Monthly Activity: Provides daily, weekly and monthly number of visits and page views for the month. Year-to-date	

regarding recipient or prescriber complaints about or reports of: (1) the recipient's inability to obtain a prescribed medication in a timely manner; (2) any adverse event(s) or reactions that the recipient has suffered as a result of being unable to obtain a prescribed medication in a timely manner; and (3) any adverse event(s) or reactions that the recipient has suffered as a result of the recipient using a preferred drug rather than a prescribed drug. • Average time required to call back providers when a callback was required. • Average length of calls handled.	data to include busiest day, average visits per day and length of visit and month to month comparison data.	
PREFERRED DRUG LIST REPORTS		
Weekly	Monthly	Quarterly
	• Report on changes in PDL drug utilization by drug and drug class. • Report on compliance with PDL drug classes by prescribers. • Expenditure per claim comparison.	• Quarterly cost savings report: Cost savings resulting from PDL modifications, by drug and drug class. • Quarterly evaluation of the effectiveness of the PDL program: Report includes recommendations for changes to PDL drugs, the criteria for review and approval of drugs, and protocols and procedures. • Quarterly report on projected future savings: Report on total estimated savings and projected future savings from the PDL and service authorization programs, broken down by month. • Quarterly report on education efforts to outlier prescribers: Quarterly report demonstrating the nature and extent of educational interventions to outlier prescribers, and the outcomes of those interventions. • Quarterly rebate report: Quarterly report on supplemental rebate negotiations underway and completed, the status of rates and expiration dates. •

SERVICE AUTHORIZATION REPORTS		
Weekly	Monthly	Quarterly
		Quarterly Report on the evaluation of the effectiveness of the service authorization program: Report includes criteria for review and approval of drugs, and protocols and procedures. No more frequently than quarterly.
SUPPLEMENTAL REBATE REPORT		
Weekly	Monthly	Quarterly
	Supplemental rebate negotiations underway and completed, the status of negotiation outcomes and the product-specific financial impact of the rebates on the PDL	Supplemental rebate invoicing including calculations of the net cost of effected drugs to the Department
MAC and SMAC REPORTS		
Weekly	Monthly	Quarterly
- Dispute resolution report: Measures the effectiveness of handling disputes, trends dispute data, and allows DMAS and the contractor to analyze the dispute resolution process in an objective manner. - Outcomes of pricing dispute resolutions with providers. - MAC and SMAC Price Update Reports. Report includes: - Separate data for MAC and SMAC; - Additions; - End dates for drugs coming off of the list; - Changes; and - A summary.	- Financial reporting: Report on the impact of month-to-month changes in MAC and Specialty MAC pricing. - Summary with quarterly roll up of the estimated monetary savings to the Department realized by the MAC and Specialty MAC program based on available data. The Contractor will also provide any necessary data for further evaluation of cost savings by the Department. - MAC and Specialty MAC price update a report that includes flags to specialty items, any additions to the report, end dates for drugs coming off the list, any changes to the report and a summary of the report. - Outcomes of pricing dispute resolutions with providers. - Generic drug watch list that monitors drugs coming off patent that includes the drug and its target date. - Website Report: Report posted on website for MAC and SMAC by first Friday of each month. Report includes: - MAC list; and	- Fiscal impact analysis based on data available for the Department's review and approval. - A monthly report that provides the results of the contractor's ongoing analysis of any additional classes of specialty drugs that may be appropriate for inclusion into the SMAC program.

	• SMAC list by NDC. • Generic watch list. • Drugs coming off patent including drugs and target dates.	
OTHER REPORTS		
Weekly	Monthly	Quarterly
	• Appeals Reports - Reconsideration and appeal logs and outcome reports as described in this RFP.	• Audited Financial Statements and Income Statements - Copies of its annual audited financial (or fiscal) statements no later than ninety (90) calendar days after the end of the calendar year and Quarterly Income Statements no later than thirty (30) calendar days after the end of each calendar quarter.
	• Quality Assurance/Quality Improvement Report - Comprehensive report detailing Quality Assurance/Quality Improvement monitoring by the contractor and Quality Improvement plan, each calendar quarter.	• Public Filings - Promptly furnish the Department with copies of all public filings, including correspondence, documents and all attachments on any matter arising out of this RFP.
	• Meeting Reports - Submit the minutes of its QM/QI meetings on a calendar quarterly basis, due thirty (30) days after the end of each quarter. If no meetings occurred during the quarter, that fact shall be reported.	• Annual Report - an annual report that provides, in addition to statistical data, program integrity/fraud activities, program changes and accomplishments and a report card summary for the program. The Offeror shall submit sample "annual report card" reports with their RFP Proposal. The Department shall approve the final reporting format. The Contractor must modify the final report to the agreed upon specifications at no cost to the Department.
	• Trend Analysis - Trend analysis, profiling program trends. Upon completion of the qualitative and quantitative analysis, the Contractor shall provide recommendations to the state for suggested policy and/or procedural changes or provider educational needs.	
		• Quarterly, the contractor shall submit a report that identifies

		additional pharmacy services cost savings initiatives for the Department to consider. The report shall be organized by the programs administered by the contractor (PDL, service authorization, MAC, and Specialty MAC). The report shall provide a summary of each initiative proposed, current and projected utilization data to support proposed savings, and pros and cons of each proposed initiative (e.g., policy, administrative barriers). The report shall also contain a brief timeline for implementation.
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The Offeror's proposal shall address methodologies to be used, timelines, work plans, personnel and other pertinent information in order to implement the requirements successfully to achieve full compliance with all tasks and deliverables. The Offeror shall include its standard reporting packages including specialized tracking and reviewing reports.

3.12 Staffing Requirements

DMAS encourages the Contractor to propose staffing plans that mirror best industry practices. Staffing plans should include, but are not limited to, the following:

- A sufficient number of professional and clinical staff, with the necessary knowledge, education, and experience (and license if applicable), to implement and operate the service authorization system and processes.
- A medical director, preferably an internist or general practitioner, who is board certified and currently licensed to practice medicine in Virginia. The medical director shall be dedicated to the Virginia pharmacy services account and be available during normal work hours to perform physician level reconsideration reviews for services that do not appear to meet the initial criteria for coverage. The medical director will assist in the preparation of appeal summaries and attend appeal hearings as necessary to defend adverse decisions.
- A Virginia registered pharmacist, PharmD or higher preferred, currently licensed to practice in Virginia. The clinical pharmacy director shall be dedicated full time (100%) to the Virginia pharmacy services account and be available during operational hours to perform pharmacist level reconsideration reviews for services that do not appear to meet the initial criteria for coverage. The clinical pharmacy director shall assist in the preparation of appeal summaries and attend appeal hearings as necessary to defend adverse decisions.
- Sufficient technical support services staff to ensure timely and accurate processing of system support and maintenance services, reports and requests (i.e., telephone systems, information systems, etc.).
- Sufficient number of staff dedicated to perform quality management and improvement activities.

3.12.1 Office Location

The Offeror shall describe the geographical locations of its firm at the national, regional, and local levels, as applicable. Offeror shall identify all locations that will be used to support a resultant contract and the

operations handled from these locations (particularly note any Virginia-based locations that will be used). Offeror should clearly identify any overseas locations, which may be used to support the resultant contract or any related transactions.

The Contractor shall maintain a physical business office in Virginia. The Offeror may specify who will be located in the business office, but at a minimum, the Project Director shall be located in the office. The Contractor shall maintain office hours between 8:00 AM to 6:00 PM EST Monday-Friday except national holidays.

The Contractor shall maintain detailed records evidencing the administrative costs and expenses incurred pursuant to the contract, the provision of pharmacy services under the contract, and complaints for the purpose of monitoring and evaluation by DMAS and other State and Federal personnel. All records pertaining to the contract shall be housed at the designated central business office approved by DMAS and shall be readily available for review at the request of DMAS or its authorized representatives. Records shall be stored in an orderly and secure manner. These records shall be maintained during the course of the contract and for a period of at least six years or longer if an audit or litigation is in progress.

The Contractor shall provide an answering device to leave messages during the periods any of the offices are closed. The Contractor shall have the capacity to send and receive facsimiles and e-mail at all times. The Contractor shall provide an administrative telephone number that will enable DMAS staff to reach the Project Director and key staff directly, without going through the call center staff. The Contractor shall have the capacity to reproduce documents as requested.

3.12.2 Staffing Plan

The Offeror shall submit a detailed description of the staffing plan, which describes the types of personnel who shall be hired to handle all pharmacy related services as outlined in this RFP, how staff shall be compensated (hourly, wage, temporary, part-time), and how the staff shall be supervised. This section shall also include a description of the Contractor's plan for staff training, including cross training of staff, components and length of training curriculum, a plan for on-going training, and a proposal of a Training Guide or Procedures Manual. The staffing plan must emphasize efficiency and flexibility.

- a. The Contractor shall not have an employment, consulting or any other agreement with person that has been debarred or suspended by any federal agency for the provision of items or services that are significant and material to the entity's contractual obligation with the state.
- b. The staffing for the plan covered by this RFP must be capable of fulfilling the requirements of this RFP. A single individual may not hold more than one (1) position unless otherwise specified. The minimum staff requirements are as follows:
 1. A Project Director dedicated to the Virginia project specifically identified with overall responsibility for the administration of this RFP. The Project Director shall serve as the liaison to the Department by communicating with the Department's contract monitor regarding service issues. Project Director must be approved by the Department, including upon replacement. Said designee shall be responsible for the coordination and operation of all aspects of the RFP. The Project Director shall be on-site in the business office location approved by DMAS during regular working hours. The Project Director shall also be available to DMAS by telephone during regular business hours.
 2. Sufficiently trained and experienced support staff to conduct daily business in an orderly and efficient manner, including such functions as administration, accounting, appeal resolution system, as determined through management and medical reviews.
 3. Sufficiently trained and experienced administrative and clinical staff who can address the unique needs of the providers while assuring that services are provided in the most

- economical manner.
4. A full time physician who is licensed to practice medicine in the Commonwealth of Virginia, and in good standing, to serve as Medical Director.
 5. A full time pharmacist, PharmD or higher preferred, who is licensed to practice in the Commonwealth of Virginia, and in good standing, to serve as Clinical Pharmacy Director as well as to chair and oversee the Contractor's Quality Assurance Committee to ensure the proper provision program services.
 6. Full-time supervisors with overall responsibility of supervising review analysts, service authorization review procedures and to handle MAC/SMAC duties, and reviewing requests for reconsideration and appeals. The Contractor shall ensure that the supervisory staff has direct access to the clinical pharmacy director on a daily basis.
 7. Full time IM Project Director with responsibility for building interfaces, modifying systems, testing, and readiness reviews.
 8. Sufficient staff that are trained and experienced in information systems, data processing and data reporting as required to provide necessary and timely reports to the Department.
 9. A staff of qualified, trained personnel, to include certified pharmacist technicians, whose primary duties are to process SA requests and maintain a processing center and be responsible for assisting providers and other callers processing SA requests, answering SA questions, and handling inquiries and grievances.
 10. The Contractor's staffing plan must include the materials and methods used (on-going) for training staff, including the handling of the call line and other telephone inquiries. The Contractor shall provide copies of all training materials and a description of methods used for training staff with this RFP submission and annually thereafter.
 11. The Contractor shall identify in writing the name and contact information for the Project Director and the Clinical Pharmacy Director at the implementation of the program. Key contact persons shall also be provided for Accounting and Finance, Supervisors, and Information Systems within thirty (30) days of program implementation. The Department reserves the right to require the Contractor to select another applicant for any of these positions. The Contractor must notify the Department of any changes in staff persons during the term of this RFP in writing within 10 business days.
- c. If any member of the project management team, as identified in the Contract, becomes unavailable for any reason, the Contractor shall submit to the Department the resume of the proposed replacements, and offer the Department the opportunity to review the qualifications of the proposed applicant. If the replacement applicant is not acceptable to the Department, the Department reserves the right to require the Contractor to select another applicant. Failure to maintain the required staffing level to meet contract requirements may result in a reduction in the Department's reimbursement to the Contractor. The Department must agree to staffing levels. In addition, reductions in staffing levels may only be made with the prior approval of the Department and may result in a loss of revenue for the Contractor. The Contractor shall not maintain positions deemed nonessential for the purpose of maintaining the current reimbursement level.
 - d. The Contractor shall provide the Department with an organizational chart with its submitted proposal and as changes occur following contract award, depicting each functional unit of the organization, number and type of staff for each function identified and lines of authority governing the staff. The names of key personnel must be shown on the organizational chart.

3.12.3 Licensure

The Contractor is responsible for assuring that all persons, whether they are employees, agents, subcontractors, providers or anyone acting for or on behalf of the Contractor, are legally authorized to render service under applicable state law and/or regulations. The Contractor shall ensure that personnel who are professionally licensed or certified shall be required to keep licensure and/or certifications

current and provide proof of continued licensing and/or certification to the Commonwealth within one (1) month of current licensure/certification expiration. Failure to adhere to this provision shall result in corrective action and the Department may terminate this RFP for cause as described in Section 9.5 of this RFP.

3.13 Subcontractors

3.13.1 Legal Responsibility

The Contractor shall be responsible for the administration and management of all aspects of this RFP and the pharmacy programs covered there under. If the Contractor elects to utilize a subcontractor, the Contractor shall ensure that the subcontractor shall not enter into any subsequent agreement or subcontracts for any of the work contemplated under the subcontract for purposes of this RFP, without prior approval of the Contractor. No subcontract or other delegation of responsibility shall terminate or reduce the legal responsibility of the Contractor to the Department to ensure that all activities under this RFP are carried out.

3.13.2 Prior Approval

All subcontracts, amendments, and revisions thereto shall be approved in advance by the Department. All subcontracts shall be maintained in accordance with the applicable terms of this RFP. Once a subcontract has been executed by all of the participating parties, a copy of the fully executed subcontract shall be sent to the Department within 30 days of execution.

3.13.3 Notice of Subcontractor Termination

When a subcontract that relates to the provision of pharmacy program services is being terminated between the Contractor and a subcontractor, the Contractor shall give at least thirty (30) days prior written notice of the termination to the Department. Such notice shall include, at a minimum, a Contractor's intent to change to a new subcontractor for the provision of said services, an effective date for termination and/or change, as well as any other pertinent information that may be needed. In addition to prior written notice, the Contractor shall also provide the Department with a transition plan, when requested, which shall include, at a minimum, information regarding how continuity of care will be maintained. The Contractor's transition plan shall also include provisions to notify impacted or potentially impacted provider and/or participants of the change. The Department reserves the right to require this notice requirement and procedures for other subcontracts if determined necessary upon review of the subcontract for approval.

3.13.4 Notice of Approval

Approval of subcontracts shall not be considered granted unless the Department issues its approval in writing (to include e-mail). The Department may revoke such approval if the Department determines that the subcontractors fail to meet the requirements of this RFP.

3.13.5 HIPAA Requirements

To the extent that the Contractor uses one or more subcontractors or agents to provide services under this Contract, and such subcontractors or agents receive or have access to protected health information (PHI), each such subcontractor or agent shall sign a Business Associate Agreement with the Contractor that complies with HIPAA. The Contractor shall ensure that any agents and subcontractors to whom it provides PHI received from the Department (or created or received by the Contractor on behalf of the Department) agree in writing to the same restrictions, terms, and conditions relating to PHI that apply to

the Contractor pursuant to this Contract. The Department shall have the option to review and approve all such written agreements between the Contractor and its agents and subcontractors prior to their effectiveness.

3.14 Optional Services

The Department is interested in the Offeror's capabilities and expertise with the following *optional* services. These services may be implemented at some point within the duration of the contract resulting from this RFP. If the Offeror is interested in operating any of the following initiatives, information in the Offeror's technical proposal must describe the Offeror's abilities, experience, and method(s) for accomplishing the selected services at a reasonable cost to the Commonwealth. The Offeror's cost shall be submitted in the cost proposal (Appendix H), separate from the technical proposal, for each of these optional services.

3.14.1 Innovative Strategies

Offerors may describe innovations that can be implemented that would benefit Virginia's pharmacy programs. This RFP does not include pharmacy claims processing, Drug Utilization Review and other functions that are currently performed by the fiscal agent, and therefore any proposed innovations should not focus on these areas. List all states, specifically state Medicaid programs as well as commercial business, where these innovations have been implemented and describe the quantitative evidence to support the outcomes and success.

3.14.2 Service Authorization

Offerors may propose automated functions to streamline the service authorization process. Automated functions must include the Offeror's solution for necessary interface to other systems. The Offeror's automated function must comply with the Health Insurance Portability and Accountability Act (HIPAA) and other applicable federal and state privacy and security laws and regulations. In addition, the Offeror must ensure that any proposed systems and/or business solutions, including files and data transfer format of the Contractor's internal system, will comply with Electronic Data Interchange (EDI), and Security requirements throughout the Contract period.

3.14.3 Specialty Drug Care Management Program for Medicaid Recipients

In addition to the required services outlined in this RFP, the Department has explored providing voluntary specialty drug care management services for Medicaid and FAMIS fee-for-service recipients who have chronic, high-cost or rare diseases, such as Hepatitis C, Multiple Sclerosis, and Crohn's Disease. This optional program would operate independently from the Department's current Healthy Returns disease management program that focuses on individuals who have asthma, diabetes, coronary artery disease, congestive heart failure, and chronic obstructive pulmonary disease.

As part of the response to RFP, the Offeror has the option to describe:

- a. Medicaid specialty drug care management capabilities and experience;
- b. Overall strategy to manage and support patients taking specialty drugs;
- c. Procedures used to identify and stratify potential participants;
- d. Components and services included in proposed specialty drug care management program;
- e. Process used and success at obtaining physician engagement;
- f. Information technology and reporting capabilities; and
- g. Quantify how proposed specialty drug care management models will reduce participants' disease severity.

3.14.4 Alternative Pricing Arrangement

The Department will consider alternative pricing options including risk-based contracts. Offerors interested in participating in an alternatively priced contract with Virginia should describe the specific parameters of the proposed alternative pricing options, such as fees that would be at risk and under what conditions and the reconciliation process.

3.14.5 Multi-State Purchasing Pool

The Contractor has the option to describe:

- a. Multi-state purchasing pooling capabilities, including flexibility of participating in a multi-state purchasing pool and supplemental rebate contracts;
- b. Transparency of multi-state purchasing pool pricing;
- c. Whether the multi-state purchasing pool is proprietary or non-proprietary;
- d. Cost comparisons of participating in a multi-state purchasing pooling versus not participating in such a pool;
- e. Specific pricing and supplemental data DMAS would have access to if the Department participated in a multi-state purchasing pool;
- f. How multi-state purchasing pooling works with an independent decision making P&T Committee; and
- g. States under contract that currently participate in a multi-state purchasing pool and if any decided to leave a multi-state purchasing pool and the reasons.

3.14.6 MAC Pricing

The Contractor has the option to demonstrate the capability for Medicaid enrolled pharmacy providers to submit detailed invoicing data on drugs provided to Medicaid clients to a secure web site for the purposes of determining actual acquisition costs. The Contractor must demonstrate how they will provide education and training and how pharmacy providers will be encouraged to provide this information. The Contractor must demonstrate how this information shall be kept confidential.

3.14.7 Medical and Pharmacy-Related Supplies for Inclusion in the PDL

The Contractor has the option to recommend other medical and pharmacy-related supplies that may be considered for the PDL. The Contractor shall describe experience and recommendations for including medical and pharmacy-related supplies. This recommendation shall include, but not be limited to, diabetic blood glucose test strips and blood glucose meters in a PDL program.

3.15 Implementation Schedule

Administration of the pharmacy benefit administration program by Contractor shall begin on July 1, 2010. Payment to Contractor as provided in Section V of this Contract shall begin upon implementation. The Contractor shall not be compensated for any expenses incurred prior to the implementation begin date.

The Contractor will submit, no later than 30 days after the award of the contract, a detailed implementation plan demonstrating the Contractor's proposed schedule to implement the pharmacy benefits program no later than July 1, 2010. This plan must include a pre-testing of all programs with pharmacy providers. A comprehensive report on the status of each subtask, tasks, and deliverables in the work plan will be provided to the Department by the Contractor every week during implementation. The implementation plan shall be prepared in Microsoft MS Project and shall delineate each task, with

milestones, and dates through the end of the first contract year. The Contractor and State will work together during initial Contract start-up to establish a schedule for key activities and define expectations for the content and format of Contract Deliverables for at least the first fiscal year.

The Department may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services and the Offeror shall furnish to the Department all such information and data for this purpose as may be requested. The Department reserves the right to inspect Offeror's physical facilities, including any located outside of Richmond, prior to award to satisfy questions regarding the Offeror's capabilities. The Department further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Department that such Offeror is properly qualified to carry out the obligations of the contract and to provide the services contemplated therein.

3.16 Transition Activities

Within ten (10) days from the award of contract, the Contractor shall schedule and attend a meeting (entrance conference) at DMAS to discuss all pertinent items relative to the contract. The Contractor will work closely with DMAS to define project management, status reporting standards, and communication protocols.

DMAS shall:

- a. Coordinate communications and act as a liaison between the new Contractor and the incumbent Contractor;
- b. Coordinate the transfer of files and applications from the incumbent Contractor to the new Contractor on a schedule outlined in the approved work plan;
- c. Provide all available relevant documentation on operations currently performed by the incumbent Contractor and DMAS;
- d. Establish protocols for problem reporting and controls for the transfer of data or information from the incumbent Contractor to the new Contractor;
- e. Work with the Contractor to review and finalize the project work plan for the Transition Phase;
- f. Assign a DMAS' liaison to participate in Contractor work groups;
- g. Review and approve procedure and protocols defined by the work groups; and
- h. Monitor progress through periodic status reports, weekly meetings, and work plan updates.

The new Contractor shall:

- a. Finalize the implementation plan, including the Transition Phase activities and submit it to DMAS for approval;
- b. Work with DMAS to establish communication protocols between the new Contractor and DMAS;
- c. Weekly meetings will be held throughout the Transition Phase to discuss and resolve transition issues, establish procedures and protocols to support operations, and promote communications among all parties;
- d. Work with DMAS to establish project management and reporting standards;
- e. Submit periodic written status reports on the progress of tasks against the approved work plan; and
- f. Conduct periodic status meetings with DMAS. The new Contractor is responsible for preparing the agenda for the meetings and preparing and distributing minutes, to include action items, from each meeting.

3.17 Maintain Confidentiality of Information

The Contractor shall maintain the confidentiality of Medicaid client information. The Contractor shall ensure that access to this information will be limited to the Contractor. The Contractor shall take

measures to prudently safeguard and protect unauthorized disclosure of the Medicaid client information in its possession. The Contractor shall establish internal policies to ensure compliance with Federal and State laws and regulations regarding confidentiality including, but not limited to, 42 CFR § 431, Subpart F, and Virginia Code § 2.2-3800, et. seq. In no event may the Contractor provide, grant, allow, or otherwise give, access to Medicaid client information to anyone without the express written permission of DMAS. The Contractor shall assume all liabilities under both State and Federal law in the event that the information is disclosed in any manner.

Upon the Contractor's receiving any requests for Medicaid client information from any individual, entity, corporation, partnership or otherwise, the Contractor shall notify DMAS within twenty-four (24) hours or on the next business day. In cases where the information requested by outside sources is releasable under the Freedom of Information Act (FOIA), as determined by DMAS, the Contractor shall provide support for copying and invoicing such documents at the Contractor's expense.

3.18 Protected Health Information (PHI) Compliance

The Contractor shall comply with all federal and state laws and regulations with regard to handling, processing, and using health care data. The Contractor must keep abreast of the regulations and be able to reach full compliance within the specified timeframes. Since HIPAA is federal law and its enacting regulations apply to all health care information, the Contractor must comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations at no additional cost to DMAS.

The DMAS and the Contractor, as defined in section 160.103 of the Final HIPAA Privacy Rule, will enter into this Business Associate Agreement to comply with the HIPAA Privacy regulation requirements.

- a. The Contractor shall not use Protected Health Information (PHI) otherwise than as expressly permitted, or as required by law.
- b. The Contractor shall ensure that any agents and subcontractors to whom it provides PHI received from DMAS agree in writing to the same restrictions, terms, and conditions relating to PHI that apply to the Contractor.
- c. The Contractor shall report to DMAS within thirty (30) days of discovery, any use or disclosure of PHI made in violation of agreement or any law. The Contractor shall implement and maintain sanctions for any employee, subcontractor, or agent who violates the requirements of agreement or the HIPAA privacy regulations.
- d. The Contractor shall make an individual's PHI available to DMAS within thirty (30) days of an individual's request for such information as notified by DMAS.
- e. The Contractor shall make PHI available for amendment and correction and shall incorporate any amendments or corrections to PHI within thirty (30) days of notification by DMAS.
- f. DMAS may immediately terminate a Business Associate agreement with the Contractor if DMAS determines that the Contractor has violated a material term of the agreement.
- g. The Contractor shall develop a written Business Associate Data Security Plan, that shall be available upon request, within thirty (30) days of the execution of a Business Associate Agreement. The Business Associate Data Security Plan shall describe the manner in which the Contractor will use DMAS' data and the procedures the Contractor will employ to secure the data.

3.19 Readiness Review

The Department shall conduct an on-site review to assess the readiness of the Offeror to effectively administer and provide the services as defined in this RFP and subsequent contract. Upon approval of the Contractor's operational readiness and a determined start date, the Department shall make payments as described in Section V.

No later than 60 days prior to the start of the contract, the Contractor shall demonstrate, to the Department's satisfaction, that Contractor is fully capable of performing all duties under this Contract, including demonstration of the following:

- a. Contractor has hired and thoroughly trained its staff in accordance with the requirements outlined in this RFP, including on the specifics of the Virginia pharmacy benefits program policies, and that Contractor's staff has sufficient clinical and program knowledge to make determinations of pharmacy needs;
- b. Contractor has trained its staff to handle telephone requests and inquiries from participating providers, and has provided to the Department copies of the materials and methods used for training;
- c. Contractor has successfully completed the requirements listed in this RFP;
- d. Contractor has the ability to accept and process all methods of service authorizations as listed in Section III of this RFP;
- e. Contractor has the capability to handle all aspects of the MAC/SMAC programs;
- f. Contractor has developed plans for educating clients, advocates, and providers;
- g. Contractor has demonstrated the ability to submit and accept to the Department's satisfaction all required documentation with respect to the payments from the Department to the Contractor as described in Section V;
- h. Contractor's QM/QI, provider services, and other pertinent components are in place in accordance with requirements described in this RFP; and
- i. Contractor's telephone system is fully operational and staff training has been completed for a readiness review fifteen days prior to the effective date of implementation.

The Contractor shall be responsible for participating in and defining the details of the Operational Readiness Assessment Plan for its service package and will be responsible for preparing and submitting its Operational Readiness Assessment Plan to the State for review and approval. The State may include providers in the operational readiness assessment. Provider participation could include providing sample service authorization requests and other documents to be processed by the Contractor, initiating telephone calls or web based direct data entry requesting information, or providing written correspondence for processing.

Any changes required to the Contractor's processes as identified through readiness review activities shall be made by the Contractor prior to implementation. Costs associated with these changes shall be borne by the Contractor. The Contractor's inability to demonstrate, to the Department's satisfaction and as provided in this Section, that Contractor is fully capable of performing all duties under this contract no later than May 1, 2010, shall be grounds for the immediate termination of the Contract by the Department pursuant to the Department Special Terms and Conditions.

3.20 Contacts with the Media

DMAS is the key representative of the pharmacy programs with regard to the media. All questions or other contact from the media must be referred directly to the designated DMAS representative. The Contractor and their subcontractors are not to discuss any pharmacy related issues with the media unless specifically authorized to do so by DMAS in writing.

3.21 Program Integrity Requirements

3.21.1 Fraud and Abuse

The Contractor shall have a plan for program integrity with internal controls and policies and procedures in place that are designed to prevent, detect, and report known or suspected fraud and abuse activities. The Contractor's specific internal controls and policies and procedures shall be described in a

comprehensive written plan and be maintained on file with the Contractor for review and approval by the Department with this RFP and as an annual submission as part of the Contract.

The Program Integrity Plan must define how the Contractor will adequately identify and report suspected fraud and abuse by recipients, providers, by subcontractors and by the Contractor. The Program Integrity Plan must be submitted annually and must discuss the number and nature of incidents of potential or actual fraud and abuse, the monitoring tools and controls necessary to protect against theft, embezzlement, fraudulent practices or other types of fraud and program abuse, and describe the type and frequency of training that will be provided to detect fraud. All fraudulent activities or other program abuses shall be subject to the laws and regulations of the Commonwealth of Virginia and Federal laws and regulations.

The Contractor's Program Integrity Plan must address the following requirements:

a. Written Policies and Procedures

The Contractor shall develop written policies, procedures, and standards of conduct that articulate the Contractor's commitment to comply with all applicable Federal and State Standards for the prevention, detection and reporting of incidents of potential fraud and abuse by recipients, providers, by subcontractors and by the Contractor.

b. Compliance Officer

The Contractor shall designate a compliance officer and a compliance committee, accountable to senior management, to coordinate with the Department on any fraud or abuse case. The Contractor may identify different contacts for recipient fraud and abuse, provider fraud and abuse, subcontractor fraud and abuse, and Contractor fraud and abuse.

c. Training and Education

The Contractor shall establish effective program integrity training and education for the Compliance Officer and all Contractor staff.

d. Effective Lines of Communication Between Contractor Staff

The Contractor shall establish effective lines of communication between the compliance officer and other Contractor staff.

e. Well-Publicized Disciplinary Guidelines

The Contractor shall enforce program integrity standards through well-publicized disciplinary guidelines.

f. Internal Monitoring and Audit

The Contractor shall establish and implement provisions for internal monitoring and auditing.

g. Process for Reporting Potential or Actual Fraud and Abuse

The Contractor shall provide information and a procedure for recipients, providers and subcontractors to report incidents of potential or actual fraud and abuse to the Contractor and to the Department. The Contractor shall work with the Department's contracted pharmacy auditor.

h. Prompt Response to Reported Offenses

The Contractor shall report all potential or actual fraud and abuse to the Department.

i. Development of Corrective Action Initiatives

The Contractor's program integrity plan shall include provisions for corrective action initiatives.

j. Time Frame for Reporting Fraud and Abuse to the Department

The Contractor shall report incidents of potential or actual fraud and abuse to the Department within one (1) business day of initiation of any investigative action by the Contractor or within one (1) business day of Contractor notification that another entity is conducting such an investigation of the Contractor.

All reports shall be sent to the Department in writing and shall include a detailed account of the incident, including names, dates, places, and suspected fraudulent activities.

k. Cooperation with State and Federal Investigations

The Contractor shall cooperate with all fraud and abuse investigation efforts by the Department and other State and Federal offices.

3.21.2 Recipient Monitoring Unit

The Recipient Monitoring Unit (RMU) in the Program Integrity Division administers the Client Medical Management Program (CMM), which is a case management and utilization control program for recipients who overuse Medicaid pharmacy services. The unit conducts utilization reviews to identify recipients who meet program criteria for inappropriate over utilization of any Medicaid service such as physician services, prescription drug services, and emergency room services. Recipients suspected of drug diversion are referred to the Virginia State Police Drug Diversion Unit for investigation.

The Contractor shall develop a mechanism to refer providers and recipients who exhibit aberrant patterns to the RMU.

3.22 Meetings

The Contractor shall participate in meetings with the Department or any other groups as necessary to meet its obligations under this Contract, including transition meetings. The Contractor key personnel shall meet with a Department Representative (Contract Monitor) bi-monthly, at a minimum, and maintain meeting minutes.

3.23 Transition Upon Termination

At the expiration of this Contract, or if at any time the Department desires a transition of all or any part of the duties and obligations of Contractor to the Department or to another vendor after termination or expiration of the Contract, the Department shall notify the Contractor of the need for transition. Such

notice shall be provided at least sixty (60) calendar days prior to the date the Contract will expire, or at the time the Department provides notice of termination to Contractor, as the case may be. The transition process will commence immediately upon such notification and shall, at no additional cost to the Department, continue past the date of contract termination or expiration if, due to the actions or inactions of Contractor, the transition process is not completed before that date.

If delays in the transition process are due to the actions or inactions of the Department or the Department's newly designated vendor, the Department and Contractor may negotiate in good faith a contract for the conduct of and compensation for transition activities after the termination or expiration of the Contract. In the event that a subsequent Contractor is unable to assume operations on the planned date for transfer, the Contractor shall continue to perform operations on a month-to-month basis for up to six months beyond the planned transfer date. The Department shall withhold final payment on the additional contract for transition activities to the Contractor until transition to the new Contractor is complete.

3.23.1 Close Out and Transition Procedures

- a. Within ten (10) business days after receipt of written notifications by the Department of the initiation of the transition, the Contractor shall provide to the Department a detailed electronic document, containing the following:
 - i. The number of individuals in the program; and
 - ii. Information on any pending grievances.
- b. Within ten (10) business days after receipt of the detailed document, the Department will provide the Contractor with written instructions, which shall include, but not be limited to, the following:
 - i. The packaging, documentation, delivery location, and delivery date of all records, data and review information to be transferred. The delivery period shall not exceed thirty (30) calendar days from the date the instructions are issued by the Department.
 - ii. The date, time and location of any transition meeting to be held among the Department, the Contractor and any incoming Contractor. The Contractor shall provide a minimum of two (2) individuals to attend the transition meeting and those individuals shall be proficient in and knowledgeable about the materials to be transferred.
- c. Within five (5) business days after receipt of the materials from the Contractor, the Department shall submit to the Contractor in writing any questions the Department has with regard to the materials transferred by Contractor. Within five (5) business days after receipt of the questions, the Contractor shall provide written answers to the Department.
- d. All copyright and patent rights to all papers, reports, forms, materials, creations, or inventions created or developed in the performance of this contract shall become the sole property of the Department. On request, the Contractor shall promptly provide an acknowledgment or assignment in a tangible form satisfactory to the Department to evidence the Department's sole ownership of specifically identified intellectual property created or developed in the performance of the contract.

Any contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.

At the end of the contract, the Contractor shall transfer the toll-free number(s), database information, and any web-based resources, including the website, back to the Department. Additionally, the Contractor shall assist in the transitioning of services. Upon termination of the contract, the Department shall pay the

Contractor the value of services performed up to the date of termination, not to exceed the total value of the contract.

3.24 Disaster Preparedness and Recovery Plan

The Contractor must submit evidence that it has a Business Continuity/Disaster Recovery (BC/DR) plan in place for its overall operations, including, but not limited to, the call center, web-based operations, and information systems. The Plan document must be delivered to the Department as part of the RFP response. The results of the annual testing of the plan must be made available upon request to the Department for the life of the contract.

The Contractor's BC/DR plan shall address all of the following:

- a. The ability to continue receiving calls, service authorization requests and other functions required in this RFP in the event that the central site is rendered inoperable.
- b. Provisions in relation to the call center telephone number(s).
- c. Documentation of emergency procedures that include steps to take in the event of a natural disaster by fire, water damage, sabotage, mob action, bomb threats, etc.
- d. Provisions that the plan be tested annually after the effective date of the contract.
- e. Provisions to assure that employees at the site are familiar with the emergency procedures.
- f. Smoking must be prohibited at the site.
- g. Heat and smoke detectors must be installed at the site both in the ceiling and under raised floors (if applicable) and these devices must alert the local fire department as well as internal personnel.
- h. Portable fire extinguishers must be located in strategic and accessible areas of the site. They must be vividly marked and periodically tested.
- i. The site must be backed up by an uninterruptible power source system.

The RFP response must include sufficient information to show that the plan meets or exceeds the requirements of final rule adopting HIPAA standards for security as published in the Federal Register, Volume 63, # 34 on February 20, 2003 and complies with the guidance provided in the following:

- Section 1902 (a) (7) of the Social Security Act (SSA);
- HIPAA Security Rule, 45 CFR Parts 160, 162, and 164 Health and Insurance Reform: Security Standards: Final Rule, February 20, 2003 (or later);
- HIPAA Privacy Rule, 45 CFR Parts 160 and 164 Standards for Privacy of Individually Identifiable Health Information; Final Rule, August 14, 2002 (or later);
- COV ITRM Policy SEC500-02 dated: July 19, 2007 (revised) (or later); and
- COV ITRM Standard SEC501-01 dated July 1, 2007 (revised) (or later).

The Contractor's plan must continue to comply with these requirements as they are from time to time amended or if other applicable state or federal laws or guidance are adopted.

3.25 System Change Fee

The Contractor may be reimbursed for system changes made at the request of the Department in excess of forty hours for each systems change. In its cost proposal submission, the Offeror must provide a reasonable hourly rate charge for each system change in excess of forty hours.

3.26 Connectivity To Medicaid Management Information System (MMIS)

All expenses incurred in establishing connectivity between the Contractor and ACS will be the responsibility of the Contractor.

3.26.1 On-line Connectivity to MMIS

The following connectivity specifications apply:

- a. The Contractor must provide a method for staff to be able to access the Medicaid Management Information System (MMIS) over the Internet.
- b. Affiliated Computer Services (ACS) is the new Fiscal Agent and will be taking over technical and operational support from the incumbent First Health Services Corporation (FHSC) as of July 1, 2010.
- c. A web portal using single sign-on will be available to access the web enabled MMIS screens as of July 1, 2010. The Web portal is a secure site that meets required security standards and ensures that sensitive data being transmitted over the public Internet cannot be intercepted and viewed by unauthorized parties. The portal requires all users to access data using a Web browser with at least 128-bit encryption and Secure Socket Layer version 3.0 or Transport Layer Security (TLS) version 1 minimally.

3.26.2 Automated Interface Connectivity

The following connectivity specifications apply when utilizing an automated systems interface process to update service authorizations (SA) in the MMIS and to retrieve claims from the MMIS in support of the SA process:

- a. The contractor must provide an automated system capability of near real-time communication with the MMIS for posting SAs to the MMIS and claims retrieval from the MMIS.
- b. The frequency of communications between the Contractor's data base application and the MMIS application must be no more than 20 second intervals for posting SAs to the MMIS and 60 seconds for claims retrieval from the MMIS.
- c. It should be noted that ACS is the new Fiscal Agent and the connectivity details are not fully defined; however, two methods of interfacing with the MMIS offered by ACS are as follows:
 - i. ACS is building a multi-protocol label switching (MPLS) data network cloud in cooperation with Verizon Business Services for interconnecting all data centers and office locations supporting Fiscal Agent Operations. The ACS MPLS connection is in Tarrytown, New York. MPLS technology provides "any-to-any" connectivity within the network cloud allowing application traffic to automatically be routed from any user or system connected to the cloud. The address is:

Affiliated Computer Services, Inc.
777 Old Saw Mill River Road
Tarrytown, New York 10591
 - ii. ACS is providing a secure non-email method of transferring files greater than 8 MB. The Contractor should have a solution equal to or greater than 80K bytes/second based on the secured FTP protocol (for example, FTP VSHELL server from VanDyke) using strong encryption keys (greater than 128 bit).
 - iii. ACS supports the use of Virtual Private Network (VPN) connections.
- d. The Contractor should allow sufficient time for installation, configuration, and testing and associated equipment and/or connectivity before putting it into production.
- e. The Contractor is expected to comply with the Health Insurance Portability and Accountability Act (HIPAA) Final Rules and Standards related to the electronic transactions of data between the Contractor and ACS, electronic correspondence between the Contractor and DMAS, and transmission within and out of the Contractor's corporate network including any ISPs. These HIPAA standards involve: The Privacy of Individually Identifiable Health Information; Standards for Electronic Transactions; National Standards for Employer Identifiers; National Standards for Health Care Provider Identifiers; and the HIPAA Privacy and Security Regulations. Upon award, the Contractor will be expected to provide DMAS with a written Security Plan, which includes a Disaster Recovery Plan.

- f. The Security Plan covers the proposed technology (i.e., platform, database/COTS productions, applications, and network infrastructures and that describes the use of data that will be transmitted to DMAS or ACS or reside in the custody of the Contractor. DMAS approves the Security Plan that must be compliant with the most stringent requirements from the standards listed below:
- i. Section 1902 (a) (7) of the Social Security Act (SSA);
 - ii. HIPAA Security Rule 46 CFR Parts 160, 162, and 164 Health Insurance Reform: Security Standards: Final Rule, February 20, 2003 (or later)
 - iii. HIPAA Privacy Rule, 45 CFR Parts 160 and 164 Standards for Privacy of Individually Identifiable Health Information; Final Rule, August 14, 2002 (or later);
 - iv. COV ITRM Policy SEC500-02 (latest version);
http://vita.virginia.gov/uploadedFiles/Library/PSGs/IT_Security_Policy_500_02.pdf
 - v. COV ITRM Standard SEC501-01 (latest version)
http://vita.virginia.gov/uploadedFiles/Library/PSGs/ITSecurity_Standard_501_01_01_2609.pdf
- g. The Contractor should review the VITA website for the most current and specific information. Listed below are specific links that should be reviewed by the Contractor :
- <http://vita.virginia.gov/library/default.aspx?id=537#securityPSGs>

For the process proposed, upon award the Contractor will provide DMAS Information Management a Connectivity Plan to include, but not be limited to, connection endpoints, bandwidth, type of line, and expected protocols and application-to-application connection details if automated SA systems interface process is proposed. NOTE: There will be no point-to-point connections between the Contractor and DMAS.

3.27 Interfaces

The Contractor shall be responsible for providing the following interface files in the current format and in the timeframe specified by the Commonwealth.

3.27.1 MAC and Specialty MAC Program

- a. The Commonwealth owns the programs currently used to produce the MAC and Specialty MAC rates and are available to the new Contractor during contract turnover; and
- b. The Contractor shall prepare a weekly MAC and Specialty MAC interface rate file, which is sent to the Fiscal Agent by the close of business on the day specified by the Commonwealth (currently Monday), including holidays, and in the current format.

3.27.2 Service Authorization Requests

- a. The Contractor shall send Service Authorizations in the current format to the MMIS at 20 second intervals; and
- b. Retrieve claims data from the MMIS and post to the Contractor's application every 60 seconds.

3.27.3 Supplemental Rebate

The Contractor shall provide the supplemental rebate rates in the following file format or in an format pre-approved by the Department during the requirements phase of this project.

Column Description	Format	Length	Picture
National Drug Code	AN	11	X(11)

NDC Price Table - Price Type Code	AN	2	X(2)
NDC Price Table - Effective Date	N	8	9(8)
NDC Price Table - Price	N	12	9(6).9(5)

SECTION IV - DELIVERY REQUIREMENTS

4.1 Deliverables

The Offeror is required to provide a full range of services and all deliverables set forth in the contract.

4.2 The Department Point of Contact

The Department's Contract Administrator will be the State's principal point of contact with the Offeror's Contractor Representative. The Contract Administrator for this RFP will be:

Donna Francioni-Proffitt
Pharmacy Manager
Virginia Department of Medical Assistance Services
600 E. Broad Street, Suite 1300
Richmond, VA 23219
FAX: 804-786-5799
E-mail: PharmacyRFP@dmas.virginia.gov

Throughout the term of the Contract, other contract personnel or project managers, as determined by the Department, may be assigned to support specific program functions or specific tasks.

4.3 Form and Format of Deliverables

All reports produced by the Offeror for submission to the Department shall be produced in both hard copy and diskette using Microsoft Word Version 6.0, Microsoft Excel, Microsoft Access or other software designated by the Department. Any other data that may be provided by the Contractor in support of contract deliverables shall be provided in both hard copy and diskette, using Microsoft Word Version 6.0, Microsoft Excel, Microsoft Access, or other format specified by the Department.

SECTION V - CONTRACTOR COMPENSATION

Each Offeror shall submit a cost proposal for the services contained in this RFP. Detailed explanations, calculations, and supporting documentation must be submitted with the cost proposal for consideration. The Contractor must accept the negotiated rate of reimbursement as payment in full, inclusive of all administrative costs, call center, and operational costs, overhead, and profit for all services required under the RFP.

Each Offeror must be certain that any cost proposal submitted pursuant to this RFP be in compliance with the restrictions provided in the 2009 Appropriations Act (See Appendix D).

5.1 Annual Review of Controls

The Contractor shall provide to the Department and the State Treasurer a statement from its independent auditor that a review of the Company's internal accounting controls reveals no conditions believed to be a material weakness in the proper administration of the Department's SA Program in accordance with sound business principles. The written statement shall be provided annually each June 15 for the preceding calendar year.

5.2 Payment Methodology

This is a fixed price contract. DMAS shall pay Contractor one (1) fixed monthly payment that represents payment for all pharmacy specific services as covered under this contract. This is an initial three (3) year fixed price contract.

5.3 Payment Modifications

Yearly the parties shall agree upon a fixed price to be paid for the services related to this contract. Provisions for renegotiations shall be made for substantial increases or decreases in anticipated workload, population changes or call volume. The Department will not be held responsible for additional charges in relation to call increase due to program changes.

5.4 Travel Compensation

The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

5.5 Payment of Invoice

Once a reimbursement methodology has been determined, the Contractor will be reimbursed within thirty (30) days of receipt of a complete and accurate invoice. Invoices reflecting activity by program shall be submitted monthly on the last day of the month, beginning with the month of implementation, by the Contractor to:

Department of Medical Assistance Services
Accounts Payable, Division of Fiscal and Purchases
Suite 1300
600E Broad Street
Richmond, VA 23219
Fax: 804-786-0729

All invoices shall show the state contract number and/or purchase order number; social security number (for individual contractors), or the federal employer identification number (for proprietorships, partnerships, and corporations).

The payment of the invoice by the Department shall not prejudice the Department's right to object to or question any invoice or matter in relation thereto. Such payment by the Department shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

5.6 Invoice Reductions

The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the Department, on the basis of audits conducted in accordance with the terms of this RFP, not to constitute proper remuneration for compensable services.

SECTION VI - PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS

6.1 Procurement Planning Schedule

The Department anticipates following the schedule below for this procurement. This schedule is for planning purposes only.

Event	Date
State Issues RFP	August 17, 2009
Deadline for Letter of Intent	August 27, 2009
Deadline for Written Comments	August 27, 2009
Deadline for Submitting a Proposal to the Department	September 25, 2009
Intent to Award	December 17, 2009
Contract Signed and Approved	December 30, 2009
Begin process for connectivity to fiscal agent and development of interface file	January 1, 2010
Readiness Review Begins	May 1, 2010
Implementation Date	July 1, 2010

6.2 Issuing Office

This RFP is issued by the Virginia Department of Medical Assistance Services (the Department). The Department shall be the sole point of contact with all interested Offerors from the date of release of the RFP until the contract is fully executed and signed. Offerors should not contact any State employee other than the individuals indicated in this RFP.

If it becomes necessary to revise any part of this RFP, or if additional data are necessary for an interpretation of provisions of this RFP prior to the due date for proposals an addendum will be issued and posted on the DMAS and eVA websites. If supplemental releases are necessary, the Department reserves the right to extend the due dates and time for receipt of proposals to accommodate such interpretations of additional data requirements. The RFP and subsequent information will be listed on the Department's website (www.dmas.virginia.gov) and the eVA website (www.eva.state.va.us). Offeror's are responsible for checking these sites for any addendums or notices regarding this RFP.

6.3 Type and Term of the Contract

The Commonwealth of Virginia intends to contract with a Contractor for the complete scope of services requested in this RFP. The duration of the contract resulting from this RFP is three (3) years from award of contract. This contract may be renewed by the Commonwealth upon written agreement of both parties for up to three (3) successive one-year periods, under the terms of the current contract, and at a reasonable time (approximately 90 days) prior to the expiration.

6.4 Organizations Qualified to Submit Proposals

Each Offeror must have the legal capacity to enter into a contract with the Commonwealth. Offerors must also demonstrate to the Department the financial capacity and relevant expertise necessary to undertake the services required by this RFP.

Offerors must meet the following conditions to be an eligible candidate for contract award:

- a. Offeror must be licensed to conduct business in the State of Virginia and registered with eVA;
- b. Offeror must be able to present sufficient assurances to the state that the award of the contract to the Offeror will not create a conflict of interest between the Contractor, the Department, and its subcontractors; and
- c. Contractor's fee for implementing and administering the pharmacy related programs must be based on the reasonable cost of services provided, cannot be based on any financial incentive that is tied to a denial or delay of medically appropriate prescription drug therapy or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services. In addition, if supplemental rebates are obtained from pharmaceutical manufacturers, the Contractor cannot receive an additional rebate above what the State receives.

6.5 General Requirements for Both Technical and Cost Proposals

Each Offeror shall submit a separate Technical Proposal and Cost Proposal. The following describes the general requirements for each proposal and the specific requirements for the Technical Proposal and Cost Proposals.

6.5.1 Overview

Both the Technical Proposal and the Cost Proposal shall be developed and submitted in accordance with the instructions outlined in this section. The Offeror's proposals shall be prepared simply and economically, and they shall include a straightforward, concise description of the Offeror's capabilities that satisfy the requirements of the RFP. Although concise, the proposals should be thorough and detailed so that the Department may properly evaluate the Offeror's capacity to provide the required services. All descriptions of services should include an explanation of proposed methodology, where applicable. The proposals may include additional information that the Offeror considers relevant to this RFP.

The proposals shall be organized in the order specified in this RFP. A proposal that is not organized in this manner risks elimination from consideration if the evaluators, at their sole discretion, are unable to find where the RFP requirements are specifically addressed. Failure to provide information required by this RFP may result in rejection of the proposal.

The proposal may include any additional information that the Offeror considers relevant to this RFP.

6.5.2 Critical Elements of the Technical Proposal

The Offeror must cross reference its Technical proposal with each requirement listed in this RFP. In addition, the Offeror must ensure that the following documentation is included in the proposal.

Offeror's Qualifications: The proposal must include a summary of the Offeror's qualifications. The nature and importance of the work requires very strong qualifications. Documentation of directly related

experience and credentials is necessary. Special emphasis will be placed upon experience in performing similar services for State or Federal government human services organizations.

The Offeror must describe its experience, including length of time, working in the health care industry with particular focus on pharmacy benefits administration, and the Medicaid population. The response should include descriptions of current and previous contractual agreements, responsibilities, time periods, work performed, volume handled, pharmacy processes currently used, outcomes, savings, and new initiatives.

- Describe experience in operating a toll-free information line, including a description of the purpose of the toll free number, types of calls received, volume of calls, and telecommunications system used.
- Include a summary of technical and delivery systems used or interfaced in the above projects.
- Describe the previous experience in services and operational functions in similar projects.
- Describe the background and success of the Offeror's organization and experience in performing pharmacy service authorization services.
- Describe previous experience in designing, developing, implementing and maintaining a preferred drug list program for the Medicaid and FAMIS fee-for-service population and supporting the Pharmacy & Therapeutics Committee to select those preferred drugs that are safe and therapeutically effective and are the most cost-effective.
- Describe prior experience in managing state Medicaid MAC and SMAC lists. For each state managed, indicate whether the MAC and SMAC list was initially developed by the state.
- Describe prior experience in developing productive relationships with Medicaid providers, Medicaid recipients, advocates, and pharmaceutical manufacturers.
- Describe prior experience and technological capabilities for operation of a comprehensive, state of the art call center, capable of responding to provider and recipient concerns; providing education; and handling pharmacy benefits activity.
- Describe previous experience in the construction and maintenance of a website including the features required in this RFP.

Project Plan: The Offeror's proposal must include a preliminary implementation plan as part of its response to this RFP. The implementation plan shall include a detailed project schedule including the tasks and deliverables required to accomplish the work in the Offeror's proposal.

Implementation Plan: Submit a detailed implementation plan demonstrating the Offeror's proposed schedule to implement the pharmacy benefit programs no later than July 1, 2010. This plan must include a pre-testing of the programs with physicians, and pharmacists.

Pharmacy Administration: Submit a detailed description of the manner in which it proposes to perform the responsibilities detailed in Section V of this RFP. The plan must include a step by step description of the procedures utilized by the Contractor.

Service Authorization Process: Submit a detailed description of the service authorization approval and appeals process for both the PDL service authorizations. The Offeror must address how it will use automation, and how the service authorization process minimizes transactions and costs, and what specific steps will be taken to make the service authorization process consumer/provider friendly.

P&T Committee: Submit a detailed plan for supporting the P&T Committee, and the management and tracking of the reference pricing and supplemental rebate process.

Call Center: Submit a detailed description of how it will staff and operate a toll-free Call Center. The plan must describe the information and assistance that will be provided by Call Center Representatives.

Telecommunications System: Submit a description of a proposed system that meets the requirements of Section III.

MAC/SMAC: Submit a detailed description of the manner in which it proposed to perform all responsibilities related to the MAC/SMAC programs detailed in Section III of this RFP. The plan must include a step by step description of the procedures utilized by the Contractor.

Staffing: The Offeror must submit a detailed description of the staffing plan, which describes the types of personnel who shall be hired to handle service authorization requests, how staff shall be compensated (hourly, wage, temporary), and how the staff shall be supervised. This section shall also include a description of the Offeror's plan for staff training, including components and length of training curriculum, a plan for on-going training, and a proposal of a Training Guide or Procedures Manual.

Auditing: Submit a description of how all activities will be audited and how Call Center responses will be monitored to ensure accuracy of information provided to callers. This section must also describe a plan to ensure confidentiality of records.

Reporting: The proposal must include a plan for how it proposes to meet each reporting requirement. This plan shall include staff members responsible for the oversight, preparation, and submission of each report and the timeline for developing each report. If information will be required from subcontractors or the DMAS fiscal agent in order to fulfill a reporting requirement, the process for obtaining this information shall be described.

Capacity Summary: The proposal must include a capacity summary (physical plant, equipment, and critical personnel) including a discussion of the Offeror's capacity to successfully provide the desired services in light of other potential and known demands upon those resources.

Summary of Key Staff: The proposal must include a staff summary and identification of key staff, to include a qualified project director/manager who will be working on the project, and their relevant experience. Professional resumes/and or detailed job descriptions for staff must be included with an indication of their area(s) of expertise (e.g. call center, etc.).

References: The proposal must include a minimum of three references. In addition, the proposal must include references from all state governments, Medicaid business in particular, for which the Offeror is currently under contract with for similar services outlined in this RFP. Signatures from the state officials must be included on the reference submission in this RFP. Offerors who fail to provide all state references with official signatures shall fail to earn the maximum points under the evaluation criteria. The Offeror shall also include past and/or current commercial accounts for work of a similar nature.

Small Business Subcontracting Plan: The Offeror shall be required to submit, a report on the actual dollars to be spent with small businesses and small businesses owned by women and minorities during the performance of the contract. When such business has been subcontracted to these firms and quarterly during the contract period, the Offeror agrees to furnish the purchasing office the following information: name of firm, phone number, total dollar amount subcontracted and type of product/service provided on a quarterly basis.

Names of Virginia certified firms may be available from the Department of Minority Business Enterprise at www.dmb.e.virginia.gov. At a minimum, this report shall include for each firm contracted with and for

each such business class (i.e., small, small-minority-owned, small-women-owned) the total actual dollars spent on this contract, the planned involvement of the firm and business class as specified in the proposal, and the actual percent of the total estimated contract value.

The Offeror shall submit a Small Business Subcontracting Plan for this procurement. Appendix F contains the format for providing this information, and shall be included in the package with the Offeror's Original of the Cost Proposal.

Organizational Structure: The Offeror must state its name, address, and telephone number, and provide:

- An organizational chart depicting the Offeror's organization in relation to any parent, subsidiary, and related organization.
- Significant subcontracts and assignment relationships.
- The names and occupations of the recipients of the Board of Directors of the organization(s).

Offeror's Financial Condition: The selected Contractor shall be required to submit an audited financial statement for the two most recent fiscal years for which such audited statements are available which demonstrate the Contractor's organization is in sound financial condition. Such documentation will be a condition of contract award.

Systems Interface Plan: This section shall describe the Offeror's existing computer capabilities and proposed enhancements or new capabilities specifically intended for this contract. This section should include a description of those functions that will be automated and a description of the hardware and software to be used. The hardware description should include the brand and model of the platform planned for the contract, the operating system and available peripherals. The software description should include a schematic overview of the system, volume capacities, file layouts, edits, language in which the software is written, and an estimate of the level of effort and time frames to modify the software for the purposes of this contract. The software description should also include the proposed methodology to interface with the VAMMIS.

Cost Proposal: The Offeror must submit the total costs as specified. The Cost Proposal (one copy) must be sealed separately from the Technical Proposal, and labeled "Cost Proposal." The Offeror is to submit costs on cost proposal sheets. Note that the Offeror may recreate its own cost sheet, but must use the format of the sample provided in Appendix H.

No cost information is to be included in any other portion of the proposal.

6.6 Binding of Proposal

The Technical Proposal shall be clearly labeled "Technical Proposal" on the front cover. The Cost Proposal shall be clearly labeled "Cost Proposal" on the front cover. The legal name of the organization submitting the proposal shall also appear on the covers of both the Technical Proposal and the Cost Proposal.

The proposals shall be typed, bound, page-numbered, single-spaced with a 12-point font on 8 1/2" x 11" paper with 1" margins and printed on one side only. Each copy of the Technical Proposal and each copy of the Cost Proposal and all documentation submitted shall be contained in single three-ring binder volumes where practical. A tab sheet keyed to the Table of Contents shall separate each major section. The title of each major section shall appear on the tab sheet.

The Offeror shall submit an original and five (5) copies and 5 CD/DVD electronic of the Technical Proposal and one original of the Cost Proposal by the response date and time specified in this RFP. Each copy of the proposal shall be bound separately. This submission shall be in a sealed envelope or sealed box clearly marked “RFP” Technical Proposal”. In addition, the original of the Cost Proposal shall be sealed separately and clearly marked “RFP” Cost Proposal” and submitted by the response date and time specified in this RFP. The Cost Proposal forms in Appendix H shall be used. The Offeror shall also submit one electronic copy (compact disc) of their Technical Proposal in MS Word format (Microsoft Word 2003 or compatible format) and of their Cost Proposal in MS Excel format (Microsoft Word 2003 or compatible format). In addition, the Offeror shall submit a redacted (proprietary and confidential information removed) electronic copy in PDF format of their Technical Proposal.

6.7 Table of Contents

The proposal shall contain a Table of Contents that cross-references the RFP submittal requirements in this RFP. Each section of the Technical Proposal shall be cross-referenced to the appropriate section of the RFP that is being addressed. This will assist the Department in determining uniform compliance with specific RFP requirements.

6.8 Submission Requirements

All information requested in this RFP shall be submitted in the Offeror’s proposal. A Technical Proposal shall be submitted and a Cost Proposal shall be submitted in the Offeror’s collective response. The proposals will be evaluated separately. By submitting a proposal in response to this RFP, the Offeror certifies that all of the information provided is true and accurate.

All data, materials and documentation originated and prepared for the Commonwealth pursuant to this RFP belong exclusively to the Commonwealth and shall be subject to public inspection in accordance with the Virginia Freedom of Information Act. Confidential information shall be clearly marked in the proposal and reasons the information should be confidential shall be clearly stated.

The Commonwealth agrees that neither it nor its employees, representatives, or agents shall knowingly divulge any proprietary information with respect to the operation of the software, the technology embodied therein, or any other trade secret or proprietary information related thereto, except as specifically authorized by the Contractor in writing or as required by the Freedom of Information Act or similar law. It shall be the Contractor’s responsibility to fully comply with §2.2-4342F of the *Code of Virginia*. All trade secrets or proprietary information must be identified in writing or other tangible form and conspicuously labeled as “proprietary” either prior to or at the time of submission to the Commonwealth.

The Contractor assures that information and data obtained as to personal facts and circumstances related to patients or clients shall be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual’s and the agency’s written consent. Any information to be disclosed, except to the agency, must be in summary, statistical, or other form which does not identify particular individuals.

Ownership of all data, materials, and documentation originated and prepared for the State pursuant to the RFP shall belong exclusively to the State and be subject to public inspection in accordance with the *Virginia Freedom of Information Act*. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the *Virginia Freedom of Information Act*; however, the Offeror must (i) invoke the protections of § 2.2-4342F of the *Code of Virginia*, in writing, either before or at the time the data or other material is submitted. The written notice must (ii) specifically identify the data or materials to be protected and (iii) state the reasons why protection is necessary. The proprietary or

trade secret materials submitted must be identified by some distinct method such as highlighting or underlining and shall indicate only the specific words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and, in the sole discretion of the Department, may result in rejection and return of the proposal.

All information requested by this RFP on ownership, utilization and planned involvement of small businesses, small-women-owned businesses and small-minority-owned business shall be submitted with the Technical Proposal.

6.9 Transmittal Letter

The transmittal letter shall be on official organization letterhead and signed by the individual authorized to legally bind the Offeror to contract agreements and the terms and conditions contained in this RFP. The organization official who signs the proposal transmittal letter shall be the same person who signs the cover page of the RFP and Addenda.

At a minimum, the transmittal letter shall contain the following:

1. A Statement that the Offeror meets the required conditions to be an eligible candidate for the contract award including:
 - a) The Offeror and any related entities must identify any client relationships, contracts or agreements they have with any State or local government entity that is a Medicaid and/or Title XXI State Children's Health Insurance Program facility or Contractor and the general circumstances of the contract or agreement. This information will be reviewed by the Department to ensure there are no potential conflicts of interest;
 - b) Offeror must be able to present sufficient assurances to the State that the award of the contract to the Offeror shall not create a conflict of interest between the Contractor, the Department, and its subcontractors; and
 - c) The Offeror must be licensed to conduct business in the State of Virginia.
2. A Statement that the Offeror has read, understands and agrees to perform all of the Contractor responsibilities and comply with all of the requirements and terms set forth in this RFP, any modifications of this RFP, the Contract and Addenda;
3. The Offeror's general information, including the address, telephone number, and facsimile transmission number;
4. Designation of an individual as the authorized representative of the organization who will interact with the Department on any matters pertaining to this RFP and the resultant Contract; and
5. A Statement agreeing that the Offeror's proposal shall be valid for a minimum of 180 days from its submission to the Department.

6.10 Signed Cover Page of the RFP and Addenda

To attest to all RFP terms and conditions, the authorized representative of the Offeror shall sign the cover page of this RFP as well as the cover page of the Addenda, if issued, to the RFP and submit this along with its proposal.

6.11 Procurement Contact

The principal point of contact for this procurement in the Department shall be:

Donna Francioni-Proffitt, Pharmacy Manager
Virginia Department of Medical Assistance Services
600 East Broad Street, Suite 1300

Richmond, VA 23219
FAX: 804-786-5799
E-mail: PharmacyRFP@dmas.virginia.gov

All communications with the Department regarding this RFP should be directed to the principal point of contact. All RFP content-related questions shall be in writing to the principal point of contact or the Department Contract Management Officer. An Offeror who communicates with any other employees or Contractors of the Department concerning this RFP after issuance of the RFP may be disqualified from this procurement.

6.12 Submission and Acceptance of Proposals

The proposals, whether mailed or hand delivered, shall arrive at the Department no later than 2:00 p.m. E.S.T. on September 24, 2009. The Department shall be the sole determining party in establishing the time of arrival of proposals. Late proposals shall not be accepted and shall be automatically rejected from further consideration. The address for delivery is:

Proposals may be sent by US mail, Federal Express, UPS, etc. to:

Attention: William D. Sydnor
Department of Medical Assistance Services
600 East Broad Street, Suite 1300
Richmond, VA 23219

Hand Delivery or Courier to:

Attention: William D. Sydnor
Department of Medical Assistance Services
7th Floor DMAS Receptionist
600 East Broad Street
Richmond, VA 23219

If the Department does not receive at least one responsive proposal as a result of this RFP, the Department reserves the right to select a Contractor that best meets its needs. The Department management shall select this Contractor. The Department also reserves the right to reject all proposals. The Department reserves the right to delay implementation of the RFP if a satisfactory Contractor is not identified or if the Department determines a delay is necessary to ensure implementation goes smoothly without service interruption. Information will be posted on the DMAS web site at <http://www.dmas.virginia.gov> and the eVA web site at <http://www.eva.virginia.gov>.

6.13 Oral Presentation and Site Visit

The Department may require one or more oral presentations or conference calls by an Offeror in response to questions it has about the Offeror's proposal. The Department will allow a minimum two-business day advance notice to the Offeror prior to the date of the oral presentation. Expenses incurred as part of the oral presentation shall be the Offeror's responsibility.

6.14 Technical Proposal

The following describes the required format, content and sequence of presentations for the Technical Proposal:

6.14.1 Chapter One: Executive Summary

The Executive Summary Chapter shall highlight the Offeror's:

Understanding of the project requirements.

Qualifications to serve as the DMAS Contractor for the project.

Overall Approach to the project and a summary of the contents of the proposal.

6.14.2 Chapter Two: Corporate Qualifications and Experience

Chapter Two shall present the Offeror's qualifications and experience to serve as the Contractor for the project. Specifically, the Offeror shall describe its:

- Organization Status including: name of Project Director; name, address, telephone number, fax number, and e-mail address of legal entity with whom the contract is to be written; Federal employer ID number; name, address, telephone numbers of principal officers (president, vice-president, treasurer, chairperson of the board of directors, and other executive officers); its parent organization; its major business services; legal status or whether it is a for-profit or a not-for-profit company; a list of board members and their organizational affiliations; and any specific licenses and accreditation held by the Offeror.
- Corporate Experience including the Offeror's overall qualifications to carry out a project of this nature and scope. The Offeror shall describe the background and success of the Offeror's organization and experience in Medicaid pharmacy management, specifically implementing PDL, service authorization, MAC and SMAC programs. The Offeror shall demonstrate knowledge of the Medicaid client populations. For each experience with operating, managing, or contracting for the provision of pharmacy related programs, the Offeror shall indicate the contract or project title, dates of performance, scope and complexity of contract, and customer references (see below). Any other related experience the Offeror feels is relevant shall be included. The Offeror shall indicate whether the Offeror has had a contract terminated for any reason within the last five years. The Offeror also shall indicate if a claim was made on a payment or performance bond. If so, the Offeror shall submit full details of the termination and the bonds including the other party's name, address, and telephone number.
- Three References of non-Offeror owned customers or previous clients that will serve to substantiate the Offeror's qualifications and capabilities to perform the services required by the RFP. The Offeror shall complete the Reference Form in Appendix G for each reference, which includes the contract name, address, telephone number, contact person, and periods of work performance for each reference.
- Financial Status including the Offeror's most recent annual financial report.

6.14.3 Chapter Three: Technical Approach

The Offeror shall fully describe how it intends to meet all of the technical proposal requirements listed in this RFP. DMAS does not want a "re-write" of the RFP requirements. Specifically, the Offeror shall describe in detail its proposed technical approach for each of the tasks listed in Section III including any staff, systems, procedures, or materials that will be used to perform these tasks. This includes how each task will be performed, what problems need to be overcome, what functions the staff will perform, and what assistance will be needed from DMAS, if any.

6.14.4 Chapter Four: Staffing and Project Work Plan

The proposal shall describe the following:

- Staffing Plan: The Offeror shall provide a functional organizational chart of the proposed project structure and organization, indicating the lines of authority for proposed staff directly involved in performance of this contract and relationships of the staff to each function of the organization. The staffing plan shall indicate the number of proposed FTEs by position and an estimate of hours to be committed to the project by each staff position. The plan shall also show the number of staff to be employed by the Contractor and staff to be obtained through subcontracting arrangements.

Offerors must submit one (1) reference for each proposed key staff member, showing work for previous clients who have received similar services to those proposed by the Offeror for this contract. Each reference must include the name of contact person, address, telephone number and description of services provided.

- Staff Qualifications and Résumés: Job descriptions for all key positions on the project including qualifications, experience and/or expertise required shall be included. Resumes limited to two pages shall be included for key personnel. The resumes of personnel proposed shall include qualifications, experience, and relevant education and training.
- Office Location: A description of the geographical location of its firm at the national, regional, and local levels, as applicable. Offeror shall identify all locations that will be used to support a resultant contract and the operations handled from these locations (particularly note any Virginia-based locations that will be used). Offeror should clearly identify any overseas locations, which may be used to support the resultant contract or any related transactions.
- Work Plan and Project Management: The proposal shall include a work plan detailing the sequence of events and the time required to implement this project by July 1, 2010. The relationship between key staff and the specific tasks and assignments proposed to accomplish the scope of work shall also be included. A PERT, Gantt, or Bar Chart that clearly outlines the project timetable from beginning to end shall be included in the proposal. Key dates and key events relative to the project shall be clearly shown on the chart. The Offeror shall describe its management approach and how its proposed work plan will be executed.
- Semi-Monthly Progress Reports: The Contractor must prepare a written progress report every two weeks and present this report to the Director, Division of Health Care Services or his designee. The report must include:
 - i. Status of major activities and tasks in relation to the Contractor's work plan, including specific tasks completed for each part of the project.
 - ii. Target dates for completion of remaining or upcoming tasks/activities.
 - iii. Any potential delays or problems anticipated or encountered in reaching target dates and the reason for such delays.
 - iv. Any revisions to the overall work schedule.

6.15 **Cost Proposal**

A separate Cost Proposal shall be completed. The proposed prices shall include all Offeror's costs. The Grand Total on the Cost Proposal shall be the total of the Contract Price for year one, year two, and year

three is the Offeror's proposal bid. The Offeror may include a single page with one or more explanatory notes, with clear reference to items on the Cost Proposal. As part of the Cost Proposal, the Offeror shall state clearly at the bottom of the page if an explanatory note page is included.

6.16 Small Business Subcontracting Plan

It is the policy of the Commonwealth of Virginia to contribute to the establishment, preservation and strengthening of small businesses and businesses owned by women and minorities and to encourage their participation in State procurement activities. The Commonwealth encourages Contractors to provide for the participation of small businesses and businesses owned by women and minorities through partnerships, joint ventures, subcontracts or other contractual opportunities.

The Offeror shall submit the information required in Appendix F, which contains the format for providing this information, and shall be included in the package with the Offeror's Cost Proposal.

SECTION VII - PROPOSAL EVALUATION AND AWARD CRITERIA

DMAS will conduct a comprehensive, fair, and impartial evaluation of proposals received in response to this RFP. An Evaluation Team will be established to make a recommendation of a Contractor. The Evaluation Team will be responsible for the review and scoring of all proposals. This group will be responsible for the recommendation to the DMAS Director.

7.1 Evaluation of Minimum Requirements

DMAS will initially determine if each proposal addresses the minimum RFP requirements to permit a complete evaluation of the Technical Proposal. Proposals shall comply with the instructions to Offerors contained throughout this RFP. Failure to comply with the instructions shall deem the proposal non-responsive and subject to disqualification without further consideration. DMAS reserves the right to waive minor irregularities.

The minimum requirements for a proposal to be given consideration are:

RFP Cover Sheet: This form shall be completed and properly signed by the authorized representative of the organization.

Closing Date: The proposal shall have been received, as provided in Section VI, before the closing of acceptance of proposals in the number of copies specified.

Compliance: The proposal shall comply with the entire format requirements described in this RFP

Mandatory Conditions: All mandatory General and Special Terms and Conditions contained in Sections VIII and XIX shall be accepted.

Small Business Utilization – Summarize the planned utilization of DMBE certified small businesses and small businesses owned by women and minorities under the contract to be awarded as a result of this solicitation.

7.2 Proposal Evaluation Criteria

Proposals shall be evaluated by DMAS using the following criteria:

- Innovation and experience of the Offeror in implementing and administering pharmacy benefit programs in the Medicaid environment. This includes recent Medicaid contracting experience, work with P&T Committees and knowledge of Medicaid client needs, Medicaid provider needs, and Medicaid policy requirements.
- Offeror's approach to maximize compliance rate and minimize disruption of access to medical care or increasing provider costs.
- Experience of the Offeror in developing productive relationships with Medicaid providers, Medicaid clients, advocates, and pharmaceutical manufacturers.
- Demonstration in the written proposal of the Offeror's ability, facilities, and capacity to provide all required services in a timely, efficient and professional manner.
- Ability of the Offeror to implement a streamlined and efficient service authorization process that is provider and consumer friendly.
- Proposed project management of the resources available to the Offeror for meeting the requirements of the RFP.
- Proposed plan and ability to interface with the MMIS.
- Experience and expertise of specific staff assigned to the contract. Appropriateness of the relationship between staff qualifications and assigned responsibilities.
- Cost, including a clear and detailed description of the Offeror's cost associated for developing and managing the pharmacy programs which ensures that this contract is not based on any financial incentives tied to the denial or administrative delay of medically appropriate drug therapy.
- Compliance with Small Business Subcontracting Plan.
- Quality of references.
- References who clearly address the nature and satisfaction of the work performed by the Offeror.

The broad criteria for evaluating proposals include, but are not limited to, the elements below:

7.2.1 Experience and Quality of References – 15%

Describe the experience, including length of time of the Offeror in performing pharmacy benefit administration services. Include:

- a. Experience in working with indigent populations, particularly Medicaid or other healthcare populations;
- b. Experience in performing services within the past year(s) most comparable to the Offeror's proposal (include a description of the type, size, and duration of previous experience);
- c. References that support the Offeror's experience and abilities with respect to this contract;
- d. In addition, references should clearly address the nature of the work performed by the Offeror and should reflect the level of satisfaction with the Offeror's work performance.
- e. The Contractor may also include contacts for other contracts that exhibit satisfaction with the work performed by the Offeror.

7.2.2 Requirements and Technical Proposal and Staffing – 45%

Demonstration in the written proposal of the Offeror's ability, facilities and capacity to provide all required services as described in this RFP in a timely, efficient and professional manner. Describe the experience and expertise of specific staff assigned to the contract, including prior experience of staff with similar projects, qualifications of staff, appropriateness of the relationship between staff qualifications and assigned responsibilities.

7.2.3 Small Business Contracting Plan – 20%

7.2.4 Cost – 20%

The cost proposal shall be evaluated taking into consideration the fixed fee cost proposal shown in Appendix H.

The cost proposal shall be evaluated and weighted but is not the sole deciding factor for the RFP. The lowest cost proposal shall be scored the maximum number of evaluation points for cost. All other cost proposals shall be evaluated and assigned points for cost in relation to the lowest cost proposal. Although cost proposals are evaluated and weighted, they are not the sole deciding factor for the RFP.

7.3 Contract Award

Selection shall be made of two or more Offerors deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request for Proposals, including price. Negotiations shall be conducted with the Offerors so selected. Price shall be considered, but need not be the sole determining factor.

The Commonwealth may cancel this Request for Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous (*Code of Virginia*, § 2.2-4359D). Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror. The award document will be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and the contractor's proposal as negotiated

The Department will conduct an on-site review to assess the readiness of the Offeror to effectively administer and provide the services as defined in this RFP.

At any time, the Department may terminate all activities and cancel or re-release this procurement. The reasons for such termination will be documented and made part of the State file.

7.4 Signing and Execution of the Contract

The successful Offeror will be required to enter into a contract with the Department within seven (7) days of having received a Final contract document from the Department. If the Offeror fails to enter into a contract within seven (7) days, the State may withdraw the notice and select another Offeror, restart the procurement, or discontinue the procurement entirely.

SECTION VIII - GENERAL TERMS AND CONDITIONS

8.1 Vendors Manual

This solicitation is subject to the provisions of the Commonwealth of Virginia *Vendors Manual* and any changes or revisions thereto, which are hereby incorporated into this contract in their entirety. The procedure for filing contractual claims is in Section 7.19 of the *Vendors Manual*. A copy of the manual is normally available for review at the purchasing office and is accessible on the Internet at <http://www.eva.virginia.gov/learn-about-eva/vendors-manual.htm> under "Vendor Manual."

8.2 Applicable Laws and Courts

This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The Department and the Contractor are encouraged to resolve any issues in controversy arising from the award of the contract or any contractual dispute using Alternative Dispute Resolution (ADR) procedures (*Code of Virginia*, §2.2-4366). ADR procedures are described in Chapter 9 of the *Vendors Manual*. The Contractor shall comply with all applicable federal, State and local laws, rules and regulations.

8.3 Anti-Discrimination

By submitting their proposals, Offerors certify to the Commonwealth that they shall conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and §2.2-4311 of the Virginia Public Procurement Act (VPPA), and any other applicable laws. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the contract on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the public body. (*Code of Virginia*, § 2.2-4343.1E).

In every contract over \$10,000, the provisions in Sections 8.3.1 and 8.3.2. below apply:

8.3.1. During the performance of this contract, the Contractor agrees as follows:

- a) The Contractor shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by State law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- b) The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, shall state that such Contractor is an equal opportunity employer.
- c) Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

8.3.2. The Contractor shall include the provisions of 10.3.1 above in every subcontract or purchase order over \$10,000, so that the provisions shall be binding upon each subcontractor or Contractor.

8.4 Ethics in Public Contracting

By submitting their proposals, Offerors certify that their proposals are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

8.5 Immigration Reform and Control Act Of 1986

By entering into a written contract with the Commonwealth of Virginia, the Contractor certifies that the Contractor does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

8.6 Debarment Status

By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

8.7 Antitrust

By entering into a contract, the Contractor conveys, sells, assigns, and transfers to the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Commonwealth of Virginia under said contract.

8.8 Mandatory Use of State Form and Terms and Conditions

Failure to submit a proposal on the official State form, in this case the completed and signed RFP Cover Sheet, may be a cause for rejection of the proposal. Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Commonwealth reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

8.9 Clarification of Terms

If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact Donna Francioni-Proffitt, Pharmacy Manager, no later than 2:00 pm on August 27, 2009. Any revisions to the solicitation will be made only by addendum issued by the buyer.

8.10 Payment

1. To Prime Contractor:

- a. Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. All invoices shall show the State contract number and/or purchase order number; social security number (for individual Contractors) or the federal employer identification number (for proprietorships, partnerships, and corporations).
 - b. Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
 - c. All goods or services provided under this contract or purchase order, that are to be paid for with public funds, shall be billed by the Contractor at the contract price, regardless of which public Department is being billed.
 - d. The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
 - e. Unreasonable Charges: Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, Contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges that appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Commonwealth shall promptly notify the Contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within thirty (30) days of notification. The provisions of this section do not relieve the Department of its prompt payment obligations with respect to those charges that are not in dispute (*Code of Virginia*, § 2.2-4363).
2. To Subcontractors:
- a. A Contractor awarded a contract under this solicitation is hereby obligated:
 - (1) To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Commonwealth for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or
 - (2) To notify the Department and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.
 - b. The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Commonwealth, except for amounts withheld as Stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Commonwealth.
3. Each prime Contractor who wins an award in which provision of a small business contracting plan is a condition to the award, shall deliver to the contracting Department or institution, on or before request for final payment, evidence and certification of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the small business contracting plan. Final payment under the contract in question may be withheld until such certification is delivered and, if necessary, confirmed by the Department or institution, or other appropriate penalties may be assessed in lieu of withholding such payment. The

Commonwealth of Virginia encourages contractors and subcontractors to accept electronic and credit card payments.

8.11 Precedence of Terms

The following General Terms and Conditions: *VENDORS MANUAL*, *APPLICABLE LAWS AND COURTS*, *ANTI-DISCRIMINATION*, *ETHICS IN PUBLIC CONTRACTING*, *IMMIGRATION REFORM AND CONTROL ACT OF 1986*, *DEBARMENT STATUS*, *ANTITRUST*, *MANDATORY USE OF STATE FORM AND TERMS AND CONDITIONS*, *CLARIFICATION OF TERMS*, *PAYMENT* shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

8.12 Qualifications of Offerors

The Commonwealth may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/furnish the goods and the Offeror shall furnish to the Commonwealth all such information and data for this purpose as may be requested. The Commonwealth reserves the right to inspect Offeror's physical facilities prior to award to satisfy questions regarding the Offeror's capabilities. The Commonwealth further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Commonwealth that such Offeror is properly qualified to carry out the obligations of the Contract and to provide the services and/or furnish the goods contemplated therein.

8.13 Testing And Inspection

The Commonwealth reserves the right to conduct any test/inspection it may deem advisable to ensure goods and services conform to the specifications.

8.14 Assignment of Contract

A contract shall not be assignable by the contractor in whole or in part without the written consent of the Commonwealth.

8.15 Changes to the Contract

Changes can be made to the contract in any of the following ways:

1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
2. The Department may order changes within the general scope of the contract at any time by written notice to the Contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed or are mandated by changes in Federal or State laws or regulations. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Department a credit for any savings. Said compensation shall be determined by one of the following methods:
 - a) By mutual agreement between the parties in writing; or
 - b) By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work

- performed, subject to the Department's right to audit the Contractor's records and/or to determine the correct number of units independently; or
- c) By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Department with all vouchers and records of expenses incurred and savings realized. The Department shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Department within thirty (30) days from the date of receipt of the written order from the Department. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract or, if there is none, in accordance with the dispute provisions of the *Commonwealth of Virginia Vendors Manual*. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes ordered by the Department or with the performance of the contract generally.

8.16 Default

In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Commonwealth, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies, which the Commonwealth may have.

8.17 Insurance

By signing and submitting a proposal under this solicitation, the Offeror certifies that if awarded the contract, it shall have the following insurance coverage at the time the contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor shall have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The Offeror further certifies that the Contractor and any subcontractors will maintain these insurance coverages during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:

1. Workers' Compensation: Statutory requirements and benefits: Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Commonwealth of increases in the number of employees that change their workers' compensation requirements under the *Code of Virginia* during the course of the contract shall be in noncompliance with the contract.
2. Employer's Liability: \$100,000.
3. Commercial General Liability: \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Professional Liability/Errors and Omissions coverage. Health Care Practitioner (to include Dentists, Licensed Dental, Hygienists, Optometrists, Registered or Licensed Practical Nurses,

Pharmacists, Physicians, Podiatrists, Chiropractors, Physical Therapists, Physical Therapist Assistants, Clinical Psychologists, Clinical Social Workers, Professional Counselors, Hospitals, or Health Maintenance Organizations.) \$1,925,000 per occurrence, \$3,000,000 aggregate (Limits increase each July 1 through fiscal year 2008, as follows: July 1, 2008 - \$2,000,000. This complies with §8.01-581.15 of the Code of Virginia.

8.18 Announcement of Award

Upon the award or the announcement of the decision to award a contract over \$50,000, as a result of this solicitation, the Department will publicly post such notice on the DGS/DPS eVA web site (www.eva.virginia.gov) for a minimum of 10 days.

8.19 Drug-Free Workplace

During the performance of this contract, the Contractor agrees to:

1. Provide a drug-free workplace for the Contractor's employees;
2. Post in conspicuous places, available to employees and applicants for employment, a Statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
3. State in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and
4. Include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or Contractor.

For the purposes of this section, “*drug-free workplace*” means a site for the performance of work done in connection with a specific contract awarded to a Contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

8.20 Nondiscrimination of Contractors

An Offeror shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by State law relating to discrimination in employment or because the Offeror employs ex-offenders unless the State Department, department or institution has made a written determination that employing ex-offenders on the specific contract is not in its best interest. If the award of this contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the public body shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative facility.

8.21 eVA Business-To-Government Vendor Registration

The eVA Internet electronic procurement solution, web site portal www.eVA.virginia.gov, streamlines and automates government purchasing activities in the Commonwealth. The eVA portal is the gateway for vendors to conduct business with state agencies and public bodies. All vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution either through the eVA Basic Vendor Registration Service or eVA Premium Vendor Registration Service. All Offerors must register in eVA; failure to register will result in the bid/proposal being rejected.

- a. eVA Basic Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Basic Vendor Registration Service includes electronic order receipt, vendor catalog posting, on-line registration, electronic bidding, and the ability to research historical procurement data available in the eVA purchase transaction data warehouse.
- b. eVA Premium Vendor Registration Service: \$25 Annual Registration Fee plus the appropriate order Transaction Fee specified below. eVA Premium Vendor Registration Service includes all benefits of the eVA Basic Vendor Registration Service plus automatic email or fax notification of solicitations and amendments.
- c. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
- d. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
 - i. DMBE-certified Small Businesses: 1%, capped at \$500 per order.
 - ii. Businesses that are not DMBE-certified Small Businesses: 1%, capped at \$1,500 per order.

8.22 Availability of Funds

It is understood and agreed between the parties herein that the agency shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

8.23 Set-Asides

This solicitation is set-aside for DMBE-certified small business participation only when designated "SET-ASIDE FOR SMALL BUSINESSES" in the solicitation. DMBE-certified small businesses are those businesses that hold current small business certification from the Virginia Department of Minority Business Enterprise. DMBE-certified women- and minority-owned businesses are also considered small businesses when they have received DMBE small business certification. Small businesses must be certified by DMBE not later than the solicitation due date.

SECTION IX - SPECIAL TERMS AND CONDITIONS

9.1 Access to Premises

The Contractor shall allow duly authorized agents or representatives of the State or Federal Government, during normal business hours, access to Contractor's and subcontractors' premises, to inspect, audit, monitor or otherwise evaluate the performance of the Contractor's and subcontractor's contractual activities and shall forthwith produce all records requested as part of such review or audit. In the event right of access is requested under this section, the Contractor and subcontractor shall, upon request, provide and make available staff to assist in the audit or inspection effort, and provide adequate space on the premises to reasonably accommodate the State or Federal personnel conducting the audit or inspection effort. All inspections or audits shall be conducted in a manner as will not unduly interfere with the performance of Contractor or subcontractor's activities. The Contractor shall be given thirty (30) calendar days to respond to any preliminary findings of an audit before the Department shall finalize its findings. All information so obtained will be accorded confidential treatment as provided under applicable law.

The Department, the Office of the Attorney General of the Commonwealth of Virginia, the federal Department of Health and Human Services, and/or their duly authorized representatives shall be allowed access to evaluate through inspection or other means, the quality, appropriateness, and timeliness of services performed under this Contract.

9.2 Access To and Retention of Records

In addition to the requirements outlined below, the Contractor must comply, and must require compliance by its subcontractors with the security and confidentiality of records standards.

9.2.1 Access to Records

The Department, the Centers for Medicare and Medicaid Services, State and Federal auditors, or any of their duly authorized representatives shall have access to any books, fee schedules, documents, papers, and records of the Contractor and any of its subcontractors.

The Department, the Centers for Medicare and Medicaid Services, State and Federal auditors, or any of their duly authorized representatives, shall be allowed to inspect, copy, and audit any of the above documents, including, medical and/or financial records of the Contractor and its subcontractors.

9.2.2 Retention of Records

The Contractor shall retain all books, records, reports and other documents relating to this contract for a period of six (6) years after final payment is made under this contract or in the event that this contract is renewed six (6) years after the final payment. When an audit, litigation, or other action involving or requiring access to records is initiated prior to the end of said period, however, records shall be maintained for a period of six (6) years following resolution of such action or longer if such action is still ongoing. Copies on microfilm or other appropriate media of the documents contemplated herein may be substituted for the originals provided that the microfilming or other duplicating procedures are reliable and are supported by an effective retrieval system which meets legal requirements to support litigation, and to be admissible into evidence in any court of law.

9.2.3 Confidentiality Of Personally Identifiable Information

The Contractor assures that information and data obtained as to personal facts and circumstances related to patients or clients will be collected and held confidential, during and following the term of this agreement, and will not be divulged without the individual's and the agency's written consent and only in accordance with federal law or the Code of Virginia. Contractors who utilize, access, or store personally identifiable information as part of the performance of a contract are required to safeguard this information and immediately notify the agency of any breach or suspected breach in the security of such information. Contractors shall allow the agency to both participate in the investigation of incidents and exercise control over decisions regarding external reporting. Contractors and their employees working on this project may be required to sign a confidentiality statement.

9.3 Advertising

In the event a contract is awarded for services resulting from this proposal, no indication of such sales or services to the Department will be used in product literature or advertising without prior written permission from the Department. The Contractor shall not state in any of its advertising or product literature that the Commonwealth of Virginia or any Department or institution of the Commonwealth has

purchased or uses its products or services without prior written permission from the Department. The Department must approve any advertising, marketing or press release connected with this contract.

9.4 Audit

The Contractor shall retain all books, records, and other documents relative to this contract for six (6) years after final payment, or longer if audited by the Commonwealth of Virginia, as referenced in Section 9.2.2. The Department, its authorized agents, and/or State auditors shall have full access to and the right to examine any of said materials during said period.

9.5 Termination

This Contract may be terminated in whole or in part:

- a. By the Department, for convenience, with not less than ninety (90) days prior written notice, which notice shall specify the effective date of the termination,
- b. By the Department, in whole or in part, if funding from Federal, State, or other sources is withdrawn, reduced, or limited;
- c. By the Department if the Department determines that the instability of the Contractor's financial condition threatens delivery of services and continued performance of the Contractor's responsibilities; or
- d. By the Department if the Department determines that the Contractor has failed to satisfactorily perform its contracted duties and responsibilities.

The Contractor shall not terminate this contract in part.

Each of these conditions for contract termination is described in the following paragraphs.

9.5.1 Termination for Convenience

- a. The Department may terminate this contract at any time without cause, in whole or in part, upon giving the contractor notice of such termination. Upon such termination, the contractor shall immediately cease work and remove from the project site all of its labor forces and such of its materials as owner elects not to purchase or to assume in the manner hereinafter provided. Upon such termination, the contractor shall take such steps as owner may require to assign to the owner the contractor's interest in all subcontracts and purchase orders designated by owner. After all such steps have been taken to owner's satisfaction, the contractor shall receive as full compensation for termination and assignment the following:
 - (1) All amounts then otherwise due under the terms of this contract,
 - (2) Amounts due for work performed subsequent to the latest Request for Payment through the date of termination,
 - (3) Reasonable compensation for the actual cost of demobilization incurred by the contractor as a direct result of such termination. The contractor shall not be entitled to any compensation for lost profits or for any other type of contractual compensation or damage other than those provided by the preceding sentence. Upon payment of the forgoing, owner shall have no further obligations to the contractor of any nature.
- b. In no event shall termination for the convenience of the owner terminate the obligations of the contractor's surety on its payment and performance bonds.

9.5.2 Termination for Unavailable Funds

The Contractor understands and agrees that the Department shall be bound only to the extent of the funds available or which may become available for the purpose of this resulting Contract. When the Department makes a written determination that funds are not adequately appropriated or otherwise unavailable to support continuance of performance of this Contract, the Department shall, in whole or in part, cancel or terminate this Contract.

The Department's payment of funds for purposes of this Contract is subject to and conditioned upon the availability of funds for such purposes, whether Federal and/or State funds. The Department may terminate this Contract upon written notice to the Contractor at any time prior to the completion of this Contract, if, in the sole opinion of the Department, funding becomes unavailable for these services or such funds are restricted or reduced. In the event that funds are restricted or reduced, it is agreed by both parties that, at the sole discretion of the Department, this Contract may be amended. If the Contractor shall be unable or unwilling to provide covered services at reduced rates, the Contract shall be terminated.

No damages, losses, or expenses may be sought by the Contractor against the Department, if, in the sole determination of the Department, funds become unavailable before or after this Contract between the parties is executed. A determination by the Department that funds are not appropriated or are otherwise inadequate or unavailable to support the continuance of this Contract shall be final and conclusive.

9.5.3 Termination Because of Financial Instability

If DMAS determines that there are verifiable indicators that the Contractor will become financially unstable to the point of threatening the ability of the Department to obtain the services provided for under the Contract, DMAS will require verification of the Contractor's financial situation. If from the information DMAS determines the Contractor will inevitably become financially unstable, DMAS may terminate the contract before this occurs. If the Contractor ceases to conduct business in the normal course, makes a general assignment for the benefit of creditors, or suffers or permits the appointment of a receiver for its business or assets, DMAS may, at its option, immediately terminate this Contract effective at the close of business on a date specified by the Department. In the event the Department elects to terminate the Contract under this provision, the Contractor shall be notified in writing, by either certified or registered mail, specifying the date of termination. The Contractor shall submit a written waiver of the licensee's rights under the Federal bankruptcy laws.

In the event of the filing of a petition in bankruptcy by a principal network provider or subcontractor, the Contractor shall immediately so advise the Department. The Contractor shall ensure that all tasks that have been delegated to its subcontractor(s) are performed in accordance with the terms of this Contract.

9.5.4 Termination for Default

The Department may terminate the Contract, in whole or in part, if the Department determines that the Contractor has failed to satisfactorily perform its duties and responsibilities under this Contract and is unable to cure such failure within a reasonable period of time as specified in writing by the Department, taking into consideration the gravity and nature of the default. Such termination shall be referred to herein as "Termination for Default."

Upon determination by the Department that the Contractor has failed to satisfactorily perform its duties and responsibilities under this Contract, the Contractor shall be notified in writing, by either certified or registered mail, of the failure and of the time period which has been established to cure such failure. If the Contractor is unable to cure the failure within the specified time period, the Department will notify the Contractor in writing within thirty (30) calendar days of the last day of the specified time period that the Contract, has been terminated in full or in part, for default. This written notice will identify all of the

Contractor's responsibilities in the case of the termination, including responsibilities related to enrollee notification, network provider notification, refunds of advance payments, return or destruction of Department data and liability for medical claims.

In the event that the Department determines that the Contractor's failure to perform its duties and responsibilities under this contract results in a substantial risk to the health and safety of Medicaid enrollees, the Department may terminate this contract immediately without notice.

If, after notice of termination for default, it is determined by the Department or by a court of law that the Contractor was not in default or that the Contractor's failure to perform or make progress in performance was due to causes beyond the control of and without error or negligence on the part of the Contractor or any of its subcontractors, the notice of termination shall be deemed to have been issued as a termination for the convenience of the Department, and the rights and obligations of the parties shall be governed accordingly.

In the event of termination for default, in full or in part, as provided for under this clause, the Department may procure from other sources, upon such terms and in such manner as is deemed appropriate by the Department, supplies or services similar to those terminated, and the Contractor shall be liable for any costs for such similar supplies and services and all other damages allowed by law. In addition, the Contractor shall be liable to the Department for administrative costs incurred to procure such similar supplies or services as are needed to continue operations. In the event of a termination for default prior to the start of operations, any claim the Contractor may assert shall be governed by the procedures defined by the Department for handling contract termination. Nothing herein shall be construed as limiting any other remedies that may be available to the Department.

In the event of a termination for default during ongoing operations, the Contractor shall be paid for any outstanding payments due less any assessed damages.

9.6 Remedies for Violation, Breach, or Non-Performance of Contract

Upon receipt by the Department of evidence of non-compliance by the Contractor with any of the provisions of this Contract or with State or federal laws or regulations the following remedies may be imposed.

9.6.1 Procedure for Contractor Noncompliance Notification

In the event that the Department identifies or learns of noncompliance with the terms of this contract, the Department will notify the Contractor in writing of the nature of the noncompliance. The Contractor must remedy the noncompliance within a time period established by the Department and the Department will designate a period of time, not less than ten (10) calendar days, in which the Contractor must provide a written response to the notification. The Department may develop or may require the Contractor to develop procedures with which the Contractor must comply to eliminate or prevent the imposition of specific remedies.

9.6.2 Remedies Available to the Department

The Department reserves the right to employ, at the Department's sole discretion, any and all remedies available at law or equity including but not limited to, payment withholds and/or termination of the contract.

9.7 Performance Bonds

The Contractor shall deliver to the Department purchasing office an executed performance bond, in a form acceptable to the Department, in the amount of one month of the estimated annual contract amount, with the Department as obligee. The surety shall be a surety company or companies approved by the State Corporation Commission to transact business in the Commonwealth of Virginia. No payment shall be due and payable to the Contractor, even if the contract has been performed in whole or in part, until the bonds have been delivered to and approved by the Department.

9.8 Payment

The Contractor shall be prepared to provide the full range of services requested under this RFP and resultant contract, on site and operationally ready to begin work by the implementation date established by the Department. The Department will provide adequate prior notice of at least 30 days of the implementation date. Upon approval of the Contractor's operational readiness and a determined start date, the Department shall make payments as described in Section V.

Each invoice submitted by the Contractor shall be subject to the Department approval based on satisfactory performance of contracted services and compliance with all contract terms. The invoice shall contain the Federal tax identification number, the contract number and any other information subsequently required by the Department.

9.9 Identification of Proposal Envelope

If a special envelope is not furnished, or if return in the special envelope is not possible, the signed bid/proposal should be returned in a separate envelope or package, sealed and identified as follows:

From: _____	_____
Name of Offeror	Due Date /Time
_____	_____
Street or Box Number	City, State, Zip Code

RFP Number	

Name of Contract/Purchase Officer:

The envelope should be addressed as directed on Page 1 of the solicitation.

If a proposal not contained in the special envelope is mailed, the Offeror takes the risk that the envelope, even if marked as described above, may be inadvertently opened and the information compromised which may cause the proposal to be disqualified. Proposals may be hand delivered to the designated location in the office issuing the solicitation. No other correspondence or other proposals should be placed in the envelope.

9.10 Indemnification

Contractor agrees to indemnify, defend and hold harmless the Commonwealth of Virginia, its officers, agents, and employees from any claims, damages and actions of any kind or nature, whether at law or in

equity, arising from or caused by the use of any materials, goods, or equipment of any kind or nature furnished by the Contractor/any services of any kind or nature furnished by the Contractor, provided that such liability is not attributable to the sole negligence of the using Department or to failure of the using Department to use the materials, goods, or equipment in the manner already and permanently described by the Contractor on the materials, goods or equipment delivered.

9.11 Small Businesses Subcontracting and Evidence of Compliance

- A. It is the goal of the Commonwealth that 40% of its purchases be made from small businesses. This includes discretionary spending in prime contracts and subcontracts. All potential Offerors are required to submit a Small Business Subcontracting Plan. Unless the Offeror is registered as a DMBE-certified small business and where it is practicable for any portion of the awarded contract to be subcontracted to other suppliers, the contractor is encouraged to offer such subcontracting opportunities to DMBE-certified small businesses. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification. No Offeror or subcontractor shall be considered a Small Business, a Women-Owned Business or a Minority-Owned Business unless certified as such by the Department of Minority Business Enterprise (DMBE) by the due date for receipt of proposals. If small business subcontractors are used, the prime contractor agrees to report the use of small business subcontractors by providing the purchasing office at a minimum the following information: name of small business with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product/service provided.
- B. Each prime contractor who wins an award in which provision of a small business subcontracting plan is a condition of the award, shall deliver to the contracting agency or institution on a quarterly basis, evidence of compliance (subject only to insubstantial shortfalls and to shortfalls arising from subcontractor default) with the small business subcontracting plan. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office at a minimum the following information: name of firm with the DMBE certification number, phone number, total dollar amount subcontracted, category type (small, women-owned, or minority-owned), and type of product or service provided. Payment(s) may be withheld until compliance with the plan is received and confirmed by the agency or institution. The agency or institution reserves the right to pursue other appropriate remedies to include, but not be limited to, termination for default.
- C. Each prime contractor who wins an award valued over \$200,000 shall deliver to the contracting agency or institution on a quarterly basis, information on use of subcontractors that are not DMBE-certified small businesses. When such business has been subcontracted to these firms and upon completion of the contract, the contractor agrees to furnish the purchasing office at a minimum the following information: name of firm, phone number, total dollar amount subcontracted, and type of product or service provided.

9.12 Prime Contractor Responsibilities

The Contractor shall be responsible for completely supervising and directing the work under this contract and all subcontractors that it may utilize, using its best skill and attention. Subcontractors who perform work under this contract shall be responsible to the prime Contractor. The Contractor agrees that it is as fully responsible for the acts and omissions of its subcontractors and of persons employed by it as it is for the acts and omissions of its own employees

9.13 Renewal of Contract

This contract may be renewed by the Commonwealth for (one year/three successive one year periods) under the terms and conditions of the original contract except as stated in 1. and 2. below. Price increases may be negotiated only at the time of renewal. Written notice of the Commonwealth's intention to renew shall be given approximately 90 days prior to the expiration date of each contract period.

1. If the Commonwealth elects to exercise the option to renew the contract for an additional one-year period, the contract price(s) for the additional one year shall not exceed the contract price(s) of the original contract increased/decreased by more than the percentage increase/decrease of the All Urban Consumers category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.
2. If during any subsequent renewal periods, the Commonwealth elects to exercise the option to renew the contract, the contract price(s) for the subsequent renewal period shall not exceed the contract price(s) of the previous renewal period increased/decreased by more than the percentage increase/decrease of the All Urban Consumers category of the CPI-W section of the Consumer Price Index of the United States Bureau of Labor Statistics for the latest twelve months for which statistics are available.

9.14 Confidentiality of Information

By submitting a proposal, the Contractor agrees that information or data obtained by the Contractor from the Department during the course of determining and/or preparing a response to this RFP may not be used for any other purpose than determining and/or preparing the Contractor's response. Such information or data may not be disseminated or discussed for any reasons not directly related to the determination or preparation of the Contractor's response to this RFP.

9.15 HIPAA Compliance

The Contractor shall comply, and shall ensure that any and all subcontractors comply, with all State and Federal laws and Regulations with regards to handling, processing, or using Health Care Data. This includes but is not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations as it pertains to this agreement, and the Contractor shall keep abreast of the regulations. Since this is a federal law and the regulations apply to all health care information, the Contractor shall comply with the HIPAA regulations at no additional cost to the Department. The Contractor shall also be required to enter into a DMAS-supplied HIPAA Business Associate Agreement with the Department to comply with the regulations protecting Health Care Data. A template of this Agreement is available on the DMAS Internet Site at <http://www.dmas.virginia.gov/hpa-home.htm>.

9.16 Obligation of Contractor

By submitting a proposal, the Contractor covenants and agrees that it has satisfied itself of the conditions to be met, and fully understands its obligations, and that it will have no right to cancel its proposal or to relief of any other nature because of its misunderstanding or lack of information.

9.17 Independent Contractor

Any Contractor awarded a contract under this RFP shall be considered an independent Contractor, and neither the Contractor, nor personnel employed by the Contractor, is to be considered an employee or

agent of the Department.

9.18 Ownership of Intellectual Property

All copyright and patent rights to all papers, reports, forms, materials, creations, or inventions created or developed in the performance specific to this contract shall become the sole property of the Commonwealth. On request, the Contractor shall promptly provide an acknowledgement or assignment in a tangible form satisfactory to the Commonwealth to evidence the Commonwealth's sole ownership of specifically identified intellectual property created or developed in the performance of the contract.

9.19 Subsidiary-Parent Relationship

In the event the Offeror is a subsidiary or division of a parent organization, the Offeror must include in the proposal, a signed Statement by the chief executive officer of the parent organization pledging the full resources of the parent organization to meet the responsibilities of the subsidiary organization under contract to the Department. The Department must be notified within 10 days of any change in ownership. Any change in ownership shall not relieve the original parent of its obligation of pledging its full resources to meet the obligations of the contract with the Department without the expressed written consent of the Department Director.

9.20 Business Transactions Reporting

The Contractor shall notify the Department within five (5) calendar days after any publicly announced acquisition agreement, pre-merger agreement, or pre-sale agreement impacting the Contractor's ownership. Business transactions to be disclosed include, but are not limited to:

- a. Any sale, exchange, or lease of any property between the Contractor and a Party in Interest;
- b. Any lending of money or other extension of credit between the Contractor and a Party in Interest; and
- c. Any furnishing for consideration of goods, services (including management services) or facilities between the Contractor and a Party in Interest. Business transactions for purposes of this section do not include salaries paid to employees for services provided in the normal course of employment by the Contractor.

The Contractor shall advise the Department, in writing, within five (5) business days of any organizational change or major decision affecting its Medicaid business in Virginia or other states. This includes but is not limited to sale of existing business to other entities or a complete exit from the Medicaid market in another state or jurisdiction.

9.21 eVA Business-To-Government Contracts and Orders

The solicitation/contract will result in 1 purchase order(s) with the eVA transaction fee specified below assessed for each order.

- a. For orders issued prior to August 16, 2006, the Vendor Transaction Fee is 1%, capped at a maximum of \$500 per order.
- b. For orders issued August 16, 2006 and after, the Vendor Transaction Fee is:
 - (i) DMBE-certified Small Businesses: 1%, Capped at \$500 per order.
 - (ii) Businesses that are not DMBE-certified Small Businesses: 1%, Capped at \$1,500 per order.

The eVA transaction fee will be assessed approximately 30 days after each purchase order is issued. Any adjustments (increases/decreases) will be handled through eVA change orders.

Internet electronic procurement solution, website portal www.eva.virginia.gov, streamlines and automates government purchasing activities in the Commonwealth. The portal is the gateway for vendors to conduct business with state agencies and public bodies.

Vendors desiring to provide goods and/or services to the Commonwealth shall participate in the eVA Internet e-procurement solution and agree to comply with the following:

If this solicitation is for a term contract, failure to provide an electronic catalog (price list) or index page catalog for items awarded will be just cause for the Commonwealth to reject your bid/offer or terminate this contract for default. The format of this electronic catalog shall conform to the eVA Catalog Interchange Format (CIF) Specification that can be accessed and downloaded from www.eVA.virginia.gov. Contractors should email Catalog or Index Page information to eVA-catalog-manager@dgs.virginia.gov.

9.22 Compliance with Virginia Information Technology Accessibility Standard

The Contractor shall comply with all State laws and Regulations with regards to accessibility to information technology equipment, software, networks, and web sites used by blind and visually impaired individuals. This accessibility standards are State law see § 2.2-3502 and § 2.2-3503 of The Code of Virginia. Since this is a State law and the regulations apply to accessibility to information technology equipment, software, networks, and web sites used by blind and visually impaired individuals, the Contractor shall comply with the Accessibility Standards at no additional cost to the Department. The Contractor must also keep abreast of any future changes to The Virginia Code as well as any subsequent revisions to the Virginia Information Technology Standards. The current Virginia Information Technology Accessibility Standards are published on the Internet at <http://www.vita.virginia.gov/library/default.aspx?id=663>

9.23 Award

Selection may be made of Offerors who are deemed to be fully qualified and best suited among those submitting proposals on the basis of the evaluation factors included in the Request for Proposals, including price, if so stated in the Request for Proposals. Negotiations shall be conducted with the Offeror(s) selected. Price shall be considered, but need not be the sole determining factor. After negotiations have been conducted with each Offeror so selected, the agency shall select the Offeror which, in its opinion, has made the best proposal, and shall award the contract to that Offeror. The Commonwealth may cancel this Request for Proposals or reject proposals at any time prior to an award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous (*Code of Virginia*, § 2.2-4359D). Should the Commonwealth determine in writing and in its sole discretion that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a contract may be negotiated and awarded to that Offeror. The award document will be a contract incorporating by reference all the requirements, terms and conditions of the solicitation and the Contractor's proposal as negotiated.

APPENDIX A

Current and Historical Enrollment Data for Medicaid and FAMIS Fee-for-Service Clients

Appendix A
Current and Historical Enrollment Data for
Medicaid and FAMIS Fee-for-Service Clients

Historical S-CHIP Fee-for-Service Enrollment Average Monthly Eligibles			
	FAMIS	Medicaid Expansion	Total
FY 2006	7,367	9,117	16,484
FY 2007	7,703	8,911	16,614
FY 2008	7,626	8,114	15,740
FY 2009 YTD*	7,664	8,040	15,704

Source: Statistical Record of the Virginia Medicaid Program

**FY 2009 data represents enrollment through May 2009.*

Historical Medicaid Fee-for-Service Enrollment Average Monthly Eligibles	
FY 2006	301,263
FY 2007	293,869
FY 2008	285,334
FY 2009 YTD*	286,071

Source: Statistical Record of the Virginia Medicaid Program

**FY 2009 data represents enrollment through May 2009.*

APPENDIX B

Medicaid Pharmacy Expenditures by Therapeutic Class Historical Data on Federal and Supplemental Drug Rebates Cost and Utilization Analysis by Drug Type

Appendix B

Medicaid Pharmacy Expenditures by Therapeutic Class; Historical Data on Federal and Supplemental Drug Rebates

Historical Medicaid Fee-for-Service Pharmacy Expenditures and Rebates						
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009YTD*
Gross pharmacy expenditures	\$568,889,876	\$611,762,513	\$458,755,750	\$228,301,049	\$225,800,238	\$190,591,118
Federal rebates	(\$90,929,222)	(\$109,808,297)	(\$104,520,939)	(\$50,347,527)	(\$43,803,898)	(\$41,062,664)
Supplemental State rebates	(\$705,323)	(\$10,796,161)	(\$13,732,363)	(\$2,088,208)	(\$1,807,235)	(\$1,425,547)
Net pharmacy expenditures	\$477,255,331	\$491,158,054	\$340,502,448	\$175,865,313	\$180,189,106	\$148,102,907

Source: Statistical Record of the Virginia Medicaid Program

*FY 2009 data represents expenditures and rebates through April 2009.

Medicaid Fee-for-Service Pharmacy Expenditures by Therapeutic Class						
Therapeutic Class	FY 2007		FY 2008		FY 2009 YTD*	
	Payments	Claims	Payments	Claims	Payments	Claims
0	\$1,065,686	26,227	\$483,641	16,841	\$394,584	13,673
1 ANTI-ULCER PREPS	\$10,431,690	169,715	\$7,001,558	162,661	\$5,603,245	134,047
2 EMETICS	\$32	7	\$12	3	\$3	1
3 ANTIDIARRHEAL AGENTS	\$89,613	8,355	\$78,464	6,978	\$68,384	5,733
4 ANTISPASMODICS/ANTICH	\$1,266,089	18,500	\$1,261,140	18,404	\$1,074,983	14,930
5 BILE THERAPY	\$92,413	681	\$80,614	693	\$43,536	601
6 LAXATIVES	\$1,711,678	210,822	\$1,779,605	206,871	\$1,560,302	169,373
7 ATRATICS & TRNQLZR	\$30,212,096	357,218	\$30,778,552	353,055	\$24,164,319	297,823
8 MUSCLE RELAXANTS	\$2,309,364	50,896	\$2,221,265	51,634	\$1,678,338	43,940
9 ANTIPARKINSON	\$490,278	15,997	\$626,477	17,201	\$408,111	14,819
10 CNS STIMULANTS	\$5,158,793	51,889	\$5,624,114	52,678	\$4,507,266	40,966
11 PSYCHOST/ANTDSRNT	\$22,149,516	236,920	\$21,345,340	232,014	\$18,424,344	197,313
12 AMPHETAMINES	\$3,884,340	35,516	\$4,312,963	36,290	\$4,580,600	33,927
13 OTHER ANTI-OBESITY AGENT	\$38,907	204	\$26,732	144	\$18,828	96
14 ANTIHISTAMINES	\$3,713,957	176,052	\$3,481,770	169,285	\$2,493,738	133,799
15 BRONCHIAL DILATORS	\$13,089,258	169,636	\$13,708,898	166,507	\$11,799,953	135,368
16 COUGH PREPS/EXPT	\$1,197,186	61,644	\$1,119,114	60,369	\$665,633	44,537
17 COLD & COUGH PREPS	\$1,721,421	71,788	\$1,583,466	61,484	\$1,352,896	47,532
18 ANDERNEGICS	\$199,516	2,247	\$203,985	2,176	\$192,538	1,983
19 TOPICAL NSL & OTIC	\$2,920,494	46,025	\$2,884,716	46,042	\$2,247,732	38,360
20 ORTHMATIC PREPS	\$986,032	37,615	\$1,054,919	38,260	\$880,040	32,172
21 TETRACYCLINES	\$222,880	9,818	\$223,818	10,264	\$181,473	9,249
22 PENCILLINS	\$2,015,382	84,208	\$1,697,707	77,599	\$1,388,781	65,556
23 STREPTOMYCINES	\$789,126	1,713	\$916,737	2,195	\$845,238	1,999
24 SULFONAMIDES	\$225,743	17,424	\$245,716	19,297	\$214,022	17,108
25 ERYTHROMYCINS	\$2,124,660	49,326	\$1,834,319	49,783	\$1,066,606	39,886
26 CEPHALOSPORINS	\$2,514,894	43,560	\$2,155,425	38,558	\$1,573,434	32,575
27 OTHER ANTIBIOTICS	\$1,879,000	45,215	\$2,045,365	46,141	\$1,873,969	40,090
28 URINARY ANTIBACT	\$788,778	14,057	\$756,823	13,566	\$622,787	10,980
29 CHLORAMPHENICOL	1042.58	22	.	.	.	.
30 ANTINEOPLASTICS	\$2,280,436	7,358	\$2,736,174	7,582	\$2,864,282	6,355

31 ANTIPARASITICS	\$553,596	13,618	\$540,698	13,360	\$460,441	11,490
32 ANTIMALARIALS	\$71,004	2,572	\$80,374	1,743	\$47,238	1,173
33 ANTIVIRALS	\$10,365,595	20,329	\$10,962,664	19,203	\$10,034,676	14,865
34 TB PREPARATIONS	\$35,822	1,137	\$32,702	1,082	\$29,150	796
35 TRIMETHOPRIN	\$2,411	148	\$3,683	152	\$3,298	129
36 TOPICAL CONTARCPTV	\$173,707	399	\$251,182	509	\$390,297	745
37 VAGINAL CLEANSERS	\$438	20	\$476	18	\$171	6
38 ANTBCTRL & ANTSPTC	\$55,921	3,164	\$64,113	3,479	\$46,322	2,853
39 DIAGNOSTICS	\$260,258	2,323	\$274,476	2,333	\$256,918	1,849
40 NARCOTIC ANALGCS	\$7,921,226	213,748	\$8,398,289	215,557	\$8,242,952	189,145
41 NON-NORCT ANALGCS	\$3,029,075	266,810	\$3,030,907	260,616	\$2,545,317	212,740
42 NSAIDS	\$2,623,816	69,779	\$2,662,365	67,840	\$1,976,482	57,094
44 ANESTHETICS GEN INJC	\$11,974	453	\$10,211	803	\$5,513	698
45 ANESTHETICS TOPICAL	\$1,045,002	10,102	\$1,230,615	10,948	\$1,161,271	9,264
46 SEDATIVES BARBIT	\$144,385	23,789	\$145,176	22,400	\$128,001	17,426
47 SEDATIVES NON-BARBIT	\$1,058,855	46,921	\$732,018	44,326	\$465,860	37,642
48 ANTICONVULISANT	\$22,755,255	220,110	\$24,410,974	226,105	\$19,969,805	195,163
49 ANTINAUSEANTS	\$3,473,630	26,902	\$1,697,770	28,014	\$1,351,140	27,297
50 CORTICORTROPINS	\$27,371	9	\$218,545	12	\$183,118	7
51 GULCOCORTICOIDS	\$3,913,927	75,617	\$4,220,540	74,910	\$3,833,335	63,496
52 MINERALOCORTICOIDS	\$16,593	612	\$18,805	651	\$13,770	503
53 ALDOSTERONE ANTGNS	\$115,690	5,389	\$111,466	5,380	\$96,932	4,673
54 ANTIDOTES	\$130,428	1,058	\$119,553	900	\$121,076	808
55 THYROID PREPS	\$361,746	32,486	\$340,354	32,267	\$260,838	27,428
56 ANTITHYROID PREPS	\$25,192	932	\$22,688	869	\$19,539	776
57 IODINE THERAPY	\$944	54	\$747	52	\$664	33
58 DIABETIC THERAPY	\$6,362,493	91,399	\$6,568,880	89,157	\$6,021,302	74,341
59 ANABOLIC	\$24,444	63	\$8,820	46	\$3,277	14
60 ANDROGENS	\$91,125	481	\$88,157	467	\$78,700	405
61 ESTROGENS	\$431,521	10,902	\$433,115	9,748	\$360,770	7,618
62 PROGESTARONE	\$44,067	2,074	\$49,798	1,963	\$41,466	1,612
63 ORAL CONTRACPTVS	\$2,444,339	58,571	\$2,349,208	53,395	\$1,870,403	40,051
64 OTHER HORMONES	\$2,775,714	7,941	\$2,639,336	7,747	\$2,367,649	6,292
65 LIPOTROPICS	\$5,794,083	72,085	\$3,109,985	74,769	\$2,379,659	64,168
66 CHOLESTEROL RDCR	\$100,498	1,147	\$113,111	1,317	\$136,021	1,317
67 DIGESTANTS	\$7,570	573	\$10,182	597	\$12,158	475
68 PROTEIN LYSATES	\$3,858	86	\$11,177	203	\$3,125	86
69 ENZYMES	\$454,847	3,109	\$458,828	2,307	\$503,526	2,110
70 RAUWOLFAS	\$164	11	\$279	13	\$238	9
71 OTHER HYPOTENSIVES	\$3,231,728	105,090	\$3,212,966	106,962	\$2,980,977	92,083
72 VASODILATORS CORNRY	\$174,308	9,484	\$169,741	8,905	\$116,979	7,025
73 VASODILATORS PRPHRL	\$474	24	\$533	24	\$463	19
74 DIGITALIS PREPS	\$38,564	4,066	\$33,208	3,571	\$26,017	2,632
75 XANTHINE DRVTS	\$154,521	3,907	\$185,468	3,342	\$83,411	2,407

76 OTHER CARDVSCLR PRP	\$2,522,162	81,590	\$2,158,406	78,819	\$1,116,258	68,567
77 ANTICOAGULANTS	\$3,055,086	26,917	\$3,382,594	26,759	\$2,998,597	22,673
78 HEMOSTATIICS	\$44,181	59	\$22,853	41	\$17,345	37
79 DIURETICS	\$394,988	54,501	\$377,952	51,166	\$300,382	42,258
80 FAT SLUBL VITMNS	\$209,233	17,890	\$300,115	26,376	\$320,111	31,498
81 WATER SLUBL VITMNS	\$478,894	65,355	\$519,220	69,906	\$474,316	61,324
82 MULTIVITAMINS	\$769,442	99,977	\$752,679	108,252	\$739,923	115,614
83 FOLIC ACID PREPS	\$177,458	29,435	\$145,416	30,091	\$130,774	26,219
84 B COMPLEX W/C	\$10,501	1,694	\$3,323	614	\$2,279	468
85 VITAMIN K	\$19,956	762	\$26,214	866	\$20,161	632
87 ELECTROLYTES & NTRNT	\$1,460,447	128,071	\$1,547,334	127,066	\$1,363,313	107,959
88 HAMATINICS	\$3,812,633	135,598	\$3,379,799	128,233	\$2,348,008	80,066
90 BIOLOGICALS	\$639,585	832	\$735,136	1158	\$553,153	1018
92 COAL CAR PREPS	\$1,025	84	\$934	76	\$294	28
93 EMOLLIENTS & PRTVTC	\$298,160	24,391	\$277,471	22,099	\$215,916	16,267
94 FUNGICIDES	\$1,906,350	51,402	\$1,670,987	50,660	\$1,765,831	41,745
95 ALL OTHER DRM PRP	\$1,350,492	17,167	\$1,338,004	16,089	\$1,130,453	12,793
96 HEMORRHOIDAL PRP	\$13,156	740	\$14,116	680	\$9,055	441
97 OXYTOCICS	\$4,501	423	\$4,169	383	\$3,857	316
98 PARASYMPATHETIC AGNT	\$560,465	3,932	\$585,612	4,086	\$494,483	3,453
99 UNCLASSIFIED THRPTCS	\$13,280,448	77,622	\$15,586,635	76,014	\$13,681,541	60,476
TOTAL	\$226,887,639	4,248,591	\$224,122,578	4,182,071	\$189,106,279	3,499,406

Source: Virginia MMIS claims data. Totals differ from totals in table above which includes non-claims based financial transactions.

*FY 2009 data represents expenditures and rebates through April 2009.

Virginia Medicaid
Cost and Utilization Analysis by Drug Type

FFY 2009

All Drugs						Single Source Brand				Multi Source Brand				Generic Drugs			
Year	Month	Total Payment	Total Claim Cnt	Avg Pymt/Claim	Total Recip Cnt	Claim Cnt	Total Payment	Avg Pymt/Claim	% Total Claim Cnt	Claim Cnt	Payment Amt	Avg Pymt/Claim	% Total Claim Cnt	Claim Cnt	Payment Amt	Avg Pymt/Claim	% Total Claim Cnt
2008	1	\$19,788,451.03	368,831	\$53.65	103,838	72,992	\$13,116,338.90	\$179.70	19.79%	56,303	\$2,202,457.50	\$39.12	15.27%	236,899	\$4,241,119.32	\$17.90	64.23%
	2	\$19,633,920.48	360,977	\$54.39	105,577	72,497	\$13,170,564.81	\$181.67	20.08%	56,282	\$2,247,252.94	\$39.93	15.59%	229,613	\$4,010,475.12	\$17.47	63.61%
	3	\$19,588,415.84	356,195	\$54.99	103,193	71,538	\$13,183,552.38	\$184.29	20.08%	53,315	\$2,261,846.38	\$42.42	14.97%	228,766	\$3,935,048.49	\$17.20	64.22%
	4	\$19,376,420.95	359,328	\$53.92	102,952	71,807	\$12,980,864.86	\$180.77	19.98%	51,551	\$2,230,974.11	\$43.28	14.35%	233,462	\$3,965,640.44	\$16.99	64.97%
	5	\$19,400,530.61	355,970	\$54.50	100,541	70,612	\$13,035,004.01	\$184.60	19.84%	49,581	\$2,174,138.21	\$43.85	13.93%	233,360	\$3,983,940.90	\$17.07	65.56%
	6	\$17,898,468.81	331,600	\$53.98	95,494	64,088	\$11,926,076.79	\$186.09	19.33%	44,646	\$1,981,840.64	\$44.39	13.46%	220,651	\$3,808,937.22	\$17.26	66.54%
	7	\$18,442,930.83	340,118	\$54.23	94,534	63,793	\$12,010,594.80	\$188.27	18.76%	45,752	\$2,087,703.43	\$45.63	13.45%	228,294	\$4,141,292.91	\$18.14	67.12%
	8	\$17,434,938.65	321,964	\$54.15	94,231	60,020	\$11,019,464.41	\$183.60	18.64%	43,002	\$1,961,392.08	\$45.61	13.36%	216,686	\$4,278,490.16	\$19.75	67.30%
	10	\$21,234,768.69	379,422	\$55.97	105,956	68,916	\$13,743,850.84	\$199.43	18.16%	23,257	\$1,769,771.19	\$76.10	6.13%	287,208	\$5,720,323.65	\$19.92	75.70%
	11	\$18,608,857.37	342,320	\$54.36	101,376	61,056	\$11,960,930.42	\$195.90	17.84%	21,606	\$1,613,866.11	\$74.70	6.31%	259,617	\$5,033,142.16	\$19.39	75.84%
	12	\$21,292,453.92	377,132	\$56.46	104,174	67,505	\$13,710,425.77	\$203.10	17.90%	24,233	\$2,052,959.57	\$84.72	6.43%	285,353	\$5,528,148.33	\$19.37	75.66%
TOTALS		\$212,700,157.18	3,893,857	\$600.60	1,111,866	744,824	\$139,857,667.99	\$2067.42	19.13%	469,528	\$22,584,202.16	\$579.75	12.06%	2,659,909	\$48,646,558.70	\$200.46	68.31%

Due to system changes based on new generic logic determinations on GNI, NDA, etc, more drugs are classified as generics.

APPENDIX C

**2009 Appropriation Act Chapter 781
Item 306**

Directive To Operate A Preferred Drug List Program

R.1. Notwithstanding § 32.1-331.12 et seq., Code of Virginia, the Department of Medical Assistance Services, in consultation with the Department of Mental Health, Mental Retardation and Substance Abuse Services, shall amend the State Plan for Medical Assistance Services to modify the delivery system of pharmaceutical products to include a Preferred Drug List. In developing the modifications, the department shall consider input from physicians, pharmacists, pharmaceutical manufacturers, patient advocates, and others, as appropriate.

2.a. The department shall utilize a Pharmacy and Therapeutics Committee to assist in the development and ongoing administration of the Preferred Drug List program. The Pharmacy and Therapeutics Committee shall be composed of 8 to 12 members, including the Commissioner of the Department of Mental Health, Mental Retardation and Substance Abuse Services, or his designee. Other members shall be selected or approved by the department. The membership shall include a ratio of physicians to pharmacists of 2:1 and the department shall ensure that at least one-half of the physicians and pharmacists are either direct providers or are employed with organizations that serve recipients for all segments of the Medicaid population. Physicians on the Committee shall be licensed in Virginia, one of whom shall be a psychiatrist, and one of whom specializes in care for the aging. Pharmacists on the Committee shall be licensed in Virginia, one of whom shall have clinical expertise in mental health drugs, and one of whom has clinical expertise in community-based mental health treatment. The Pharmacy and Therapeutics Committee shall recommend to the Department (i) which therapeutic classes of drugs should be subject to the Preferred Drug List program and prior authorization requirements; (ii) specific drugs within each therapeutic class to be included on the preferred drug list; (iii) appropriate exclusions for medications, including atypical anti-psychotics, used for the treatment of serious mental illnesses such as bi-polar disorders, schizophrenia, and depression; (iv) appropriate exclusions for medications used for the treatment of brain disorders, cancer and HIV-related conditions; (v) appropriate exclusions for therapeutic classes in which there is only one drug in the therapeutic class or there is very low utilization, or for which it is not cost-effective to include in the Preferred Drug List program; and (vi) appropriate grandfather clauses when prior authorization would interfere with established complex drug regimens that have proven to be therapeutically effective. In developing and maintaining the preferred drug list, the cost effectiveness of any given drug shall be considered only after it is determined to be safe and therapeutically effective.

b. The Pharmacy and Therapeutics Committee shall schedule meetings at least quarterly and may meet at other times at the discretion of the Chairperson and members. At the meetings, the Pharmacy and Therapeutics committee shall review any drug in a class subject to the Preferred Drug List that is newly approved by the Federal Food and Drug Administration, provided there is at least thirty (30) days notice of such approval prior to the date of the quarterly meeting.

3. The department shall establish a process for acting on the recommendations made by the Pharmacy and Therapeutics Committee, including documentation of any decisions which deviate from the recommendations of the Committee.

4. The Preferred Drug List program shall include provisions for (i) the dispensing of a 72-hour emergency supply of the prescribed drug when requested by a physician and a dispensing fee to be paid to the pharmacy for such supply; (ii) prior authorization decisions to be made within 24 hours and timely notification of the recipient and/or the prescribing physician of any delays or negative decisions; (iii) an expedited review process of denials by the department; and (iv) consumer and provider education, training and information regarding the Preferred Drug List prior to implementation, and ongoing communications to include computer access to information and multilingual material.

5. The Preferred Drug List program shall generate savings as determined by the department that are net of any administrative expenses to implement and administer the program.

6. Notwithstanding § 32.1-331.12 et seq., Code of Virginia, to implement these changes, the Department of Medical Assistance Services shall promulgate emergency regulations to become effective within 280

days or less from the enactment of this act. With respect to such state plan amendments and regulations, the provisions of § 32.1-331.12 et seq., Code of Virginia, shall not apply. In addition, the department shall work with the Department of Mental Health, Mental Retardation, and Substance Abuse Services to consider utilizing a Preferred Drug List program for its non-Medicaid clients.

7. The Department of Medical Assistance Services shall exempt antidepressant and antianxiety medications used for the treatment of mental illness from the Medicaid Preferred Drug List program. The Director of the Department of Medical Assistance Services, in cooperation with the Department of Mental Health, Mental Retardation and Substance Abuse Services, shall provide a report to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2008, on the impact on patient care and costs of including these medications in the Preferred Drug List in the future.

8. The department shall provide to the Governor; the House Committees on Appropriations, and Health, Welfare and Institutions; the Senate Committees on Finance, and Education and Health; and the Joint Commission on Health Care a report on the Preferred Drug List (PDL) Program no later than November 1 of each year. The report shall include the direct savings attributed to the PDL for the prior fiscal year, an estimated savings of the program for the next fiscal year, and the cost to administer the PDL.

APPENDIX D

**2009 Appropriation Act Chapter 781
Item 306**

Directive Regarding Payment of PDL Program Vendor

2009 Appropriation Act Chapter 781
Item 306

T. In the event that the Department of Medical Assistance Services decides to contract for pharmaceutical benefit management services to administer, develop, manage, or implement Medicaid pharmacy benefits, the Department shall establish the fee paid to any such contractor based on the reasonable cost of services provided. The Department may not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to a program contractor based on the denial or administrative delay of medically appropriate prescription drug therapy, or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services.

APPENDIX E

**2009 Appropriation Act Chapter 781
Item 306**

Directive to Operate the Maximum Allowable Cost (MAC) Program and Specialty Drug Program

MAC
2009 Appropriation Act Chapter 781
Item 306

U.1. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to modify the reimbursement methodology used to reimburse for generic drug products. The new methodology shall reimburse for the product cost based on a Maximum Allowable Cost list to be established by the department. Such amendments shall be effective within 280 days or less from the enactment of this act.

2. In developing the maximum allowable cost (MAC) reimbursement rate for generic pharmaceuticals, the department shall: (i) if publicly available, publish the factors used to set state MAC rates, including the identity of the reference product used to set the MAC rate; the GCN number of the reference product; the factor by which the MAC rate exceeds the reference product price, which shall be not less than 110 percent of the lowest-published wholesale acquisition cost for products widely available for purchase in the state, and included in national pricing compendia; and the identity and date of the published compendia used to determine the reference product and set the MAC rate; (ii) identify three different suppliers that are able to supply the product and from whom pharmacies are able to purchase sufficient quantities of the drug. The drugs considered must be listed as therapeutically and pharmaceutically equivalent in the FDA's most recent version of the "Orange Book"; (iii) identify that the use of a MAC rate is lower than the Federal Upper Limit (FUL) for the drug, or the development of a MAC rate that does not have a FUL will not result in the use of higher-cost innovator brand name or single source drugs in the Medicaid program; and (iv) distribute the list of state MAC rates to pharmacy providers in a timely manner prior to the implementation of MAC rates and subsequent modifications.

3. The department shall: (i) review and update the list of MAC rates at least quarterly; (ii) implement and maintain a procedure to eliminate products from the list, or modify MAC rates, consistent with changes in the marketplace; and (iii) provide an administrative appeals procedure to allow a dispensing provider to contest a listed MAC rate.

4. The department shall conduct an analysis of the fiscal impact of the implementation of "Average Manufacturer Price" (AMP), as required by the federal Deficit Reduction Act of 2005, Public Law 109-171. Upon the later of April 15, 2008, or 90 days after the effective date of the regulation that the United States Secretary of Health and Human Services must promulgate under Section 6001(c)(3) of the 'Deficit Reduction Act of 2005,' Pub. L. No. 109-171, the department shall report to the Governor and the chairmen of the Senate Finance and House Appropriations Committees the amount of savings anticipated in the Medicaid Forecast as a result of this change in federal law. In the event that anticipated pharmacy savings exceed the amount of savings assumed in the Medicaid Forecast, the department shall make recommendations concurrently with the report regarding the adjustment of pharmacy dispensing fees based on the impact of changes in local pharmacy reimbursements.

Specialty Drug Program
Item 306

CC.1. The Department of Medical Assistance Services may amend the State Plan for Medical Assistance Services to modify the delivery system of pharmaceutical products to include a specialty drug program. In developing the modifications, the department shall consider input from physicians, pharmacists, pharmaceutical manufacturers, patient advocates, the Pharmacy Liaison Committee, and others as appropriate.

2. In developing the specialty drug program to implement appropriate care management and control drug expenditures, the department shall contract with a vendor who will develop a methodology for the reimbursement and utilization through appropriate case management of specialty drugs and distribute the list of specialty drug rates, authorized drugs and utilization guidelines to medical and pharmacy providers

in a timely manner prior to the implementation of the specialty drug program and publish the same on the department's website.

3. In the event that the Department of Medical Assistance Services contracts with a vendor, the department shall establish the fee paid to any such contractor based on the reasonable cost of services provided. The department may not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to a program contractor based on the denial or administrative delay of medically appropriate prescription drug therapy, or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services.

4. The department shall: (i) review, update and publish the list of authorized specialty drugs, utilization guidelines, and rates at least quarterly; (ii) implement and maintain a procedure to revise the list or modify specialty drug program utilization guidelines and rates, consistent with changes in the marketplace; and (iii) provide an administrative appeals procedure to allow dispensing or prescribing provider to contest the listed specialty drugs and rates.

5. The department shall report on savings and quality improvements achieved through the implementation measures for the specialty drug program to the Chairmen of the House Appropriations and Senate Finance Committees, the Joint Commission on Health Care, and the Department of Planning and Budget by November 1 of each year.

6. The department shall have authority to enact emergency regulations under § 2.2-4011 of the Administrative Process Act to effect these provisions.

APPENDIX F

Form for Small Business Subcontracting Plan

Definitions:

Small Business: "Small business " means an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less averaged over the previous three years. Note: This shall not exclude DMBE-certified women- and minority-owned businesses when they have received DMBE small business certification.

Women-Owned Business: Women-owned business means a business concern that is at least 51% owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with the United States immigration law.

Minority-Owned Business: Minority-owned business means a business concern that is at least 51% owned by one or more minority individuals or in the case of a corporation, partnership or limited liability company or other entity, at least 51% of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

All small businesses must be certified by the Commonwealth of Virginia, Department of Minority Business Enterprise (DMBE) by the due date of the solicitation to participate in the SWAM program. Certification applications are available through DMBE online at www.dmbv.virginia.gov (Customer Service).

Offeror Name: _____

Preparer Name: _____

Date: _____

Instructions

A. If you are certified by the Department of Minority Business Enterprise (DMBE) as a small business, complete only Section A of this form. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received DMBE small business certification.

B. If you are not a DMBE-certified small business, complete Section B of this form. For the Offeror to receive credit for the small business subcontracting plan evaluation criteria, the Offeror shall identify the portions of the contract that will be subcontracted to DMBE-certified small business in this section. Points will be assigned based on each Offeror's proposed subcontracting expenditures with DMBE certified small businesses for the initial contract period as indicated in Section B in relation to the Offeror's total price.

Section A

If your firm is certified by the Department of Minority Business Enterprise (DMBE), are you certified as a (check only one below):

_____ Small Business

_____ Small and Women-owned Business

_____ Small and Minority-owned Business

Certification number: _____

Certification Date: _____

Section B

Populate the table below to show your firm's plans for utilization of DMBE-certified small businesses in the performance of this contract. This shall not exclude DMBE-certified women-owned and minority-owned businesses when they have received the DMBE small business certification. Include plans to utilize small businesses as part of joint ventures, partnerships, subcontractors, suppliers, etc.

Plans for Utilization of DMBE-Certified Small Businesses for this Procurement

Small Business Name & Address DMBE Certificate #	Status if Small Business is also: Women (W), Minority (M)	Contact Person, Telephone & Email	Type of Goods and/or Services	Planned Involvement During Initial Period of the Contract	Planned Contract Dollars During Initial Period of the Contract
Totals \$					

APPENDIX G

Offeror Reference Form

RFP 2009-03**Reference Form:**

Contract Name:	
Customer name and address:	
Customer contact and title:	
Contact Phone number:	
Scope of Services of Contract:	
Contract Type (fixed price, fee for service, capitation, etc):	
Contract Size (# of facilities served , # of participants served, etc):	
Contract Period:	
Number of Contractor staff assigned to contract:	
Any legal or adverse contractual actions against the Offeror related to the project:	
Annual Value of Contract:	

Signature of State Official

Date

APPENDIX H

Cost Proposals

RFP 2009-03 - Pharmacy Services Administrator

PDL (includes P&T Committee)						
<u>Direct Costs</u>		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>		<u>TOTAL</u>
<u>Labor</u> (by Individual or staff category)						
<u>Subtotal Labor</u>						
<u>Benefits</u>						
Total Labor						
<u>Rent</u>						
<u>Travel</u>						
<u>Depreciation</u>						
<u>Equipment</u>						
<u>Furniture</u>						
<u>Office Supplies</u>						
<u>Software</u>						
<u>Temporary Help</u>						
<u>Recruitment</u>						
<u>Postage/Delivery</u>						
<u>Telephone/Fax</u>						
<u>Parking</u>						
<u>Misc (detailed)</u>						
Total Other Direct						
<u>TOTAL</u>						

Note: General and Administrative (G&A) and other indirect costs must be included in the direct cost figures. (The Department will not consider G&A or other fees as a separate line item.)

RFP 2009-03 - Pharmacy Services Administrator

Service Authorization						
<u>Direct Costs</u>		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>		<u>TOTAL</u>
<u>Labor</u> (by Individual or staff category)						
<u>Subtotal Labor</u>						
<u>Benefits</u>						
Total Labor						
<u>Rent</u>						
<u>Travel</u>						
<u>Depreciation</u>						
<u>Equipment</u>						
<u>Furniture</u>						
<u>Office Supplies</u>						
<u>Software</u>						
<u>Temporary Help</u>						
<u>Recruitment</u>						
<u>Postage/Delivery</u>						
<u>Telephone/Fax</u>						
<u>Parking</u>						
<u>Misc (detailed)</u>						
Total Other Direct						
<u>TOTAL</u>						

Note: General and Administrative (G&A) and other indirect costs must be included in the direct cost figures. (The Department will not consider G&A or other fees as a separate line item.)

RFP 2009-03 - Pharmacy Services Administrator

Call Center						
<u>Direct Costs</u>		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>		<u>TOTAL</u>
<u>Labor</u> (by Individual or staff category)						
<u>Subtotal Labor</u>						
<u>Benefits</u>						
Total Labor						
<u>Rent</u>						
<u>Travel</u>						
<u>Depreciation</u>						
<u>Equipment</u>						
<u>Furniture</u>						
<u>Office Supplies</u>						
<u>Software</u>						
<u>Temporary Help</u>						
<u>Recruitment</u>						
<u>Postage/Delivery</u>						
<u>Telephone/Fax</u>						
<u>Parking</u>						
<u>Misc (detailed)</u>						
Total Other Direct						
<u>TOTAL</u>						

Note: General and Administrative (G&A) and other indirect costs must be included in the direct cost figures. (The Department will not consider G&A or other fees as a separate line item.)

RFP 2009-03 - Pharmacy Services Administrator

MAC Program						
<u>Direct Costs</u>		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>		<u>TOTAL</u>
<u>Labor</u> (by Individual or staff category)						
<u>Subtotal Labor</u>						
<u>Benefits</u>						
Total Labor						
<u>Rent</u>						
<u>Travel</u>						
<u>Depreciation</u>						
<u>Equipment</u>						
<u>Furniture</u>						
<u>Office Supplies</u>						
<u>Software</u>						
<u>Temporary Help</u>						
<u>Recruitment</u>						
<u>Postage/Delivery</u>						
<u>Telephone/Fax</u>						
<u>Parking</u>						
<u>Misc (detailed)</u>						
Total Other Direct						
<u>TOTAL</u>						

Note: General and Administrative (G&A) and other indirect costs must be included in the direct cost figures. (The Department will not consider G&A or other fees as a separate line item.)

RFP 2009-03 - Pharmacy Services Administrator

SMAC Program						
<u>Direct Costs</u>		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>		<u>TOTAL</u>
<u>Labor</u> (by Individual or staff category)						
<u>Subtotal Labor</u>						
<u>Benefits</u>						
Total Labor						
<u>Rent</u>						
<u>Travel</u>						
<u>Depreciation</u>						
<u>Equipment</u>						
<u>Furniture</u>						
<u>Office Supplies</u>						
<u>Software</u>						
<u>Temporary Help</u>						
<u>Recruitment</u>						
<u>Postage/Delivery</u>						
<u>Telephone/Fax</u>						
<u>Parking</u>						
<u>Misc (detailed)</u>						
Total Other Direct						
<u>TOTAL</u>						

Note: General and Administrative (G&A) and other indirect costs must be included in the direct cost figures. (The Department will not consider G&A or other fees as a separate line item.)

COST PROPOSAL - Optional Pharmacy Services Administrator Services

RFP 2009-03						
Pharmacy Services Administrator – Optional Services						
		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>		<u>TOTAL</u>
Innovative Strategies						
Strategy:						
Strategy:						
Strategy:						
TOTAL						
Service Authorization						
Automated Functions						
Proposed System Solutions						
Other (itemize separately)						
TOTAL						
Specialty Drug Care Management						
TOTAL						
Alternative Pricing Arrangement						
TOTAL						
Multi-State Purchasing Pool						
TOTAL						
MAC Pricing						
TOTAL						
Medical and Pharmacy- Related Supplies						
TOTAL						

Note: General and Administrative (G&A) and other indirect costs must be included in the direct cost figures. (The Department will not consider G&A or other fees as a separate line item.)