

November 16, 2005

**Pharmacy Benefits Purchasing Pool Management and Pharmacy
Benefits Plan Administration Services**

RFP # F10R6200071

Questions Set #4.

Ladies/Gentlemen:

This list of questions and answers is being issued to document written questions received from vendors and also to clarify certain information contained in the above named RFP.

93. We encountered an obstacle with Attachment J-7 in the pharmacy RFP. Attachment J-7 provides 6-digit pharmacy ID numbers for disruption. Is it possible to obtain 7-digit Pharmacy IDs?

Answer: The seventh digit is a "check digit" and not necessary to identify a unique pharmacy. The State does not capture the seven digit codes and therefore cannot provide it.

94. Section 4.3 Submission, indicates that: All pages of both proposal volumes must be consecutively numbered from beginning (Page 1) to end (Page x). Does this mean that both proposal volumes begin with a Page 1, (both proposals numbered separately), or does the Financial Proposal's page numbers pick up where the Technical Proposal's page numbers end, (e.g. both volumes numbered consecutively, in sequence)? Also, do the Attachments and our Exhibits need to be included in this numbering sequence?

Answer: Both proposals should be numbered separately. Attachments and Exhibits, such as Financial Statements, need not be included in your consecutive page numbering. However, they should be in a marked separate Section. This separate Section should be identified in your Table of Contents and can be referred to in your Technical Proposal.

95. What type of Medicare product is the State looking for? Are you looking to become a PDP, or simply looking for some general Med D information?

Answer: The State currently intends to seek the retiree drug subsidy from CMS for the State's coverage in its employer-sponsored plan of retirees who are otherwise eligible for but not enrolled in a Part D plan after January 1, 2006. The State does not intend at this time to seek approval of the State's self-funded plan as a separate Part D plan (PDP). The RFP, in section 3.4.1.10 describes the necessary minimum service that the State will require in connection with Part D. See also the response to Questions 26, 27 and 45 in Q&A set #1.

96. Under the Maryland Rx Program will the vendor be required to allow any employer to come in? Will the vendor be able to charge the smaller employers a set-up fee for Med D? Will the vendor get to charge the higher rates to calculate the subsidy?

Answer: See Addendum No. 2 regarding amendments and clarifications to the services and fees charged to Maryland Rx Purchasing Pool Participants for Participants' self-funded plans.

97. Regarding the Maryland Rx Program, can the vendor implement restrictions that we will only offer Primary to other employers?

Answer: See Addendum No. 2 and the amendments to RFP Section 4.4.2.3.

98. The following question asks two things, but the response is a drop down and provides no room enter a dollar amount. There is also no explanation page in the document. Where should the vendor place the second part of the response?

5.	You will send prescription orders to participants that do not provide appropriate payments with their prescription order. If yes, what is ceiling dollar amount?	Yes
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Answer: Please complete your answer to the quoted question from Attachment J-2, Section IV, #5 by providing a narrative response as part of your Technical Proposal.

99. Section 3.4.1.1 - Eligibility Tracking – Please provide additional information regarding the issue of Participants being enrolled in multiple groups. Does this mean that participants could be covered under different plan structures or benefit groups?

Answer: Please see the response to Question 4 in Q&A set #1.

100. Section 3.4.1.11: A PBM is a Business Associate to a health plan, such as the state of Maryland's health plan, which is a Covered Entity as defined by HIPAA. Under Section 3.4.1.11, the State has requested that the contractor PBM send a Notice of Privacy Practices to Members. A Business Associate is not required under HIPAA to distribute such a notice and therefore PBMs do not normally do so. In addition, as the Covered Entity, the State will still have to send its own Notice of Privacy Practices to its members as HIPAA requires Covered Entities to do so.

Answer: The State is requesting its Contractor, as the business associate of the prescription group health plan, send a Notice of Privacy Practices tailored to the services, policies and practices of the Contractor to enrolled individual members and dependents and to fulfill a number of plan responsibilities in connection with

HIPAA. The Department, in administration of the State's group health plans, provides a NPP to enrolled members and dependents.

101. Does the State health plan require all of its Business Associates to send a Notice of Privacy Practices to members? What is the rationale for this requirement?

Answer: Yes. Please see the response to Question 100 above.

102. With regard to Section 1.4 of the Contract, can you advise whether it is the State's intention to have PBM vendors quote on a fixed AWP basis. From our read of COMAR 2.06.03.02A, it appears that the Statute applies to contracts related to construction or standard commercial products and doesn't seem to apply to the services we provide.

Answer: Section 1.4 of the RFP describes the contract type and indicates that the State will reimburse the Contractor for claims costs (i.e. drug ingredient costs and dispensing fees). As described more fully in the RFP, claims processed at retail pharmacies shall be structured on a pass-through basis, with the Contractor guaranteeing that retail pharmacy pricing shall meet certain minimums with the regard to the discounts off AWP and dispensing fees will be no greater than a specific dollar amount. For mail and specialty pharmacy claims, full pass-through pricing is not required and the Contractor is required to guarantee specific ingredient cost discounts and dispensing fees.

103. Under the Ingredient cost section of Attachment K-2A1, numbers 11a and 11b, the spreadsheet lists ingredient costs for brand and generic specialty products. In providing transparent pricing to the State, the Specialty product pricing structure includes a discount on a per drug basis. In other words, the discount for specialty product "A" might be AWP-17% and the discount for specialty product "B" might be AWP-30%. How should we represent our per drug transparent pricing for specialty products in the worksheet when the worksheet appears to only accept one discount off of AWP for all specialty products?

Answer: Offerors must specify a guaranteed percentage off AWP for all utilization through their Specialty pharmacy. The Specialty drug list that the Specialty pharmacy stocks and dispenses should be provided in Attachment K-6 "Specialty" along with the pricing terms. Because the State of MD covers over 100,000 Members, the Offeror should be able to estimate the prevalence of specific "catastrophic" conditions and the use of their Specialty pharmacy in order to provide an overall discount off AWP guarantee.

104. We have a proprietary program which enables members to receive a 90 day supply of medication at the retail pharmacy for their "mail order" copay and also provides the State with discounts similar to "mail order" discounts. Because there are discounts and dispensing fees associated with this program, and they will not be able to be highlighted in the pricing worksheets for Attachment K-2A1, can you provide feedback on where you would like us to

identify this program and the appropriate pricing that will accompany this program?

Answer: The State's plan currently allows members to obtain a 90-day supply at retail. If an Offeror's program requires plan design changes, this information should be included in the "Alternative Cost Management Strategies" section of the Financial Proposal. If this program will not require the State to make any plan design changes, the more aggressive discounts for this network should be incorporated in the guarantees offered.

105. An additional question came up today regarding how populate Attachment J-8. Can the State re-issue the document in un-protected format so that the vendors can populate Column F without having to perform over 2,000 drop-downs?

Answer: Please see the revised Attachment J-8. Column F has been reformatted to allow responses for "Select Tier 1, 2 or 3" to be input directly into the spreadsheet.