

Request for Proposals

Pharmacy Benefits Plan Management Services and Pharmacy Purchasing Pool Management

PROJECT NO. F10B0400006



DEPARTMENT OF BUDGET & MANAGEMENT EMPLOYEE BENEFITS DIVISION

Issue Date: December 8, 2009

NOTICE:

Prospective Offerors who have received this document from the Department of Budget and Management's web site or eMarylandMarketplace.com, or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the RFP or other communications can be sent to them.

Minority Business Enterprises Are Encouraged to Respond to this Solicitation

State of Maryland
Vendor Comments

To help us improve the quality of State solicitations and make our procurement process more responsive and business-friendly, we ask that you take a few minutes to complete this form. Please return your comments with your proposal. If you have chosen not to submit a proposal, please fax this completed form to (410) 974-3274 to the attention of Gabriel Gnall.

Project Number: F10B0400006

Entitled: Pharmacy Benefits Plan Management Services and Pharmacy Purchasing Pool Management

I. If you are not bidding, please indicate why:

- Other commitments preclude our participation at this time.
- The subject of the Contract is not in our business line.
- We lack experience in the work/commodities required.
- The scope of work is beyond our current capacity.
- We cannot be competitive. (Please explain below.)
- The specifications are either unclear or too restrictive. (Please explain below.)
- Bid/proposal requirements, other than specifications, are unreasonable or too risky. (Please explain below.)
- Time for completion is insufficient.
- Bonding/insurance requirements are prohibitive. (Please explain below.)
- Doing business with government is simply too complicated.
- Prior experience with State of Maryland Contracts was unprofitable or otherwise unsatisfactory. (Please explain below.)
- Other: _____

II. Please explain your response further, offer suggestions or express concerns.

Remarks:

OPTIONAL:

Vendor Name: _____ Date: _____

Contact Person: _____ Phone: _____

Address or Email: _____

THANK YOU

**KEY INFORMATION SUMMARY SHEET
STATE OF MARYLAND**

Request For Proposals

**PHARMACY BENEFITS PLAN MANAGEMENT SERVICES AND
PHARMACY PURCHASING POOL MANAGEMENT**

PROJECT NO: **F10B0400006**

RFP Issue Date: December 8, 2009

RFP Issuing Office: Department of Budget and Management
Employee Benefits Division (EBD)

Procurement Officer: Gabriel Gnall
Office Phone: (410) 260-7338
Fax: (410) 974-3274
E-mail: ggnall@dbm.state.md.us

Proposals are to be sent to: Department of Budget and Management
45 Calvert Street, Room 141
Annapolis, MD 21401
Attention: Gabriel Gnall

Pre-Proposal Conference: December 17, 2009 at 1:00 P.M. local time
**Department of Budget and Management
45 Calvert Street, Room 164 A/B
Annapolis, MD 21401
For directions, call 410-260-7338**

Closing Date and Time: February 1, 2010 at 2:00 local time

NOTE

Prospective Offerors who have received this document from the Department of Budget and Management's web site or eMarylandMarketplace.com, or who have received this document from a source other than the Procurement Officer, and who wish to assure receipt of any changes or additional materials related to this RFP, should immediately contact the Procurement Officer and provide their name and mailing address so that amendments to the RFP or other communications can be sent to them.

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SECTION 1 – GENERAL INFORMATION

1.1 Summary Statement

The Department of Budget and Management is issuing this Request for Proposals for Pharmacy Benefits Plan Management Services and Pharmacy Purchasing Pool Management to procure services for the State of Maryland in connection with the State Employee and Retiree Health and Welfare Benefits Program and the Maryland Rx Program. The Department administers the pharmacy and prescription benefits plan that covers State employees, State retirees, Satellite organization employees, direct pay enrollees, and their respective eligible Dependents. The plan is self-funded by the State and is a group health plan administered as part of the State Employee and Retiree Health and Welfare Benefits Program.

1.1.1 Pass-Through Pricing, Pricing Guarantees and Transparency Requirements

It is the intent of the State of Maryland that the selected Contractor will provide complete and auditable transparency and pass-through pricing while meeting defined price and performance guarantees. The Contractor shall provide adequate reporting that conclusively verifies that the selected Contractor is disclosing any and all Manufacturer Payments and any **and all** other revenue attributable to PBM Services provided to State of Maryland, including revenue attributable to the Plan's membership, claims, formulary, market share, or drug utilization and including the Contractor's receipt of any other revenue (including grants) from **any source** other than the administrative fees paid to it by the State. Further, it is the intent of the State of Maryland that the selected Contractor will pass through all direct and indirect Manufacturer Payment and revenue (as described above) attributable to the State's plan and will provide complete and auditable reporting that also conclusively verifies where and how these payments and revenue are passed through. The selected Contractor will also provide complete and auditable verification that the Contractor is **not** engaging in any unauthorized or improper administrative activity that increases the revenue of the Contractor at the expense of the Plan.

Further, the State requires the right to audit any applicable acquisition contracts and/or other documents to ensure that the Contractor is adhering to these requirements.

1.1.2 Maryland Rx Program

Pursuant to State Personnel and Pensions Article, §2-502.1, the Department has established the Maryland Rx Program, a purchasing pool for pharmacy benefits for the State Employee and Retiree Health and Welfare Benefits Program, eligible local government entities, and qualifying not-for-profit organizations in Maryland.

Other non-State entities are entitled to participate in the purchasing pool and to secure pharmacy benefit management services from the Contractor on the terms and conditions provided in COMAR 17.04.15 (http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=17.04.15.*).

1.1.3 Consultant

Please note that Gabriel, Roeder, Smith & Company, as the State's benefits consultant, is assisting the State in this procurement.

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1.2 Abbreviations and Definitions

- 1.2.1. For purposes of this RFP, the following abbreviations or terms have the meanings indicated below:
- a. **AWP** means average wholesale price.
 - b. **BAFO** means best and final offer; a BAFO may be requested by the Procurement Officer in order to permit written revisions to an Offeror's initial proposal.
 - c. **COB** means coordination of benefits.
 - d. **CMS** means Centers for Medicaid and Medicare Services.
 - e. **COMAR** means Code of Maryland Regulations. An on-line version of COMAR is available at <http://www.dsd.state.md.us/comar/comar.aspx>.
 - f. **Contract Employee** means a non-permanent employee of the State of Maryland who is not eligible for State subsidy of benefits, but is eligible to enroll in the State of Maryland Employee and Retiree Health and Welfare Benefits Program, paying full premium costs.
 - g. **Covered Life (or Covered Lives)** means each individual enrolled in a plan.
 - h. **CPB** means the State of Maryland Central Payroll Bureau.
 - i. **DAW** means dispense as written.
 - j. **DBM or Department** means the Department of Budget and Management.
 - k. **DESI** means Drug Efficacy Study Implementation and refers to drugs identified by the Food and Drug Administration as lacking substantial evidence of effectiveness.
 - l. **Dependent** means an eligible Spouse, Domestic Partner, Dependent Child, and Dependent Child of the Domestic Partner, as those terms are defined in COMAR 17.04.13 in connection with establishing eligibility for coverage in the State Employee and Retiree Health and Welfare Program and the Plan. See http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=17.04.13.*
 - m. **Direct Pay Enrollee** means an individual in the State Plan who is billed directly by the Department for selected State benefits, including but not limited to COBRA Participants, Leave of Absence Participants, Contractual Employees and Part-Time Employees.
 - n. **Disease Management** means an approach to patient care that seeks to limit "preventable" adverse events by maximizing patient adherence to prescribed treatments and to health-promoting behaviors.
 - o. **DHHS** means the federal Department of Health and Human Services.
 - p. **Drug Utilization Review or DUR** means a collection of programs designed to ensure the safe, efficient and cost-effective use of drugs.
 - q. **EBD** means Employee Benefits Division.
 - r. **EDI** means electronic data interface.
 - s. **First Data Bank** means the drug database company that provides clinicians, pharmacists, payers and pharmaceutical companies with consistent drug information.

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- t. **FMLA** means the Family Medical Leave Act.
- u. **FTE** means full-time equivalent. A State employee who is FTE or who works at least 50% of a normal workweek for the position is eligible for State subsidy of the State Plan's premium.
- v. **HIPAA** means Health Insurance Portability & Accountability Act of 1996 and the regulations promulgated thereto, as amended from time to time.
- w. **HIPAA Privacy Standards or Privacy Rule** means the Standards for Privacy and Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E, as amended by operation of the HI-TECH Act and from time to time.
- x. **HIPAA Security Standards or Security Rule** means the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 160 and Part 164, Subparts A and B.
- y. **HIPAA Transactions Standards or Transactions Rule** means the Administration Simplification requirements, transactions standards and code set standards at 45 CFR Part 162.
- z. **HI-TECH Act** means Subtitle D of the Health Information Technology for Economic and Clinical Health Act, which is Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5.
- aa. **Leave of Absence, LAW** means an unpaid leave of absence elected by a permanent employee, who is not eligible for State subsidy of benefits but is eligible to participate in certain benefits provided by the State of Maryland while on the unpaid leave of absence.
- bb. **Local Time** -means time in the Eastern Time zone as observed by the State of Maryland.
- cc. **MAC** means maximum allowable cost.
- dd. **Manufacturer payments** has the meaning provided in Md. Ann. Code, Insurance Art. § 15-1601 (f), as amended; Manufacturer payments include:
 - (i) payments received in accordance with agreements with pharmaceutical manufacturers for formulary placement and, if applicable, drug utilization;
 - (ii) rebates, regardless of how categorized;
 - (iii) market share incentives;
 - (iv) commissions;
 - (v) fees under products and services agreements;
 - (vi) any fees received for the sale of utilization data to a pharmaceutical manufacturer;
and
 - (vii) administrative or management fees.

Manufacturer payments do not include purchase discounts based on invoiced purchase terms when the PBM is operating in the capacity of a pharmacy that is purchasing stock.

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- ee. **Maryland Rx Program** means the pharmacy and prescription drug benefits purchasing pool established by the Department and including the State Employee and Retiree Health and Welfare Benefits Program and other entities made eligible by Maryland law.
- ff. **MBE** means a minority business enterprise that is certified as such by the Maryland Department of Transportation.
- gg. **Medical Records Act** means the Maryland Confidentiality of Medical Records Act, Annotated Code of Maryland, Health General Article, Title 4, subtitle 3.
- hh. **Medi-Span ®** means the organization producing drug databases that provide clinicians, pharmacists, payers and pharmaceutical companies with consistent drug information.
- ii. **Member** means an employee, former employee or retiree (including Satellite and Direct Pay) who are enrolled in the State of Maryland Benefits Program pursuant to COMAR 17.04.13.03A but does not include the member's dependents.
- jj. **Offeror** means a vendor who responds to the RFP by submitting a proposal to provide the requested services.
- kk. **Participant** means all enrolled individuals, including Members and Dependents.
- ll. **Pharmacy benefit management services** and **PBM services** shall have the meaning provided in Md. Ann. Code, Insurance Article, §15-1601(k), as amended. Pharmacy benefit services includes:
 - (i) the procurement of prescription drugs at a negotiated rate;
 - (ii) the administration or management of prescription drug coverage provided by a group health plan for covered lives; and
 - (iii) any of the following services provided with regard to the administration of prescription drug coverage:
 1. mail service pharmacy or specialty pharmacy;
 2. claims processing, retail network management, and payment of claims to pharmacies for prescription drugs dispensed to beneficiaries;
 3. clinical formulary development and management services;
 4. rebate contracting and administration;
 5. patient compliance, therapeutic intervention, and generic substitution programs; or
 6. disease management programs.
- mm. **Plan** means, when capitalized, the State's self-funded pharmacy and prescription benefits plan offered through the State Employee and Retiree Health and Welfare Benefits Program. The Plan is a purchasing pool member.
- nn. **Plan Year** means the 12-month period of benefit coverage beginning July 1 and ending June 30 of the next calendar year.
- oo. **PHI** means protected health information, as that phrase is defined and used in the HIPAA statute and regulations (*see also* 45 CFR §164.501).
- pp. **PMPM** means per member per month.

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- qq. **Purchasing Pool Participant (PPP), Purchasing Pool Member, Pool Member or Pool Participant** means an entity that participates in the pharmacy benefits purchasing for its own self-funded plan. Each purchasing pool participant will be able to contract with the Contractor for pharmacy and prescription benefits management services on the terms and conditions described in this RFP, but by way of a separate contract with the Contractor. Drug purchases and enrollment from all participating purchasing pool members will be aggregated to set certain cost and payment terms.
- rr. **Rebate** means all pharmaceutical manufacturer payments or revenue to the Contractor, including rebates, fees, discounts, grants, or payments of any kind that are associated with the utilization in the State's pharmacy benefit program.
- ss. **RFP** - means this request for proposals.
- tt. **Satellite Account** means a political subdivision, agency, commission, or organization that is permitted by Maryland law to participate in the State of Maryland Benefits Program.
- uu. **State** means the State of Maryland.
- vv. **Subcontractor** means an organization or entity that the Offeror plans to utilize for the purposes of services covered under this contract.
- ww. **TTY/TDD** means text teletype/telecommunications device for the deaf; a telephone device used by hearing impaired individuals whereby they communicate via telephone connected to a keyboard and screen.
- xx. **Utilizer** means a participant that has at least one pharmacy claim.
- yy. **URAC**, formerly known as the Utilization Review Accreditation Commission, is the independent, non-profit organization that provides accreditation and certification services for pharmacy benefit managers.
- zz. **WAC** means wholesale acquisition cost.

1.2.2. In connection with the HIPAA provisions of the Contract and this RFP, (see Attachment J-4, items 102-115), terms (whether capitalized or not capitalized) shall have the meaning provided in HIPAA, the HIPAA Privacy Standards, the HIPAA Security Standards, the HIPAA Transactions Standards, or the HI-TECH Act, unless the context clearly indicates otherwise.

1.3 Scope

The State is soliciting proposals for one contractor to provide pharmacy benefits plan management and administration services for the State's self-funded employee and retiree prescription drug plan and to provide the pharmacy benefits purchasing pool management services for the Maryland Rx Program. The State's current contract for pharmacy benefits plan management services expires June 30, 2011. It is anticipated that the Offeror that is awarded a contract pursuant to this RFP will be required to provide management services for the purchasing pool and for the prescription benefits plan beginning July 1, 2011 through June 30, 2016. It is further anticipated that implementation services will begin upon contract award in 2010.

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1.4 Contract Type

The contract that results from this procurement shall be a cost reimbursement contract plus fixed fee for certain indefinite quantities pursuant to COMAR 21.06.03.03 and COMAR 21.06.03.02. Claims costs shall be reimbursable as provided in this RFP (with certain pricing guarantees) and administration fees shall be fixed as further described in the Financial Proposal instructions.

1.5 Contract Duration

The contract resulting from this RFP shall be for a period covering five (5) plan years, and shall begin upon award of the Contract and cover implementation prior to the first plan year and covering run-out, audits, and reconciliation processes following the last covered plan year. It is anticipated that the first plan year covered by the contract will begin July 1, 2011 and that run-out, audits and reconciliation processes will conclude within 18 months of the last day of the last plan year covered by the Contract.

1.6 Procurement Officer

The sole point of contact in the State for purposes of this RFP prior to the award of any contract is the Procurement Officer at the address listed below:

Gabriel Gnall
Procurement Analyst
Department of Budget and Management
45 Calvert Street, Room 140
Annapolis, Maryland 21401
Telephone #: (410) 260-7338
Fax #: (410) 974-3274
E-mail: ggnall@dbm.state.md.us

DBM may change the Procurement Officer at any time by written notice.

1.7 Contract Manager

The Contract Manager is:

Anne Timmons
Employee Benefits Division
301 West Preston Street, Room 510
Baltimore, Maryland 21201
Telephone: 410-767-4710
Fax: 410-333-7122
E-mail: atimmons@dbm.state.md.us

DBM may change the Contract Manager at any time by written notice.

1.8 Pre-Proposal Conference

A Pre-Proposal Conference will be held on **December 17**, beginning at **1:00 PM** (local time) at the **Department of Budget and Management, 45 Calvert Street, Room 164 A/B, Annapolis, MD 21401**.

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All interested Offerors are encouraged to attend in order to facilitate better preparation of their proposals. In addition, attendance may facilitate the Offeror's understanding and ability to meet the State's Minority Business Enterprise (MBE) goals.

The Pre-Proposal Conference will be summarized. As promptly as is feasible after the Pre-Proposal Conference, a written summary of the Pre-Proposal Conference and all questions and answers known at that time will be distributed, free of charge, to all prospective Offerors known to have received a copy of this RFP.

In order to assure adequate seating and other accommodations at the Pre-Proposal Conference, please submit the Pre-Proposal Conference Response Form to the attention of Gabriel Gnall, preferably via e-mail at ggnall@dbm.state.md.us, or via facsimile at (410) 974-3274 with such notice no later than 4:00 PM Local Time on December 11, 2009. The Pre-Proposal Conference Response Form is included as Attachment O. In addition, if there is a need for sign language interpretation and/or other special accommodations due to a disability, please contact the Procurement Officer no later than December 11, 2009. DBM will make a reasonable effort to provide such special accommodation.

1.9 Proposals Due (Closing) Date

An unbound original and eight (8) bound copies of each proposal (technical and financial) shall be received by the Procurement Officer, at the address listed in Section 1.6, no later than 2:00 PM (Local Time) on February 1, 2010 in order to be considered. Four electronic versions (CD) of the Technical Proposal in MS Word or Excel format shall be enclosed with the original Technical Proposal. Four electronic versions (CD) of the Financial Proposal in Excel format shall be enclosed with the original Financial Proposal. Ensure that the CDs are labeled with the RFP title, RFP project number and Offeror name and packaged with the original copy of the appropriate proposal (technical or financial).

Requests for extension of this date or time will not be granted. Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt by the Procurement Officer. Except as provided in COMAR 21.05.02.10, proposals received by the Procurement Officer after the due date, February 1, 2010 at 2:00 PM (Local Time) will not be considered.

Proposals may not be submitted by e-mail or facsimile.

1.10 Questions

Written questions from prospective Offerors will be accepted by the Procurement Officer prior to the pre-proposal conference. As reasonably possible and appropriate, such questions will be answered at the pre-proposal conference (no substantive question will be answered prior to the pre-proposal conference). Questions may be submitted by mail, facsimile, or preferably, by e-mail to the Procurement Officer. Questions, both oral and written, will also be accepted from prospective Offerors attending the Pre-Proposal Conference. As reasonably possible and appropriate, these questions will be answered at the Pre-Proposal Conference, or shortly thereafter.

Questions will also be accepted subsequent to the Pre-Proposal Conference and should be submitted in a timely manner prior to the proposal due date to the Procurement Officer. The

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Procurement Officer, based on the availability of time to research and communicate an answer, shall decide whether an answer can be given before the proposal due date. Time permitting, answers to all substantive questions that have not previously been answered, and are not clearly specific only to the requestor, will be distributed to all Offerors who are known to have received a copy of the RFP.

1.11 Minority Business Enterprises Notification

MBE vendors are encouraged to obtain certification from the Office of Minority Business Enterprise. All questions related to certification should be directed to the Office of Minority Business Enterprise.

Maryland Department of Transportation (MDOT)
Office of Minority Business Enterprise
7201 Corporate Center Drive
Hanover, Maryland 21076
(410) 865-1269 or 1-800-544-6056
TTY (410) 865-1342
<http://www.marylandtransportation.com>

If the Offeror is a certified minority Contractor, it should be so indicated with the certification number in the Technical Proposal.

1.12 Minority Business Enterprises

A Minority Business Enterprise (MBE) subcontractor participation goal has been set for the contract to be awarded pursuant to this RFP. The MBE subcontractor participation goal is 8% of all the administrative fees paid to the Contractor by the State. **Credit will only be given to the Contractor for MBE participation that is directly attributable (i.e. directly related) to the services provided under the State Contract.**

Areas which appear to have potential for subcontracting include: marketing and outreach, communications, consulting or development services related to the Maryland Rx Program, printing services for the communications and member materials for State members, account or customer services activities related to the State contract, services related to supporting the State's retiree drug subsidy applications and data submissions, or support for reporting and data management services required under this Contract. Other options for successful MBE subcontracting participation on the State Contract may be available depending on the Offeror's business model or approach to providing the services that are required under this Contract.

For any questions about the MBE subcontractor participation goal, proper completion of MBE Affidavits, or the MBE program in general, please contact the Procurement Officer prior to the Proposal Due (closing) Date. Questions or concerns regarding the MBE requirements of this solicitation must be raised before the opening of bids or receipt of initial proposals.

The Contractor shall structure its award(s) of subcontracts under the Contract in a good faith effort to achieve the goal in such subcontract awards by businesses certified by the State of Maryland as minority owned and controlled. MBE requirements are specified in Attachment D,

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“Minority Business Enterprise Participation.” Subcontractors used to meet the MBE goal of this RFP must be identified in the Offeror’s proposal.

Attachments D-1, “MBE Utilization and Fair Solicitation Affidavit,” and D-2, “MBE Participation Schedule,” must be properly completed and submitted with each Offeror’s proposal. An Offeror that does not commit to meeting the entire MBE participation goal outlined in this Section 1.12 must submit a request for waiver with its proposal submission based upon making a good faith effort to meet the MBE goal prior to submission of their proposal (full or partial waiver based on the MBE subcontracting commitment that is made). **Failure of the Contractor to properly complete, sign, and submit Attachments D-1 and D-2 at the time it submits Technical Response(s) to the RFP will result in the State’s rejection of the Contractor’s Proposal to the RFP. This failure is not curable.**

A current directory of MBEs is available through the Maryland State Department of Transportation, Office of Minority Business Enterprise, 7201 Corporate Center Drive, P.O. Box 548, Hanover, Maryland 21076. The phone number is (410) 865-1269. The directory is also available at <http://www.e-mdot.com/>. Select the MBE Program label. The most current and up-to-date information on MBEs is available via the web site.

1.13 Multiple or Alternate Proposals

Neither multiple nor alternate proposals will be accepted.

1.14 Cancellations, Acceptance, Minor Irregularities and Discussions

The State reserves the right to cancel this RFP, accept or reject any and all proposals, in whole or in part, received in response to this RFP, to waive or permit cure of minor irregularities, and to conduct discussions with all qualified or potentially qualified Offerors in any manner necessary to serve the best interests of the State. The State also reserves the right, in its sole discretion, to award a Contract based upon the written proposals received without prior discussions or negotiations.

1.15 Oral Presentation

Offerors may be required to make oral presentations to State representatives in an effort to clarify information contained in their proposals. Significant representations made by an Offeror during the oral presentation shall be submitted in writing. All such representations will become part of the Offeror’s proposal and are binding if the Contract is awarded. The Procurement Officer will notify Offerors of the time and place of oral presentations.

1.16 Duration of Offer

Proposals submitted in response to this RFP are irrevocable for 180 days following the later of the closing date of proposals or of Best and Final Offers (BAFOs), if requested. This period may be extended at the Procurement Officer's request only with the Offeror's written agreement.

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1.17 Public Information Act Notice

An Offeror shall give specific attention to the clear identification of those portions of its proposal that it considers confidential, proprietary commercial information or trade secrets, and provide justification why such materials, upon request, should not be disclosed by the State under the Public Information Act, Title 10, Subtitle 6, Part III of the State Government Article of the Annotated Code of Maryland.

Offerors are advised that, upon request for this information from a third party, the Procurement Officer is required to make an independent determination whether the information can be disclosed (see COMAR 21.05.08.01). **Information which is claimed to be confidential is to be identified *after* the Title Page and *before* the Table of Contents in the Technical Proposal and, if applicable, also in the Financial Proposal.**

1.18 Arrearages

By submitting a response to this solicitation, each Offeror represents that it is not in arrears in the payment of any obligations due and owing the State, including the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of the Contract if selected for Contract award.

1.19 Bid/Proposal Affidavit

A proposal submitted by an Offeror shall be accompanied by a completed Bid/Proposal Affidavit. A copy of this Affidavit is included as Attachment B, “Bid/Proposal Affidavit.”

1.20 Contract Affidavit

All Offerors are advised that if a Contract is awarded as a result of this solicitation, the successful Offeror will be required to complete a Contract Affidavit. A copy of this Affidavit is included for informational purposes as Attachment C, “Contract Affidavit.” This Affidavit shall be provided to the Procurement Officer within five business days of notification of proposed Contract award.

1.21 Procurement Method

This Contract will be awarded in accordance with the Competitive Sealed Proposals process under COMAR 21.05.03.

1.22 Mandatory Contractual Terms

By submitting an offer in response to this RFP, an Offeror, if selected for award, shall be deemed to have accepted the terms of this RFP and the Contract, attached as Attachment A. **Any exceptions to this RFP or the Contract shall be clearly identified in the Executive Summary of the technical proposal; exceptions to the required format, terms and conditions of Financial Proposal must also be clearly identified in the Executive Summary, without disclosing any pricing information.** A proposal that takes exception to these terms may be rejected.

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1.23 Protests/Disputes

Any protest or dispute related respectively to this solicitation or the resulting Contract shall be subject to the provisions of COMAR 21.10 (Administrative and Civil Remedies).

1.24 Revisions to the RFP

If it becomes necessary to revise this RFP before the due date for proposals, amendments will be provided to all prospective Offerors who were sent this RFP or otherwise are known by the Procurement Officer to have obtained this RFP. In addition, amendments to the RFP will be posted on the DBM Procurement web page and through eMarylandMarketplace. Amendments made after the due date for proposals will be sent only to those Offerors who submitted a timely proposal.

Acknowledgment of the receipt of all amendments to this RFP issued before the proposal due date shall accompany the Offeror's proposal in the Transmittal Letter accompanying the Technical Proposal submittal. Acknowledgement of the receipt of amendments to the RFP issued after the proposal due date shall be in the manner specified in the amendment notice. Failure to acknowledge receipt of amendments does not relieve the Offeror from complying with all terms of any such amendment.

1.25 eMarylandMarketplace

eMarylandMarketplace (eMM) is an electronic commerce system administered by the Maryland Department of General Services. In addition to using the DBM web site (www.dbm.maryland.gov) and other means for transmitting the RFP and associated materials, the solicitation and summary of the pre-bid/proposal conference, Offeror questions and the Procurement Officer's responses, addenda, and other solicitation related information will be provided via eMM.

In order to receive a contract award, a vendor must be registered on eMM. eMM registration is made through the eMarylandMarketplace website at <https://ebidmarketplace.com>.

1.26 Incurred Expenses

The State will not be responsible for any costs incurred by an Offeror in preparing and submitting a proposal, in making an oral presentation, in providing a demonstration, or in performing any other activities relative to this solicitation.

1.27 Economy of Preparation

Proposals should be prepared simply and economically, providing a straightforward, concise description of the Offeror's proposal to meet the requirements of this RFP.

1.28 Offeror Responsibilities

The selected Offeror shall be responsible for rendering services for which they have been selected as required by this RFP. All subcontractors shall be identified and a complete description of their role relative to the proposal shall be included in the Offeror's proposal. Additional information regarding MBE subcontractors is provided under paragraph 1.12 above.

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If an Offeror that seeks to perform or provide the services required by this RFP is the subsidiary of another entity, all information submitted by the Offeror, such as but not limited to references and financial reports, shall pertain exclusively to the Offeror, unless the parent organization will guarantee the performance of the subsidiary. If applicable, the Offeror's proposal shall contain an explicit statement that the parent organization will guarantee the performance of the subsidiary. Subcontractors retained for the sole purpose of meeting the established MBE participation goal(s) for this solicitation shall be identified as provided in Attachment D, "Minority Business Enterprise."

1.29 Verification of Registration and Tax Payment

Before a corporation can do business in the State, it shall be registered and in good standing with the Department of Assessments and Taxation, State Office Building, Room 803, 301 West Preston Street, Baltimore, Maryland 21201. It is strongly recommended that any potential Offeror complete registration and ensure that it is in good standing prior to the due date for receipt of proposals. An Offeror's failure to complete registration and be in good standing with the Department of Assessments and Taxation may disqualify an otherwise successful Offeror from final consideration and recommendation for Contract award.

1.30 False Statements

Offerors are advised that section 11-205.1 of the State Finance and Procurement Article of the Annotated Code of Maryland provides as follows:

- (a) In connection with a procurement Contract, a person may not willfully:
 - Falsify, conceal, or suppress a material fact by any scheme or device;
 - Make a false or fraudulent statement or representation of a material fact; or
 - Use a false writing or document that contains a false or fraudulent statement or entry of a material fact.
- (b) A person may not aid or conspire with another person to commit an act under subsection (a) of this section.
- (c) A person who violates any provision of this section is guilty of a felony and on conviction is subject to a fine not exceeding \$20,000 or imprisonment not exceeding five (5) years or both.

1.31 Payments by Electronic Funds Transfer

By submitting a response to this solicitation, the Offeror agrees to accept payments by electronic funds transfer unless the State Comptroller's Office grants an exemption. The selected Offeror shall register using Attachment F, "Electronic Funds Transfer (EFT) Registration Request Form." Any request for exemption shall be submitted to the State Comptroller's Office for approval at the address specified on the form and shall include the business identification information as stated on the form and include the reason for the exemption. The form can be downloaded at:

http://compnet.comp.state.md.us/General_Accounting_Division/Static_Files/gadx-10.pdf.

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1.32 Confidentiality and Non-Disclosure Agreement

In order to get access to certain confidential data that is necessary to complete a proposal in response to this RFP, each Offeror must complete a Confidentiality and Non-Disclosure Agreement. The Non-Disclosure Agreement must be in the form provided as Attachment I to this RFP.

The information that will be provided to the Offeror as Attachment N: Confidential Documents after submission of the Non-Disclosure Agreement includes the following:

1. Demographic data showing the date of birth, gender, city, state, zip and county for approximately 100,000 active employees and currently-covered retiree population, to be used in completing the Geo-Access reports required in Attachments J-7: Access to Network Pharmacies.
2. Data on the most utilized providers and facilities and disruption reports for completion of Attachment J-9: Pharmacy Disruption by Days of Therapy and Attachment J-10: Pharmacy Disruption by Total Paid Amount.
3. Data regarding top 250 non-specialty drugs for completion of Attachment J-11: Formulary Analysis Part III.
4. Data including utilization and enrollment to be used in the preparation of financial proposal.

In order to obtain the confidential data, an Offeror must first print, sign and return to the Procurement Officer (scanned copy with the appropriate signature and transmitted by e-mail is acceptable) the non-disclosure agreement found at Attachment I, “Confidentiality and Non-Disclosure Agreement,” with a request for the data. After submission of the signed agreement, Offerors will be provided with instructions on how to supply their organization’s PGP key for data encryption and compression. Upon receipt of the PGP key, Offerors will be supplied login credentials for a secure FTP server. All data will be supplied to Offerors via the FTP server.

1.33 Living Wage

A solicitation for services under a State contract valued at \$100,000 or more may be subject to Title 18, State Finance and Procurement (SFP) Article, Annotated Code of Maryland. Additional information regarding the State’s Living Wage requirement is contained in this solicitation (see Attachment L, “Living Wage Requirements for Service Contracts”). If an Offeror fails to submit and complete the Living Wage Affidavit of Agreement (see Attachment L-1), the State may determine that Offeror to be not responsible.

Contractors and Subcontractors subject to the Living Wage Law shall pay each covered employee at least \$12.25* per hour, if State contract services valued at 50% or more of the total value of the contract are performed in the Tier 1 Area. If State contract services valued at 50% or more of the total contract value are performed in the Tier 2 Area, an Offeror shall pay each covered employee at least \$9.21* per hour. The specific Living Wage rate is determined by whether a majority of services take place in a Tier 1 Area or Tier 2 Area of the State. The Tier 1 Area includes Montgomery, Prince George’s, Howard, Anne Arundel, and Baltimore Counties, and Baltimore City. The Tier 2 Area includes any county in the State not included in the Tier 1 Area. In the event that the employees who perform the services are not located in the State, the head of the unit responsible for a State contract pursuant to §18-102 (d) shall assign the tier based upon where the recipients of the services are located.

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The contract resulting from this solicitation will be deemed to be a Tier 1 contract or a Tier 2 contract depending on the location(s) from which the Contractor provides 50% or more of the services. If the Contractor provides 50% or more of the services from a location(s) in a Tier 1 jurisdiction(s) the contract will be a Tier 1 contract. If the Contractor provides 50% or more of the services from a location(s) in a Tier 2 jurisdiction(s), the contract will be a Tier 2 contract. If the Contractor provides more than 50% of the services from an out-of-State location, then the contract will be deemed to be a Tier 1 contract. The Offeror must identify in their Offer the location(s) from which services will be provided.

Information pertaining to reporting obligations may be found by going to the DLLR Website <http://www.dllr.state.md.us/> and clicking on Living Wage.

**Note: The Living Wage rates are subject to annual adjustment by DLLR. For additional information, see Attachment L.*

1.34 Performance Guarantees and Liquidated Damages

It is critical to the success of the State's benefits plans that services be maintained in a timely manner and that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of certain delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to the State employees, retirees and dependents served by this Contract. The State and the Contractor, therefore, presume that in the event of certain such delays and failures, the amount of damage which will be sustained from a failure to perform to certain standards will be the amounts set forth in Attachment J-12: Performance Guarantees; and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.

1.35 Data Transfer via Electronic File Transfers

All electronic file transfers by the Contractor shall be secure, using encryption and other security protocols as appropriate. All electronic file transfers between the Contractor and the State shall be exchanged using a point to point VPN (Virtual Private Network) connection approved by the State of Maryland, Department of Budget and Management. In addition, additional secure electronic file transfer methodology may be approved during the contract term in accordance with procedures and approval by the Department of Information Technology.

1.36 Electronic Procurement Transactions

1.36.1. Under COMAR 21.03.05, unless otherwise prohibited by law, the Department of Budget & Management (DBM) may conduct procurement transactions by electronic means, including the solicitation, bidding, award, execution, and administration of a contract, as provided in the Maryland Uniform Electronic Transactions Act, Commercial Law Article, Title 21, Annotated Code of Maryland.

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- 1.36.2.** Participation in the solicitation process on a procurement contract for which electronic means has been authorized shall constitute consent by the Offeror to conduct by electronic means all elements of the procurement of the Contract which are specifically authorized under the RFP or the Contract.
- 1.36.3.** “Electronic means” refers to exchanges or communications using electronic, digital, magnetic, wireless, optical, electromagnetic, or other means of electronically conducting transactions. Electronic means includes facsimile, electronic mail, internet-based communications, electronic funds transfer, specific electronic bidding platforms (e.g. eMarylandMarketplace.com), and electronic data interchange.
- 1.36.4.** In addition to specific electronic transactions specifically authorized in other sections of this RFP (e.g. §1.31 related to payments by electronic file transfer) and subject to the exclusions noted in subsection 5 of this section, the following transactions are authorized to be conducted by electronic means on the terms described:
- A. The Procurement Officer may conduct the procurement using eMarylandMarketplace, e-mail or facsimile to issue:
 - (i) the solicitation (e.g. the RFP);
 - (ii) any amendments;
 - (iii) pre-proposal conference documents;
 - (iv) questions and responses;
 - (v) communications regarding the solicitation or proposal to any Offeror or potential Offeror including requests for clarification, explanation, or removal of elements of an Offeror's proposal deemed not acceptable;
 - (vi) notices of award selection or non-selection; and
 - (vii) the Procurement Officer's decision on any protest or Contract claim.
 - B. An Offeror or potential Offeror may use e-mail or facsimile to:
 - (i) ask questions regarding the solicitation;
 - (ii) reply to any material received from the Procurement Officer by electronic means that includes a Procurement Officer's request or direction to reply by e-mail or facsimile, but only on the terms specifically approved and directed by the Procurement Officer;
 - (iii) request a debriefing; or,
 - (iv) submit a "No Bid Response" to the solicitation.
 - C. The Procurement Officer, the State's Contract Manager and the Contractor may conduct day-to-day Contract administration, in accordance with the limitations of section 5 of this subsection, utilizing e-mail, facsimile or other electronic means if authorized by the Procurement Officer or Contract Manager.
- 1.36.5.** The following transactions related to this procurement and any Contract awarded pursuant to it are not authorized to be conducted by electronic means:
- A. submission of initial bids or proposals;
 - B. filing of protests;
 - C. filing of Contract claims;

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- D. submission of documents determined by DBM to require original signatures (e.g. Contract execution, Contract modifications, etc); or
- E. any transaction, submission, or communication where the Procurement Officer has specifically directed that a response from the Contractor, Bidder or Offeror be provided in writing or hard copy.

1.36.6. Any facsimile or electronic mail transmission is only authorized to the facsimile numbers or electronic mail addresses for the identified person as provided in the RFP, the Contract, or in the direction from the Procurement Officer or Contract Manager.

1.37 Prompt Payment to Subcontractors

This procurement and the contract to be awarded pursuant to this solicitation are subject to the Prompt Payment Policy Directive issued by the Governor's Office of Minority Affairs (GOMA) dated August 1, 2008. Promulgated pursuant to Sections 11-201, 13-205(a), and Title 14, Subtitle 3 of the State Finance and Procurement Article (SFP), and Code of Maryland Regulations (COMAR) 21.01.01.03 and 21.11.03.01 et seq., the Directive seeks to ensure the prompt payment of all subcontractors on non-construction procurement contracts. The successful Offeror who is awarded a contract must comply with the prompt payment requirements outlined in the Contract, §26 (see Attachment A). Additional information is available on the GOMA website at http://www.mdminoritybusiness.com/documents/PROMPTPAYMENTFAQs_000.pdf.

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SECTION 2 – OFFEROR MINIMUM QUALIFICATIONS

The Offeror must demonstrate the following minimum qualifications as of the date of submission of the proposal:

1. Qualified Offerors must have at least five years experience providing pharmacy benefit management services, including administration of a retail pharmacy network.
2. Qualified Offerors must have at least one million (1,000,000) covered lives across the Offeror's pharmacy benefit management book of business. Discount card programs are not to be counted toward this population requirement.
3. Qualified Offerors must administer at least one billion dollars (\$1,000,000,000) in annual costs charged to plan sponsors for pharmacy benefit costs, including claims and administrative fees for calendar year 2008.
4. Qualified Offerors must provide proof of current URAC accreditation.
5. Qualified Offerors must provide proof of registration and/or certification as required by the following State laws:
 - a) Certification as a private review agent under Md. Ann. Code, Insurance Art., Title 15, subtitle 10B;
 - b) Registration as a third party administrator of a group health plan under Md. Ann. Code, Insurance Art., Title 18, subtitle 3; and
 - c) Registration as a Pharmacy Benefits Manager under Md. Ann. Code, Insurance Art., Title 15, subtitle 16 and the required disclosure report as described in Md. Ann. Code, Insurance Art. § 15-1623.

Please refer to Attachment J-1: Minimum Requirements, in the Excel portion of this RFP. The minimum qualifications that relate to the Offeror's experience must be met by the Offeror itself (i.e. the legal entity); the experience of various personnel while with other employers or organizations may not be considered in determining whether a minimum qualification is met.

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SECTION 3 – SCOPE OF WORK

3.1. Description of State Prescription Drug Plan

The State of Maryland has a stand alone, self-funded, prescription drug plan that is currently administered by Catalyst Rx. It is the prescription drug plan offered by the State to most active State employees, Satellite Account employees, State retirees, Direct Pay Enrollees, and their Dependents through the State Employee and Retiree Welfare Benefits Program. The State Employee and Retiree Welfare Benefits Program is administered by the Department of Budget and Management. Eligibility for coverage under the State Plan as a Member or Dependent is governed by COMAR 17.04.13.03, .03-1, and .04 and by State Personnel and Pensions Article, Annotated Code of Maryland, §§2-501 *et. seq.* In addition, coverage may be provided pursuant to the COBRA provisions of the Public Health Services Act, 42 USC §§300bb-1 *et. seq.* and similar provisions of State law.

The State offers an expansive range of employee benefit plans to approximately 100,000 Members.

Employee Status	Number of Members*	Number of Dependents
Active	62,629	85,840
Satellite	2,099	2,301
Direct Pay	1,438	1,332
Retiree	33,247	21,236
Total	99,413	110,709

Benefit plans include health (including behavioral health), dental, group term life, accidental death and dismemberment, flexible spending accounts, prescription drugs, and long-term care. These benefits are offered to a diverse workforce that includes clerical, administrative, technical, professional, maintenance, educational (State colleges and universities), public safety and law enforcement employees, and appointed and elected officials at more than 250 different worksites.

None of the State's medical plan offerings include outpatient prescription drug benefits. The current stand-alone prescription drug plan serves approximately 100,000 Members living in Maryland and across the United States as well as foreign countries. The total cost of the current prescription drug plan, including administrative fees and claims (but excluding rebates), was approximately \$330 million (gross plan paid claims before rebates) for fiscal year 2009.

The current State Plan includes an extensive national retail network as well as access to mail order and specialty pharmacies. Members use a prescription card to access services or, if using a non-participating pharmacy, submit paper claims directly to the Contractor for reimbursement. Authorizations of early refills and advance supplies are approved by the Contractor but may be overridden and audited by the State or a designee. The successful Offeror must provide the State full-service, operational and cost-efficient pharmacy benefit plan administration services for this population on a self-insured basis.

The prescription drug plan year runs from July 1 through June 30 of the subsequent calendar year and coincides with the State's fiscal year. Due to the large number of eligible participants, diverse population and numerous employee work locations, the State sponsors annual Benefit

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Fairs during each Open Enrollment period. During the last Open Enrollment period for which Benefit Fairs were held, the State conducted approximately 120 Benefit Fairs throughout the State.

3.2. Objectives

The objectives of this procurement are to:

- Partner with a Contractor that can identify and implement various strategies to reduce and/or control the State’s ongoing prescription drug costs;
- Secure a fully transparent arrangement for the State Plan, which includes: complete and auditable reporting of revenue and manufacturer payments, information disclosure and pass-through pricing;
- Make available to Participants prescription drugs and other pharmacy services that address their healthcare needs and contribute to overall wellness;
- Provide Participants convenient accessibility to a national pharmacy provider network, ensuring pharmacies in Maryland are well represented;
- Offer a pharmacy benefit of significant value via a thorough examination of pharmacy costs and implementation of innovative strategies designed to manage healthcare costs;
- Identify the most appropriate Contractor for the State and the Maryland Rx Program’s prescription management business for the duration of this contract; and
- Maximize cost-savings for the State and Maryland Rx Program participants by contracting on a fixed fee basis, with product discounts and incentives accruing directly to the State and Purchasing Pool Participants.

The successful Offeror is expected to provide volume pricing discounts relative to the number of claims, covered lives, and units of service growth. The successful Offeror is expected to commit to meeting and surpassing the minimum performance requirements set forth in this RFP and Attachments, including all transparency requirements.

As the Maryland Rx Program grows, the State expects to see its own self-funded plan become more cost effective. As the pharmacy and prescription benefits purchasing pool grows, the Department expects to be advantaged by the increased aggregate number of total lives and the increased aggregate drug purchases to obtain still lower unit costs for the products and services obtained by this RFP and higher rebates and discounts. The State expects the successful Offeror to provide pricing that reflects the economies of scale that the growing purchasing pool produces.

3.3. Implementation and Project Time Frames

Following are the high level milestones and the State’s desired due dates, where applicable:

Milestone	Date
3.3.1 Begin implementation meetings	Upon contract award

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3.3.2	Completion of draft communications materials presented to the State for review	Within 14-21 days of award and February of each subsequent year of the contract.
3.3.3	Benefit Coordinator Training Session (for each Plan Year)	March – April preceding each Plan Year
3.3.4	Attend <u>all</u> Open Enrollment Benefit Fairs for each Plan Year	April – May
3.3.5	Effective Date of Prescription Benefits Plan Coverage for each Plan Year	July 1
3.3.6	Annual Rate Setting Process for each subsequent Plan Year	(Estimated) September – November

3.4. Description of Scope of Work
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3.4.1 Pharmacy and Prescription Benefits Plan Administration

The State is soliciting proposals for one Contractor to provide all of the required services identified in this RFP. The Contractor will provide a responsive, efficient, auditable, service-oriented system that will permit all eligible Participants to obtain pharmacy and prescription benefits, and will provide access to PBM services for all Purchasing Pool Participants. The Contractor will be able to accommodate a flexible plan design from the State to minimize costs while providing adequate coverage to Participants.

The successful Offeror who is awarded the contract pursuant to this RFP will be required to provide the services required by this RFP and proposed by the Offeror with an anticipated effective date of coverage beginning July 1, 2011, and begin the necessary implementation services in 2010, shortly after the contract is awarded.

3.4.1.1 Transparency and Pass Through

- A. The Contract shall be a transparent arrangement. The Contractor shall provide the State with reports and audit access to: (1) any and all data related to the State Plan and (2) data related to the Contractor’s receipt of revenue, including any Manufacturer payments and/or other revenue streams received by the Contractor that are directly or indirectly related to the State’s Plan, with the exception of the traditional pricing allowed under a Section 3.4.1.1B (c) below.

- B. The Contractor must abide by the following transparency and pass-through pricing requirements:
 - (a) **Complete Pass-Through Pricing at Retail Pharmacies (For All Offerors)** - For the retail component, the Contractor shall pass-through the actual price the Contractor has negotiated with the dispensing retail pharmacy; spread pricing with participating retail

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pharmacies shall not be permitted. The amount billed to the State will be the exact amount remitted to the pharmacy, less applicable participant share.

- (b) **Complete Pass-Through Pricing at Mail Order and Specialty Pharmacies (For Offerors that DO NOT own or are not part of a common ownership structure with the Mail Order and Specialty Pharmacies)** - For the mail order and specialty components, the Contractor shall pass-through the actual price the Contractor has negotiated with the dispensing mail order and specialty pharmacies respectively; spread pricing with mail order and specialty pharmacies shall not be permitted. The amount billed to the State will be the exact amount remitted to the pharmacy, less applicable participant share.
- (c) **Pass-Through Pricing on Mail Order and Specialty Pharmacies (For Offerors that own or are part of a common ownership structure with the Mail Order and Specialty Pharmacies)** - For the mail order and specialty pharmacy components, the Contractor shall apply a traditional fixed discount rate for brand and generic medications, including MAC pricing. The MAC pricing applied at Mail shall be at least equivalent to the MAC pricing applied at Retail but in no case shall it produce a higher cost to plan than the Retail MAC. The actual acquisition price of medications and pharmaceutical supplies purchased by the Mail Order and Specialty Pharmacy is not required to be pass-through to the State.
- (d) **Revenue Transparency and Pass-Through (all Offerors) - For the retail, mail and specialty components**, the Contractor shall DISCLOSE any and all of the following when such items are directly or indirectly attributable to the State's Plan or the provision of PBM Services to the State:
- Manufacturer payments; and
 - Other revenue, payments, compensation, or remuneration from any source other than the administrative fees paid to it by the State (except as specified in (c) above, to accommodate a traditional mail order pricing model for those Offerors who own their own mail order and specialty pharmacies).

When such are directly or indirectly attributable to the State Plan or PBM services provided to the State, the Contractor shall pass through the funds, revenue, remuneration, payment, compensation or Manufacturer payments to the State and must provide reporting that discloses the value of this revenue from each source and also demonstrates where and how the revenue is passed to the State.

Such are directly or indirectly attributable to the State's business when based on the provision of PBM services to the State or State Plan membership, drug utilization, claims volume, formulary development/placement, or otherwise the State Plan contributes to the Contractor's receipt of the revenue, payments, compensation, remuneration or Manufacturer Payments.

- (e) **Pricing Guarantees** - For the retail, mail and specialty components, the Contractor shall guarantee a maximum amount for dispensing fees, minimum percentage discounts off AWP (as published on or after 11/15/2009) by drug-type (brand and generic) and place of service (retail, mail and specialty pharmacies) and minimum guarantees per claim for Manufacturer Payments.

SECTION 3 – SCOPE OF WORK

- (f) **Transparency** - For the retail, mail and specialty components, the Contractor shall provide full transparency reporting as further described in Reporting Requirements section of Attachment J-4: Administrative Requirements. The selected Contractor shall also provide complete and auditable verification that the Contractor is **not** engaging in any administrative activity that increases the revenue of the Contractor at the expense of the State/State Plan.

3.4.1.2 Services.

- a) The Contractor shall provide adequate staffing and services in the following areas that assures that the State Plan and the Maryland Rx Program (as described in Section 3.4.2 below) successfully operate in a cost-efficient manner, consistent with this RFP and the Contract:
- i. Account Management Services;
 - ii. Membership/Customer Services;
 - iii. Member and Participant Communications;
 - iv. Pharmacy Network Management, ensuring a network of adequate size, accessibility and scope;
 - v. Claims Processing;
 - vi. Formulary Management and Clinical Services;
 - vii. Fraud/Abuse Detection and Controlled Substance Management Programs;
 - viii. Plan and Maryland Rx Program Reporting;
 - ix. Rebate Administration and other Plan Management Services;
 - x. Data Processing and Interface;
 - xi. HIPAA Compliance on behalf of the Plan;
 - xii. Medicare Part D and RDS Administration Services;
 - xiii. Cost-Management Strategies and Supplemental Programs; and
 - xiv. Auditability and Accountability.
- b) Significant detailed provisions regarding the minimum expectations of the services to be provided by the Contractor for the prescription drug benefit plan are provided in Attachment J, which is contained in the Excel-based technical proposal of this RFP. All required signatures, explanations, and attachments, as described in this RFP must be included in the Offeror's proposal. See RFP, Section 4 for proposal submission instructions. Proposals are incorporated into the Contract.

3.4.2 Maryland Rx Purchasing Pool

The Contractor shall administer the Maryland Rx Purchasing Pool in accordance with COMAR 17.03.15, as amended, and other applicable law. The regulations are available on-line at: http://www.dsd.state.md.us/comar/SubtitleSearch.aspx?search=17.04.15.*

Eligible members of Maryland Rx include the State of Maryland Employee and Retiree Health and Welfare Benefits Program, eligible local government entities, and qualifying not-for-profit organizations in Maryland. The State self-funded State Plan is administered through the State Employee and Retiree Health and Welfare Benefits Program and is the only guaranteed member of the Maryland Rx Program purchasing pool.

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The other entities will be entitled to participate in the purchasing pool and to secure PBM services from the Contractor. Such Purchasing Pool Members must agree to self-insure their respective plans and the risk of benefits coverage for their respective plans.

Drug ingredient cost and pricing terms, dispensing fees, and rebates (as set forth in Attachments K-4, lines 6 through 14) must be guaranteed by the Contractor and provided by the Contractor for the State and each Purchasing Pool Participant of the Maryland Rx Program. The Contractor may negotiate separate administrative services and separate administrative fees for each Purchasing Pool Participant in connection with providing administrative services for the Purchasing Pool Participant's prescription benefits plan. The administrative services provided to the State for the State's self-funded prescription benefit plan are described in the RFP §3 and Attachment J. The State shall pay administrative fees to the Contractor for the administrative services in accordance with Attachment K: Financial Proposal and the procedure identified in Attachment J-4: Administrative Requirements.

Each Purchasing Pool Member shall set the premiums (including employer and employee portion as applicable) for its own self-funded plan and is not limited by premiums and employer contributions set by the State for the State's Plan.

The State will undertake efforts to notify local governments and businesses in Maryland of the availability of the Maryland Rx Program purchasing pool. The Contractor shall also publicize the existence of the Maryland Rx Program.

A. Services for Purchasing Pool Members

1. The Contractor shall provide Pharmacy and Prescription Benefits Purchasing Pool Management services to each Purchasing Pool Member, including:
 - a. Per Purchasing Pool Member account management services on payment terms as negotiated by the Purchasing Pool Member and Contractor;
 - b. Claims payment, processing and tracking services for each Purchasing Pool Member;
 - c. Reports for each Purchasing Pool Member based on the Purchasing Pool Member's own prescription benefits plan;
 - d. Enrollment tracking per Purchasing Pool Member;
 - e. Invoicing and accepting claims reimbursements from each Purchasing Pool Member for each purchasing pool plan;
 - f. Drug ingredient cost and pricing terms, dispensing fees, and rebates (as set forth in Attachments K-4, lines 6 through 14) invoicing and payments per Purchasing Pool Member (at a minimum meeting the guarantees established using the aggregate enrollment and utilization of the purchasing pool); and
 - g. Pharmacy and prescription benefits management and administration services for the self-funded plan of each Purchasing Pool Member in accordance with terms and conditions set by the Contractor and the Purchasing Pool Member.

B. Services for Maryland Rx Program Management

The Contractor shall:

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1. Provide to the Department monthly reports detailing aggregate population and utilization information for the Maryland Rx Program;
2. Provide to the Department quarterly reports indicating the administrative fee costs and aggregate enrollment for each Purchasing Pool Member;
3. Implement pricing discounts and guarantees, dispensing fee guarantees, and rebate guarantees for the State and all Purchasing Pool Members, and administrative fees for the State, at the beginning of the next month after which aggregate population goals for the Maryland Rx Program have been met which trigger changes in the pricing discounts and guarantees, dispensing fee guarantees, rebates guarantees, and administrative fees; and
4. Include in the aggregate enrollment for the Maryland Rx Program, for purposes of meeting the enrollment tiers at which pricing elements change, the enrollment of any Purchasing Pool Member that leaves the Maryland Rx Program but continues with the Contractor as its pharmacy/prescription benefits manager.

3.4.3 Insurance Requirements

3.4.3.1 The Contractor shall maintain general liability, property and casualty insurance with minimum limits sufficient to cover losses resulting from or arising out of Contractor action or inaction in the performance of the Contract by the Contractor, its agents, employees or subcontractors.

3.4.3.2 The Contractor shall provide a copy of the Contractor's current certificate of insurance that, at a minimum, shall contain the following:

Worker's Compensation – The Contractor shall maintain such insurance as necessary and/or as required under Worker's Compensation Acts, the Longshore and Harbor Workers' Compensation Act, and the Federal Employee's Liability Act.

Errors and Omissions – The Contractor shall purchase and maintain Errors and Omissions liability coverage in the minimum amount of: \$10,000,000.

Commercial General Liability – The Contractor shall purchase and maintain at least the following insurance protection for liability claims arising as a result of the Contractor's operations under this Contract:

\$10,000,000: General Aggregate Limit (including without limitation druggist coverage and other than products/completed operations)

\$2,000,000: Products/completed operations aggregate limit

\$1,000,000: Each Occurrence Limit

\$1,000,000: Personal and Accidental Injury Limits

\$50,000: Fire Damage Limit

\$5,000: Medical Expense

3.4.3.3 Upon execution of a Contract with the State, Contractor shall: (i) provide the State with current certificates of insurance that identify the State as an additional insured, and (ii) shall maintain and report such insurance annually to the Procurement Officer.

SECTION 4 – PROPOSAL FORMAT

4.1 Two Part Submission

The Offeror must submit proposals in two **separate** volumes:

- “Volume I – TECHNICAL PROPOSAL”
- “Volume II – FINANCIAL PROPOSAL”

4.2 Proposals

Volume I-Technical Proposal must be **sealed separately** from Volume II-Financial Proposal but submitted simultaneously to the Procurement Officer (address listed on Key Information Summary and in Section 1.6). This is the only address to which proposals may be submitted. An unbound original, so identified, and **eight (8)** bound copies of each volume are to be submitted. Hard copies must be a complete proposal containing all information contained on the CDs unless otherwise directed in Section 4. The Offeror must attach to the original Technical Proposal **four (4)** separate CDs containing an electronic version of Volume I- Technical Proposal (in MS Excel format and WORD, as appropriate). The Offeror must also attach to the original Financial Proposal **four (4)** separate CDs containing an electronic version of the Volume II- Financial Proposal (in MS Excel format).

Please note that the Offeror must provide separate CDs for the Technical Proposal and the Financial Proposal, resulting in 8 CDs attached to the proposal. Four (4) of the CDs submitted should be labeled “Volume I – Technical Proposal”; Four (4) of the CDs submitted should be labeled “Volume II – Financial Proposal”.

4.3 Submission

Each Offeror is required to submit a separate sealed package for each Volume, to be labeled “Volume I-Technical Proposal” and “Volume II-Financial Proposal” respectively. Each sealed package must bear the RFP title and number, name and address of the Offeror, the volume number (I or II), and the closing date and time for receipt of the proposals on the outside of the package. Please label the electronic media with Volume I-Technical Proposal and Volume II-Financial Proposal, as appropriate.

All pages of both proposal volumes must be consecutively numbered from beginning (Page 1) to end (Page “x”).

4.4 Format of Volume I – Technical Proposal

4.4.1. Transmittal Letter

A transmittal letter must accompany the technical proposal. The purpose of this letter is to transmit the proposal and acknowledge the receipt of any addenda. The transmittal letter should be brief and signed by an individual who is authorized to commit the Offeror to the services and requirements as stated in this RFP.

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4.4.2. Title and Table of Contents

The technical proposal should begin with a title page bearing the name and address of the Offeror and the name and number of this RFP. This should be followed by a table of contents for the technical proposal. Information, which is claimed to be confidential, is to be identified after the Title Page and before the Table of Contents.

4.4.3. Executive Summary

The Offeror shall condense and highlight the contents of the technical proposal in a separate section titled “Executive Summary” including how the Offeror meets the minimum requirements outlined in Section 2. The summary shall also include and identify any and all exceptions the Offeror has taken to the requirements of this RFP, the contract (**Attachment A**), or any other attachments. Exceptions to Attachment K-1 Instructions and Attachment K-2: Financial Requirements must also be clearly identified in the Executive Summary **but no information related to the remaining sections of Attachment K (i.e. no disclosure of the proposed fees, pricing guarantees, etc.) may be included in the Technical Proposal.**

WARNING: Exceptions to terms and conditions of the RFP, the contract (Attachment A), or any other attachment may result in having the proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award.

4.4.4. Attachments Requiring Completion

The following documents shall be completed in their entirety and shall include the signature of the Offeror’s authorized agent. **Failure to complete, sign, and/or return all specified Attachments may result in disqualification of the Offeror’s Proposal.**

- Attachment B: Bid/Proposal Affidavit
- Attachment D-1: MBE Utilization and Fair Solicitation Affidavit
- Attachment D-2: MBE Participation Schedule
- Attachment L-1: Affidavit of Agreement (Maryland Living Wage Requirements - Service Contract)

4.4.5. Technical Proposal

The following exhibits are located in the MS Excel documents labeled Attachment J: Technical Proposal and Attachment N: Confidential Documents. (Attachment N: Confidential Documents will be sent only to those Offerors who submit a Non-Disclosure Agreement to the procurement Officer as described in Section 1.32 of this RFP.)

The Offeror shall complete each of the tabs in Attachment J according to the instructions described below and any additional instructions included at the top of each worksheet. The Offeror will use the “PRINT FINAL DOCUMENTS” button on the introductory tab and include each exhibit in the order specified below. The Offeror must submit the final electronic version of Attachment J with the Excel workbook intact. Do not add additional tabs to the workbook or break apart the tabs of the workbook and submit as separate attachments.

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Cells which have been highlighted in yellow require a response from the Offeror. Response types throughout the documents include selecting from a pre-set drop down menu, entering a numerical value and/or writing a brief narrative. If the cell includes a drop down menu, the Offeror shall not provide a response that is not provided in the drop down list.

Microsoft Excel will only print the first 1,024 characters in each cell. Therefore, please limit the length of your response to 1,024 characters. Additional space has been provided in Attachment J-5b: Additional Questionnaire Answers for the Offeror to continue a response from Attachment J-5a: Questionnaire.

In addition, the unlocked cells will automatically lock if the Offeror pastes an answer into a cell. This will prohibit the user from editing the cell(s) at a later time. The Offeror can use the Undo function to unlock the cell only if changes have not been saved since the paste occurred.

A. Attachment J-1: Minimum Requirements

The Respondent shall complete Attachment J-1 as requested. The Offeror shall indicate whether or not it meets each requirement.

B. Attachment J-2: Offeror Information

The Offeror shall complete each section of Attachment J-2 as requested. References provided shall include at least one reference for which the proposed account manager currently provides service.

The Offeror's Legal Name entered in Attachment J-2 will automatically be used to populate other areas of the MS Excel attachments. The Offeror (i.e. legal entity) identified here must match the Offeror as identified in the Transmittal Letter.

C. Attachment J-3: Plan Design

The Offeror shall complete Section I of Attachment J-3 as requested. Section II requires no response, but is a reference document outlining the State's plan design.

D. Attachment J-4: Administrative Requirements

The Offeror shall complete the exhibit by selecting either "Agree" or "Disagree" from the drop down list next to each administrative requirement. If the Offeror does not intend to commit to the full scope of each item, as written and without condition or qualification, the appropriate response is "Disagree." For each requirement for which the Offeror selects "Disagree," an explanation must be provided in Attachment J-14: Deviations Page.

E. Attachment J-5: Questionnaire

The Offeror shall concisely answer each question in Attachment J-5a: Questionnaire in the space provided. If additional space is needed, the response can be continued in Attachment J-5b: Additional Answers to Questionnaire. Continued responses should be labeled clearly with both the Section number and the corresponding question number (for example, J-5a, Q-2). If a drop down list is available, the Offeror shall select a response from the list provided.

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F. Attachment J-6: Subcontractor Questionnaire

The Offeror shall complete a Subcontractor Questionnaire for each subcontractor, including MBEs, proposed to perform any of the requirements of this contract.

Attachment J: Technical Proposal contains six (6) copies (identified as J-6(a) through J-6(f)) of the Subcontractor Questionnaire for this purpose. If needed, additional copies of Attachment J-6a will be provided to each Offeror requesting such forms before the Closing Date.

G. Attachment J-7: Access to Network Pharmacies

The State is interested in the availability of key pharmacies to its Member population. To assist the Offeror in completing the standard GeoAccess report for pharmacies, the State will provide the Offeror with a census file as part of Attachment N: Confidential Documents. The file will include the following fields: contract identifier, participant identifier, age, gender, ZIP Code, sub-type and contract type. This file will be sent to only those Offerors who submit a Non-Disclosure Agreement to the Procurement Officer as described in Section 1.6 of this RFP.

The Respondent shall prepare two GeoAccess reports for the network proposed, using the census data provided by the State and the parameters shown below:

Access to Pharmacies*	
Urban Areas	1 within 3 miles
Suburban Areas	1 within 5 miles
Rural Areas	1 within 10 miles

**Definitions of Urban, Suburban, and Rural as defined by standard Geo Access guidelines*

Attachment J-7 is to be completed for all Members, as defined in Section 1.2, included in the census file. The reports should include the average distance to each pharmacy, the number of pharmacies in the ZIP Code, the number of Members that meet the access requirements above and the number of Members that do not meet the access requirements above.

In addition to the standard GeoAccess hard copy report, the data must be supplied in electronic format that has read/write capabilities. Do not send the data in a read-only file. Label the complete GeoAccess reports as ***Response Attachment J-7: GeoAccess Report for Pharmacies.***

Part B of Attachments J-7 shows the reporting format for the Offeror's response attachment.

In addition, the Offeror shall complete the exhibit in Part C of Attachment J-7, which summarizes the GeoAccess data for pharmacies by Maryland county. Please note that the Offeror need only to populate the highlighted cells in the exhibit; all other cells will be calculated based on the values entered in the highlighted cells.

H. Attachment J-8: Pharmacies by County

The Offeror shall complete the exhibit by providing the number of participating retail network pharmacies in each Maryland county shown in the table.

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I. Attachment J-9: Pharmacy Disruption based on Days of Therapy

The Offeror shall complete the exhibit by indicating whether or not the named pharmacy is a member of the network being proposed for the State. Valid responses are either “Yes” or “No”. All other responses will be treated as a “No” response.

J. Attachment J-10: Pharmacy Disruption based on Total Paid Amount

The Offeror shall complete the exhibit by indicating whether or not the named pharmacy is a member of the network being proposed for the State. Valid responses are either “Yes” or “No”. All other responses will be treated as a “No” response.

K. Attachment J-11: Formulary Analysis

The Offeror shall complete each exhibit of Attachment J-11 as instructed.

L. Attachment J-12: Performance Guarantees

At a minimum, the criteria identified in Attachment J-12 serve as a benchmark for performance measurements. Please indicate your ability to comply with each guarantee and follow the instructions provided to propose an amount you will place at risk for each guarantee, using one of two methodologies provided.

M. Attachment J-13: Alternative Cost Management Programs

The Offeror shall complete each exhibit of Attachment J-13 as instructed. Do not include fees or financial information.

N. Attachment J-14: Deviations Page

The Offeror shall complete this attachment regardless of whether deviations from the administrative requirements or performance guarantees are proposed. The top right of the worksheet includes macros for the Offeror to indicate whether deviations are included in the table below the signature line.

Prior to printing the final proposal, the Offeror shall ensure that the print area of this document is set appropriately. If no deviations are claimed, then the print area shall end following the title of the individual signing the document. Otherwise, the print area shall end following the last deviation described in the table.

O. Additional Response Attachments

The following response attachments, which are requested in Attachment J: Technical Proposal, shall be included in the following order, after Attachment J in the Technical Proposal:

- Response Attachment J-1: Years of Experience (Requirement #1)
- Response Attachment J-1: Covered Lives Experience (Requirement #2)
- Response Attachment J-1: 2008 Annual Revenue (Requirement #3)
- Response Attachment J-1: URAC Accreditation (Requirement #4)
- Response Attachment J-1: Registration/Certifications (Requirement #5)
- Response Attachment J-2: Other State Contracts (Section 4)
- Response Attachment J-5: Insurance Certificate / Workers Compensation (Q-6, a)
- Response Attachment J-5: Insurance Certificate / Errors and Omissions (Q-6, b)
- Response Attachment J-5: Insurance Certificate / Commercial General Liability (Q-6, c)
- Response Attachment J-5: Cost Containment Initiatives (Q-7)

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- Response Attachment J-5: Financial Statements (Q-8)
- Response Attachment J-5: Financial Ratings (Q-9)
- Response Attachment J-5: Purchasing Pool Marketing (Q-11)
- Response Attachment J-5: Benefits to the Maryland Economy (Q-12)
- Response Attachment J-5: Revenue Sources (Q-13)
- Response Attachment J-5: Other Revenue Disclosure (Q-14)
- Response Attachment J-5: Sample Employee Communications Materials (Q-37)
- Response Attachment J-5: Detailed Utilization Management Program List (Q-38)
- Response Attachment J-5: Formulary Development Criteria (Q-39)
- Response Attachment J-5: Post-AWP Pricing Methodology (Q-40)
- Response Attachment J-5: Sample Refill Order Form (Q-54)
- Response Attachment J-5: Patient Advisory Information (Q-66, c)
- Response Attachment J-5: Customer Satisfaction Survey (Q-95, a)
- Response Attachment J-5: Sample Standard Reporting Package (Q-97)
- Response Attachment J-5: Sale/Sharing of Participant Information (Q-100)
- Response Attachment J-5: Medicare Part D – RDS Subsidy Approach (Q-101, a)
- Response Attachment J-5: Medicare Part D – Direct Contract Approach (Q-101, b)
- Response Attachment J-5: Medicare Part D – Indirect Contract Approach (Q-101, c)
- Response Attachment J-5: Medicare Part D – Medicare Advantage Plan (Q-101, d)
- Response Attachment J-5: HIPAA Privacy and Security Breaches (Q-103)
- Response Attachment J-5: Fraud/Abuse Detection and Controlled Substance Management Program (Q-110)
- Response Attachment J-5: Implementation Team Organizational Chart (Q-121, e)
- Response Attachment J-5: Implementation Plan (Q-121, f)
- Response Attachment J-5: Account Management Team Organizational Chart (Q-124, f)
- Response Attachment J-5: Account Management Support (Q-124, g)
- Response Attachment J-5: Account Team Biographies (Q-125)
- Response Attachment J-5: Scope of Work (Q-129)
- Response Attachment J-7: GeoAccess Report for Pharmacies (J-7, Part B)
- Response Attachment J-11: Preferred Drug List

4.5 Format of Volume II – Financial Proposal

4.5.1 Transmittal Letter

A transmittal letter must accompany the financial proposal. The purpose of this letter is to transmit the proposal and acknowledge the receipt of any addenda. The transmittal letter should be brief and signed by an individual who is authorized to commit the Offeror to the services and requirements as stated in this RFP.

4.5.2 Title and Table of Contents

The financial proposal should begin with a title page bearing the name and address of the Offeror and the name and number of this RFP. This should be followed by a table of contents for the financial proposal. Information, which is claimed to be confidential, is to be identified after the Title Page and before the Table of Contents.

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4.5.3 Attachment K: Financial Proposal

The Offeror shall complete each of the tabs in Attachment K according to the instructions described below and any additional instructions in Attachment K-1 and at the top of each worksheet. The Offeror will use the “PRINT FINAL DOCUMENTS” button on the introductory tab and include each exhibit in the order specified below. The Offeror must submit the electronic version of Attachment K with the Excel workbook intact. Do not add additional tabs to the workbook or break apart the tabs of the workbook to submit as separate attachments. The financial proposal is based on an evaluation model.

Cells which have been highlighted in yellow require a response from the Offeror. Response types throughout the documents include selecting from a pre-set drop down menu, entering a numerical value and/or writing a brief narrative. If the cell includes a drop down menu, the Offeror shall not provide a response that is not provided in the drop down list.

Microsoft Excel will only print the first 1,024 characters in each cell. Therefore, please limit the length of your response to 1,024 characters.

In addition, the unlocked cells will automatically lock if the Offeror pastes an answer into a cell. This will prohibit the user from editing the cell(s) at a later time. The Offeror can use the Undo function to unlock the cell only if changes have not been saved since the paste occurred.

A. Attachment K-2: Financial Requirements

The Offeror shall complete the exhibit by selecting either “Yes” or “No” from the drop down list next to each financial requirement. If the Offeror does not intend to commit to the full scope of each item, as written and without condition or qualification, the appropriate response is “No.” For each requirement for which the Offeror selects “No,” an explanation must be provided in Attachment K-3: Explanations.

B. Attachment K-3: Explanations

The Offeror shall complete this attachment regardless of whether explanations from the financial requirements are necessary. The top right of the worksheet includes macros for the Offeror to indicate whether explanations are included in the table below the signature line.

Prior to printing the final proposal, the Offeror shall ensure that the print area of this document is set appropriately. If no explanations are necessary, then the print area shall end following the title of the individual signing the document. Otherwise, the print area shall end following the last explanation provided in the table.

C. Attachment K-4: Financial Proposal

In accordance with the Instructions provided in Attachment K-1, the Offeror shall provide guarantees for drug ingredient pricing (as a percentage off of AWP), dispensing fees (as a dollar amount per script) and rebates/Manufacturer Payments (as a dollar amount per script). In addition, The Offeror shall propose Administrative

SECTION 4 – PROPOSAL FORMAT

Fees and separate fees for any additional programs (including Medicare Part D Support Fee) on a per member per month (PMPM) basis.

As described above, the Offeror shall complete each of the two tables provided based on the aggregate enrollment of the Purchasing Pool provided at the top of each table.

The financial proposal is based on pass-through pricing where the member's out-of-pocket expense is the minimum of Copay or U&C. Please review the instructions in Attachment K-1 and at the top of Attachment K-4. These instructions must be followed in completing the attachment.

D. Attachment K-5: Aggregate Costs

The Offeror shall provide this table as part of their financial proposal. Amounts on this attachment are calculated automatically and do not require input from the Offeror.

E. Attachment K-6: Administrative Fee Breakdown

The Offeror shall complete sections I and II of the exhibit as instructed.

F. Attachment K-7: Total Cost Estimate

The Offeror shall provide this table as part of their financial proposal. Amounts on this attachment are calculated automatically based on the results of Attachment K-5 and do not require input from the Offeror.

The Total Cost Estimate shown in Line 2 is a weighted average of the two Purchasing Pool enrollment scenarios. The total cost (all 5 years combined) will be calculated for the responses contained in the Financial Proposal and will be weighted at 95% (less than 150,000 Members) and at 5% (150,000 or more Members).

G. Attachment K-8: Drug List Analysis

The following response attachments, which are requested in Attachment K: Financial Proposal, shall be included in the following order and *must be provided in Microsoft Excel in the format specified*:

- Response Attachment K-8: Specialty Drug List (Part 1)
- Response Attachment K-8: Retail MAC List (Part 2)
- Response Attachment K-8: Mail Order MAC List (if applicable)

These lists will be used to assess the reasonableness of the generic offer.

H. Attachment K-9: Alternative Cost Management Programs

The Offeror shall complete the exhibit as applicable. If the Offeror is not proposing any other programs as specified, please indicate "None" in the table provided.

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SECTION 5 – EVALUATION CRITERIA AND SELECTION PROCEDURE

5.1 Evaluation Criteria

Evaluation of the proposals will be performed by a committee organized for that purpose. Evaluations will be based on the criteria set forth below.

5.2 Technical Criteria

The criteria to be applied to each technical proposal are listed below. The evaluation criteria and subfactors are listed in descending order of importance:

- A. Administrative Capabilities, including, but not limited to:
 - Experience and past performance
 - Claims payment
 - Transparency reporting and disclosure
 - Member services
 - Performance Guarantees
 - Purchasing Pool management (including minimum plan size requirements, Purchasing Pool participant services, etc)
- B. Pharmacy network (retail, mail and specialty pharmacies networks), including, but not limited to:
 - Size of network
 - Network disruption
 - Network management and administration
- C. Clinical capabilities, including, but not limited to:
 - Drug Utilization Review (DUR) Programs
 - Formulary management
- D. Implementation Plan and Account Management, including but not limited to:
 - Account Management Team
 - Use and supervision of subcontractors
- E. Alternative Cost Management Programs
- F. Maryland Economic Impact

5.3 Financial Criteria

All qualified Offerors will be ranked from the lowest to the highest cost based on the amounts shown for each Offeror in Line 2 of **Attachment K-7: Total Cost Estimate** of the Attachment K: Financial Proposal.

The evaluation of Financial Proposals is based on an evaluation model that assumes certain enrollment, utilization and service levels as shown in Attachment K-4: Financial Proposal.

SECTION 5 – EVALUATION CRITERIA AND SELECTION PROCEDURE

These assumptions are based on historical experience but are not a guarantee of future enrollment, utilization or service under this Contract.

5.4 Reciprocal Preference

Although Maryland law does not authorize procuring agencies to favor resident Offerors in awarding procurement contracts, many other states do grant their resident businesses preferences over Maryland contractors. Therefore, as described in COMAR 21.05.01.04, a resident business preference will be given if: a responsible Offeror whose headquarters, principal base of operations, or principal site that will primarily provide the services required under this RFP is in another state submits the most advantageous offer; the other state gives a preference to its residents through law, policy, or practice; and, the preference does not conflict with a Federal law or grant affecting the procurement contract. The preference given shall be identical to the preference that the other state, through law, policy or practice gives to its residents.

5.5 Selection Procedures

5.5.1 General Selection Process

The contract will be awarded in accordance with the competitive sealed proposals process under Code of Maryland Regulations 21.05.03. The competitive sealed proposals method is based on discussions and revision of proposals during these discussions.

Accordingly, the State may hold discussions with all Offerors judged reasonably susceptible of being selected for award, or potentially so. However, the State also reserves the right to make an award without holding discussions. In either case of holding discussions or not doing so, the State may determine an Offeror to be not responsible and/or an Offeror's proposal to be not reasonably susceptible of being selected for award, at any time after the initial closing date for receipt of proposals and the review of those proposals.

5.5.2 Selection Process Sequence

- A. The first step in the process will be to assess compliance with the Offeror Minimum Requirements set forth in Attachment J-1: Minimum Requirements of the RFP. Offerors who fail to meet these basic requirements will be disqualified and their proposals eliminated from further consideration.
- B. The next level of review will be an evaluation for technical merit. During this review oral presentations and discussions may be held. The purpose of such discussions will be to assure a full understanding of the State's requirements and the Offeror's ability to perform, and to facilitate arrival at a contract that will be most advantageous to the State. For scheduling purposes, Offerors should be prepared to make an oral presentation and participate in discussions within two to four weeks of the delivery of proposals to the State. The Procurement Officer will contact Offerors when the schedule is set by the State.

SECTION 5 – EVALUATION CRITERIA AND SELECTION PROCEDURE

- C. Offerors must confirm in writing any substantive oral clarification of, or change in, their proposals made in the course of discussions. Any such written clarification or change then becomes part of the Offeror's proposal.
- D. The financial proposal of each Offeror will be evaluated separately from the technical evaluation. After a review of the financial proposals of Offerors, the Procurement Officer may again conduct discussions.
- E. When in the best interest of the State, the Procurement Officer may permit Offerors who have submitted acceptable proposals to revise their initial proposals and submit, in writing, best and final offers (BAFOs).

5.5.3 Award Determination

Upon completion of all discussions and negotiations, reference checks, and site visits, if any, the Procurement Officer will recommend award of the contract to the responsible Offeror whose proposal is determined to be the most advantageous to the State considering technical evaluation factors and price factors as set forth in this RFP. In making the most advantageous Offeror determination, technical factors will be given equal weight with price factors.

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