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**Amendment #1 to Request for Proposals (RFP)  
NO. F10B6400005R  
Department of Budget & Management  
Pharmacy Benefit Management Services and Pharmacy Benefits  
Purchasing Pool Management  
March 28, 2016**

This Amendment is being issued to amend and clarify certain information contained in the above named RFP. All information contained herein is binding on all Offerors who respond to this RFP. Specific parts of the RFP have been amended. The following changes/additions are listed below. New language has been double underlined and marked in bold (ex. **new language**), and language deleted has been marked with a ~~strikeout~~ (ex. ~~language deleted~~).

**1. AMEND** the Section 1.2 “Abbreviations and Definitions” to ADD and RENUMBER definitions as follows:

1.2 Abbreviations and Definitions

For purposes of this RFP, the following abbreviations or terms have the meanings indicated below:

1. **Annual Market Check** – A means for the Plan (see Section 1.2.65) to determine if pricing terms remain competitive relative to the PBM marketplace.
2. **AWP** – Average wholesale price.
3. **BAFO** – 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.
4. **Biosimilar** – A biological drug that is a copy of an original biologicalal drug by a different manufacturer, and approved by the Federal Drug Administration.
5. **Brand Drug** – The innovator drug product submitted to the Federal Drug Administration for approval. A Brand Drug is a drug produced and distributed with patent protection.
6. **Business Day(s)** – The official working days of the week to include Monday through Friday. Official working days exclude State Holidays (see definition of “Normal State Business Hours” below).

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7. **CMS** – Centers for Medicaid and Medicare Services.
8. **COB** – Coordination of benefits.
9. **COMAR** – Code of Maryland Regulations available on-line at [www.dsd.state.md.us](http://www.dsd.state.md.us).
10. **Compound Prescription** – A prescription drug requiring the dispensing pharmacist to extemporaneously produce an ~~extemporaneously~~ mixture containing at least one federal legend drug, the end product of which is not available in an equivalent commercial form.
11. **Contract** – The Contract awarded to the successful Offeror pursuant to this RFP. The Contract will be in the form of **Attachment A**.
12. **Contract Commencement** - The date the Contract is signed by the Department following any required approvals of the Contract, including approval by the Board of Public Works, if such approval is required. See Section 1.4.
13. **Contract Manager (CM)** – The State representative for this Contract who is primarily responsible for Contract administration functions, including issuing written direction, invoice approval, monitoring this Contract to ensure compliance with the terms and conditions of the Contract, monitoring MBE and VSBE compliance, and achieving completion of the Contract on budget, on time, and within scope. The Contract Manager may authorize in writing one or more State representatives to act on behalf of the Contract Manager in the performance of the Contract Manager's responsibilities.
14. **Contractor** – The selected Offeror that is awarded a Contract by the State.
15. **Copayment or Copay** – The portion of the charge for each Covered Product dispensed to an Enrollee that is the responsibility of such Enrollee (e.g., copayment, coinsurance, cost sharing, and/or deductibles under initial coverage limits and up to annual out-of-pocket thresholds) as provided under the Benefit.
16. **Coverage Gap** – The stage of the benefit between the initial coverage limit and the catastrophic coverage threshold, as described in the Medicare Part D prescription drug program administered by the United States federal government.
17. **Coverage Gap Discount** – The manufacturer discounts available to eligible Medicare beneficiaries receiving applicable, covered Medicare Part D drugs, while in the Coverage Gap.
18. **Coverage Gap Discount Program** – The Medicare program that makes manufacturer discounts available to eligible Medicare beneficiaries receiving applicable, covered Medicare Part D drugs, while in the Coverage Gap.
19. **Covered Product(s)** – The prescription drugs, supplies, and other items that are covered under the Benefit, or treated as covered pursuant to a coverage determination appeal.
20. **DAW** – Dispense as written.
21. **Department or DBM** – Department of Budget and Management.

22. **Dependent** – An eligible Spouse and Dependent Child, 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>.
23. **Dependent Child** – An eligible person as defined in COMAR 17.04.13.01(B)(3), as amended from time to time. See <http://www.dsd.state.md.us/comar/getfile.aspx?file=17.04.13.01.htm>.
24. **DESI** – Drug Efficacy Study Implementation. DESI refers to drugs identified by the Food and Drug Administration as lacking substantial evidence of effectiveness.
25. **DHHS** – The Federal Department of Health and Human Services.
26. **Direct Pay Enrollee** – An individual in the State Plan who is billed directly by the Department for selected State benefits, including but not limited to Consolidated Omnibus Budget Reconciliation Act (COBRA) Participants, Leave of Absence Participants, Contractual Employees and Part-Time Employees.
27. **Dispensing Fee** – An amount paid by the Contractor to a participating pharmacy per claim for providing professional services necessary to dispense medication to a Member.
28. **Drug Therapy Management**-- The overall management of medication therapy by pharmacists or other trained healthcare professionals following clinical protocols to maximize therapeutic outcomes and value.
29. **Drug Utilization Review or DUR** – A collection of programs designed to ensure the safe, efficient and cost-effective use of drugs.
30. **EBD** – Employee Benefits Division of the Department of Budget and Management.
31. **EDI** – Electronic Data Interface.
32. **EGWP Benefit** – Employer Group Waiver Plan (EGWP) Benefit. The Medicare Part D prescription drug State Plan administered for eligible retirees.
33. **EGWP Member** – Each Part D Eligible Retiree who is enrolled in the EGWP Benefit State Plan.
34. **EGWP Plus** – The prescription drug benefit plan that provides coverage beyond the standard Part D benefit, and is defined by CMS as other health or prescription drug coverage, and as such, the Coverage Gap Discount is applied before any additional coverage beyond the standard Part D benefit.
35. **eMM** – eMaryland Marketplace (see RFP Section 1.8).
36. **FMLA** – Family Medical Leave Act.
37. **Formulary** – The list of federal legend drugs covered as a Prescription Drug benefit whereby each drug is reviewed for formulary placement that determines a Member's financial obligation.
38. **FTE** – Full-time equivalent. A State employee who is FTE or who works at least 50% of a normal workweek of forty hours may be eligible for State subsidy of the State Plan's premium.

39. **Generic Drug** – A drug produced and distributed without patent protection. The Generic Drug may still have a patent on the formulation but not on the active ingredient.
40. **Go-Live Date** – The date, as specified in the Notice to Proceed, when the Contractor must begin providing all services required by this solicitation. See Section 1.4.
41. **HIPAA** – Health Insurance Portability & Accountability Act and its corresponding regulations, including HITECH.
42. **Key Personnel** – All personnel identified in the solicitation as such, or personnel identified by the Offeror in its Proposal that are essential to the work being performed under the Contract. See RFP Sections 1.23 and 4.4.2.7.
43. **LAW** – Leave of absence without pay. An unpaid leave of absence elected by a permanent employee, who is not eligible for State subsidy of benefits during such leave but is eligible to participate in certain benefits provided by the State of Maryland while on the unpaid leave of absence.
44. **LEP** – Late Enrollment Penalty. The financial penalty incurred under the Medicare Drug Rules by Medicare Part D beneficiaries who have had a continued gap in creditable coverage of sixty-three (63) days or more after the end of the beneficiary's initial election period, adjusted from time to time by CMS.
45. **Local Time** – Time in the Eastern Time Zone as observed by the State of Maryland. Unless otherwise specified, all stated times shall be Local Time, even if not expressly designated as such.
46. **MAC** – Maximum allowable cost.
47. **Mail Order Drug – A non-Specialty Drug (see 1.2.76) for which a prescription of any duration is dispensed by a mail order facility, which may or may not be a mail order facility of the Contractor.**
48. **Manufacturer Payments** – Has the meaning provided in Md. Ann. Code, Insurance Art. § 15-1601 (f), as amended; Manufacturer payments include:
  - a. payments received in accordance with agreements with pharmaceutical manufacturers for Formulary placement and, if applicable, drug utilization;
  - b. Rebates, regardless of how categorized;
  - c. market share incentives;
  - d. commissions;
  - e. fees under products and services agreements;
  - f. 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.

49. **Maryland Rx Program** – 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.

50. **Medi-Span**® – The organization producing drug databases that provide clinicians, pharmacists, payers and pharmaceutical companies with consistent drug information.
51. **Medical Records Act** – The Maryland Confidentiality of Medical Records Act, Annotated Code of Maryland, Health-General Article, Title 4, Subtitle 3.
52. **Medicare Formulary** – The list of prescription drugs and supplies developed, implemented and maintained in accordance with the Medicare Drug Rules for the EGWP benefit.
53. **Medicare Rebate Program** – The Contractor's manufacturer Rebate program under which the Contractor contracts with pharmaceutical manufacturers for Rebates payable on selected Covered Products that are reimbursed through Medicare Part D, as such program may change from time to time.
54. **Member** – An employee, former employee or retiree (including Satellite and Direct Pay) who is eligible to participate in the Program pursuant to COMAR 17.04.13.03A, as amended from time to time, and does include the member's Dependents.
55. **Minority Business Enterprise (MBE)** – Any legal entity certified as defined at COMAR 21.01.02.01B(54) which is certified by the Maryland Department of Transportation under COMAR 21.11.03.
56. **Normal State Business Hours** - Normal State business hours are 8:00 a.m. – 5:00 p.m. Monday through Friday except State Holidays, which can be found at: [www.dbm.maryland.gov](http://www.dbm.maryland.gov) – keyword: State Holidays.
57. **Notice to Proceed (NTP)** – A written notice from the Procurement Officer that, subject to the conditions of the Contract, work under the Contract is to begin as of a specified date. The start date listed in the NTP is the Go-Live Date, and is the official start date of the Contract for the actual delivery of services as described in this solicitation. After Contract Commencement, additional NTPs may be issued by either the Procurement Officer or the Department Contract Manager regarding the start date for any service included within this solicitation with a delayed or non-specified implementation date.
58. **Offeror** – An entity that submits a Proposal in response to this RFP.
59. **Participant** – Each individual covered by a plan (Members and Dependents).
60. **Part D or Medicare Part D Eligible Retiree** – The individual who is (a) eligible for Part D in accordance with the Medicare Drug Rules, (b) not enrolled in a Part D plan (other than the EGWP Benefit), and (c) eligible to participate in Program benefits.
61. **Part-Time Employee** – A permanent employee who works less than fifty percent of the standard workweek and 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.
62. **PEPM** – Per Employee Per Month. The Contractor's administration fee for each employee and family unit, or retiree and family unit on a monthly basis.
63. **Pharmacy Benefit Management (PBM) Services** – Provided in Md. Ann. Code, Insurance Article, §15-1601(k), as amended. Pharmacy Benefit Management Services includes:

- a. the procurement of prescription drugs at a negotiated rate;
- b. the administration or management of prescription drug coverage provided by a group health plan for participants; and
- c. any of the following services provided with regard to the administration of prescription drug coverage:
  - i. mail service pharmacy or specialty pharmacy;
  - ii. claims processing, retail network management, and payment of claims to pharmacies for prescription drugs dispensed to beneficiaries;
  - iii. clinical Formulary development and management services;
  - iv. rebate contracting and administration;
  - v. patient compliance, therapeutic intervention, and Generic substitution programs;  
or
  - vi. disease management programs.

64. **PHI** – Protected Health Information, as the phrase is defined in 45 CFR §160.103.
65. **Plan** –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 Participant (see Section 1.2.70 below).
66. **PMPM** – Per member per month. The Contractor’s administration fee for each Medicare eligible enrolled retiree and family member in the EGWP drug program charged on a monthly basis.
67. **PPACA** – Patient Protection and Affordable Care Act.
68. **Procurement Officer** – Prior to the award of any Contract, the sole point of contact in the State for purposes of this solicitation. After Contract award, the Procurement Officer has responsibilities as detailed in the Contract (Attachment A), and is the only State representative who can authorize changes to the Contract. The Department may change the Procurement Officer at any time by written notice to the Contractor.
69. **Proposal** – As appropriate, either or both of an Offeror’s Technical or Financial Proposal.
70. **Purchasing Pool Participant (PPP), Purchasing Pool Member, Pool Member or Pool Participant** – An entity that participates in the pharmacy benefits purchasing for its own self-insured plan. See Section 3.2.1.1.3.
71. **Rebate** – All pharmaceutical Manufacturer Payments or revenue, as a result of the State’s Program, paid to the Contractor.
72. **Request for Proposals (RFP)** – This Request for Proposals issued by the Department of Budget and Management, with the Solicitation Number and date of issuance indicated in the RFP Key Information Summary Sheet (near the beginning of the solicitation, after the Title Page and Notice to Vendors), including any addenda.
73. **Retail Drug – A prescription drug that is dispensed through a retail pharmacy and is not either a Specialty Drug (see definition in 1.2.76) or a Mail Order Drug (see definition in 1.2.47).**

74. **Satellite Account Employee/Retiree** – An employee or retired employee of a political subdivision, agency, commission, or organization that is permitted by Maryland law to participate in the Program.
75. **SLEOLA** – State Law Enforcement Officers Labor Alliance (SLEOLA) employees.
76. **Specialty Drug – A high cost medication that has unique uses for the treatment of complex or chronic diseases, requires special dosing or administration, involves significant patient education and monitoring, requires special storage and handling, is typically biological in nature, and is typically prescribed by a specialist provider.**
77. **Spouse** – An individual who is lawfully joined in marriage to an employee or retired employee, as defined in COMAR 17.04.13.01(B)(3), as amended from time to time. See <http://www.dsd.state.md.us/comar/comarhtml/17/17.04.13.01.htm>.
78. **SPS** – State Personnel System.
79. **State** – The State of Maryland.
80. **Total Proposal Price** - The Offeror's total proposed price for services in response to this solicitation, included in the Financial Proposal with Attachment F – Price Form, and used in the financial evaluation of Proposals (see RFP Section 5.3).
81. **TrOOP** – True Out-of-Pocket Costs. The costs incurred by an EGWP Member or by another person on behalf of an EGWP Member, such as a deductible or other cost-sharing amount, with respect to Covered Products, as further defined in the Medicare Drug Rules.
82. **TTY/TDD** – A telephone-text device used by hearing impaired individuals whereby they communicate via telephone connected to a keyboard and screen.
83. **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.
84. **Use** – With respect to individually identifiable health information, the sharing, employment, application, utilization, examination, or analysis of such information within an entity that maintains such information.
85. **Veteran-owned Small Business Enterprise (VSBE)** – A business that is verified by the Center for Verification and Evaluation (CVE) of the United States Department of Veterans Affairs as a veteran-owned small business. See Code of Maryland Regulations (COMAR) 21.11.13.
86. **WAC** – Wholesale acquisition cost.

2. AMEND Section 1.33.1 as follows:

1.33.1 Establishment of Goal and Subgoals

An overall MBE subcontractor participation goal of 5% of the ~~total contract dollar~~ Contract administrative fees amount for the base Contract term and any option years, if exercised, as set forth in the Offeror's Price Proposal (Attachment F), including all option years, if any, has been established for this procurement. The goal will be based on the administrative fees portion of the Offeror's Total Proposal Price for both Functional Area 1 and Functional Area 2.

There are no MBE subcontractor participation subgoals for this procurement.

3. AMEND Section 1.41.3 as follows:

1.41.3 VSBE GOAL

A VSBE participation goal of 1% of the ~~total Contract dollar~~ Contract administrative fees amount for the base Contract term and any option years, if exercised, has been established for this procurement. By submitting a response to this solicitation, the Bidder or Offeror agrees that this percentage of the ~~total dollar amount~~ administrative fees portion of the Contract will be performed by verified veteran-owned small business enterprises.

4. AMEND Section 5.3 as follows:

5.3 Financial Proposal Evaluation Criteria

All Qualified Offerors (see Section 5.5.2.4) will be ranked from the lowest (most advantageous) to the highest (least advantageous) price based on the Total Proposal Price within the stated guidelines set forth in this RFP and as submitted on **Attachment F** - Financial Proposal Form.

~~The Financial Proposal Form is used to calculate the Offeror's Total Proposal Price, which will be the sum of the total fees from both "FA1 Attachment F Commercial and Maryland Rx Purchasing Pool" and "FA2 Attachment F EGWP."~~ For FA1-Attachment F, the "Total for the Duration of the Contract" found in Column L and Row 99 will be multiplied by .95 for the F-4 Tab (Pricing for Fewer than 150,000 Purchasing Pool Participants) and by .05 for the F-5 Tab (Pricing for More than 149,999 Purchasing Pool Participants) and the products added together to arrive at a weighted total as displayed in the F-7 Tab for FA-1 Attachment F. For FA2-Attachment F, the EGWP Total for Contract Years 1 and 2 found in Column G, Row 99 will be multiplied by .95 for the F-4 Tab (Pricing for Fewer than 150,000 Purchasing Pool Participants) and by .05 (Pricing for More than 149,999 Purchasing Pool Participants) and the products added together to arrive at a weighted total as displayed in the F-7 Tab for FA-2 Attachment F. The weighted totals for FA-1 Attachment F and FA-2 Attachment F will be added to arrive at the Offeror's Total Proposal Price, by which an Offeror's Financial Proposal will be evaluated.



5. AMEND Attachment F, Financial Proposal Instructions, pages 114 and 115 of the RFP as follows:

- L) The totals from each Offeror's FA 1 and FA 2 Proposals will be **weighted and added in the manner described in Section 5.3** to arrive at the Total Proposal Price by which each Offeror's Financial Proposal is evaluated.

6. AMEND the Financial Forms, Attachment F FA1 and FA2, as indicated in the separately attached Excel spreadsheets labeled "(Amendment 1) FA1\_Attachment F Commercial and Maryland Rx Purchasing Pool" and "(Amendment 1) FA2\_Attachment F\_EGWP. These forms replace the Financial Forms issued with the RFP and must be used in submission of an Offeror's Financial Proposal. Changes include the following:

- Instructions tab F-1 for both FA1 and FA2 has been updated to include instructions for completing tabs F-4 and F-5;
- For FA1 and FA2 Tab F-4 has been updated for pricing specific to less than 150,000 participants in the purchasing pool;
- For FA1 and FA2 Tab F-5 has been added for pricing specific to greater than 149,999 participants in the purchasing pool; and
- For FA1 and FA2 Tab F-7 has been added to calculate the Total Proposed Price based on the weighting criteria outlined in Section 5.3 of the RFP.

Issued and authorized by

<signed>  
Rachel Hershey  
Procurement Officer