



# **State of West Virginia Public Employees Insurance Agency (PEIA)**

## **PHARMACY BENEFIT MANAGEMENT SPECIALTY PHARMACY MANAGEMENT**

Request for Proposals

July 6, 2011 PO# PEI011013

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# Table of Contents

## Pharmacy Benefit Management and Specialty Pharmacy Management Request for Proposals July 6, 2011

<b>Chapter 1: Introduction .....</b>	<b>1</b>
1.1 Problem Statement.....	1
1.2 Background .....	1
1.3 Clarification of Procurement Offering .....	1
1.4 Primary Objectives .....	3
1.5 General Information for Applicants.....	3
1.6 Procurement Schedule (Subject to Change).....	4
1.7 Written Questions .....	4
1.8 Mandatory Bidders' Conference.....	4
<b>Chapter 2: Participation Standards.....</b>	<b>5</b>
2.1 Specialty Pharmacy.....	5
<b>2.1.1 General Description.....</b>	<b>5</b>
<b>2.1.2 Capabilities and Expertise .....</b>	<b>5</b>
<b>2.1.3 Medical Benefit Utilization .....</b>	<b>6</b>
2.2 Claim Processing and Systems.....	6
<b>2.2.1 Capabilities and Expertise .....</b>	<b>6</b>
<b>2.2.2 Claims History.....</b>	<b>7</b>
2.3 Pharmacy Network .....	7
<b>2.3.1 General Description.....</b>	<b>7</b>
<b>2.3.2 Prescription Pricing.....</b>	<b>8</b>
2.4 Network Auditing .....	10
<b>2.4.1 Discussion and Overview .....</b>	<b>10</b>
<b>2.4.2 Requirements .....</b>	<b>10</b>
2.4 Mail Order.....	11
2.5 Electronic Prescribing.....	11
2.6 Formulary and Rebates.....	12
<b>2.6.1 Discussion and Overview .....</b>	<b>12</b>
<b>2.6.2 Requirements .....</b>	<b>12</b>
2.7 Member Services.....	13
<b>2.7.1 Discussion and Overview .....</b>	<b>13</b>
<b>2.7.2 Requirements .....</b>	<b>13</b>
2.8 Client Services.....	15
<b>2.8.1 Discussion and Overview .....</b>	<b>15</b>
<b>2.8.2 Requirements .....</b>	<b>15</b>
2.9 Medicare Part D – Employer Group Waiver Plan PDP .....	15

2.10 Drug Utilization Review .....	17
<b>2.10.1 Discussion and Overview</b> .....	17
<b>2.10.2 Requirements</b> .....	17
2.11 Utilization Management (UM) .....	20
<b>2.11.1 Discussion and Overview</b> .....	20
<b>2.11.2 Requirements</b> .....	21
2.12 Prior Authorization (PA), Step Therapy (ST), Quantity Level Limits (QLL).....	22
<b>2.12.1 Discussion and Overview</b> .....	22
<b>2.12.2 Requirements</b> .....	22
2.13 Decision Support / Reporting .....	22
<b>2.13.1 Discussion and Overview</b> .....	22
<b>2.13.2 Requirements</b> .....	23
2.14 Appeal Process .....	25
2.15 Audit of PBM.....	25
2.16 Other.....	26
<b>Chapter 3: Cost Proposal.....</b>	<b>27</b>
3.1 Independent Price Determination .....	27
3.3 Configuration of the Price/Cost Proposal .....	28
<b>Chapter 4: Procurement Process .....</b>	<b>29</b>
4.1 Legal Basis .....	29
4.2 RFP Issuance and Amendments.....	29
4.3 Proposal Submission Requirements .....	29
4.4 Proposal Withdrawal.....	30
4.5 Acceptance of Proposals.....	31
4.6 Oral Presentations.....	31
4.7 Site Visits .....	31
4.8 Contract Award Notice.....	32
4.9 Protest of Intended Award .....	32
Legal Standard.....	33
4.10 Restrictions on Communications with State and Other Personnel .....	34
4.11 Evaluation Methodology .....	34
4.11.1 Mandatory Proposal Requirements .....	35
4.11.2 Technical Proposal .....	35
4.11.3 Cost Proposal .....	36
4.11.4 Evaluation .....	36
4.12 Information Required From Bidders .....	36
4.12.1 Transmittal Letter .....	36
4.12.2 Format.....	37
4.12.3 Transmittal Form.....	37
4.12.4 Bidder's Organization.....	37
4.12.5 Location.....	37
4.12.6 Affiliations.....	38
4.12.7 Relevant Experience.....	38
4.12.8 Bidder's Staffing.....	38
<b>Chapter 5: Contractual Services Terms and Conditions .....</b>	<b>40</b>

5.1 Term of Contract.....	40
5.2 Contract Administrator.....	40
5.3 Cost Liability .....	40
5.4 Bidder Responsibilities .....	40
5.5 News Releases.....	41
5.6 Freedom of Information/Disclosure .....	41
5.7 HIPAA Compliance.....	41
5.8 Gratuities or Kickbacks.....	41
5.9 Retainage .....	41
5.10 Appropriations .....	42
5.11 Litigation Bond.....	42
5.12 Performance Bond.....	42
5.13 Miscellaneous Provisions .....	43
5.13.1 Arbitration.....	43
5.13.2 Hold Harmless.....	43
5.13.2 Governing Law.....	43
5.13.3 Taxes .....	43
5.13.4 Payment.....	43
5.13.5 Interest .....	43
5.13.6 Recoupment.....	43
5.13.7 Fiscal Year Funding .....	44
5.13.8 Statute of Limitation .....	44
5.13.9 Similar Services .....	44
5.13.10 Attorney Fees.....	44
5.13.11 Assignment .....	44
5.13.12 Limitation of Liability.....	44
5.13.13 Right to Terminate .....	44
5.13.14 Termination Charges .....	45
5.13.15 Renewal .....	45
5.13.16 Insurance .....	45
5.13.17 Right to Notice .....	45
5.13.18 Acceleration .....	45
5.13.19 Amendments.....	45
<b>Appendix A: Performance Standards .....</b>	<b>46</b>
<b>Appendix B: Transmittal Forms .....</b>	<b>48</b>
B-1 Transmittal Form.....	48
B-2 Top Five Clients Form.....	49
B-3 Terminated Contracts Form.....	49
B-4 Plan Management Form .....	50
<b>Appendix C: Cost Proposal .....</b>	<b>51</b>
A. PEIA Cost Proposal Requirements.....	51
B. Retail Network Pricing and Provider Reimbursement.....	54
C. MAC Pricing .....	57
D. Specialty Drug Pricing.....	58
E. Mail Order Pricing .....	59

F. Administrative Fees.....	59
G. Rebate Administration .....	61
H. Performance Standards and Proposed Penalties .....	62
I. Implementation/Transition/Pharmacy Management Allowance .....	63
<b>Appendix D: Limited Data Use Agreement.....</b>	<b>64</b>
<b>Appendix E: Purchasing Affidavit .....</b>	<b>66</b>
<b>Appendix F: Bidder’s Litigation Waiver Form.....</b>	<b>68</b>
<b>APPENDIX G: Vendor Preference Certificate .....</b>	<b>69</b>
A. Application is made for 2.5% preference for the reason checked: .....	69
B. Application is made for 2.5% preference for the reason checked: .....	70
<b>APPENDIX H: Intent to Bid Form.....</b>	<b>71</b>

# Chapter 1: Introduction

## 1.1 Problem Statement

The cost of prescription drugs continues to increase, challenging plan sponsors to provide high-quality comprehensive pharmacy benefits at a cost that is affordable to members and within the fiscal constraints faced today by employers. While trend rates have come down from their peak in the last decade, they are still rising as a result of brand drug inflation, which consistently far outpaces the consumer price index, continued increases in utilization, and the rapid introduction of new and expensive specialty drugs.

One development that has helped to offset drug trend over the last several years, in part, is the loss of patent protection of a number of “blockbuster” brand drugs and the introduction and rapid transition to the use of their generic alternatives. Plan sponsors must continue to seek clinically sound tools and innovative methods to manage utilization as well as combat fraud, waste, and abuse in order to maintain life sustaining and enhancing pharmacy benefits to its members.

## 1.2 Background

The West Virginia Public Employees Insurance Agency (PEIA) provides prescription drug benefits for its employees and their covered dependents, and also administers the benefit plan on behalf of the West Virginia Retiree Health Benefits Trust Fund for non-Medicare eligible retirees, Medicare eligible retirees, and their covered dependents. The covered populations include state employees, county and municipal employees as well as school and university faculty, teachers and other employees. The majority of Medicare eligible retirees (approximately 38,000) currently receive prescription benefits through a Medicare Part D employer group waiver prescription drug plan (EGWP). A smaller number of Medicare eligible retirees (approximately 2,100) receive prescription benefits through the standard benefit and participate in the Centers for Medicare and Medicaid Services (CMS) retiree drug subsidy (RDS) program.

## 1.3 Clarification of Procurement Offering

The PEIA is issuing a Request for Proposals (RFP) for pharmacy benefit management (PBM) services and for specialty pharmacy management services for approximately 205,000 members (total lives). These members include active employees, non-Medicare eligible retirees, Medicare-eligible retirees, and their covered dependents. Benefit management services are being requested from one or more Bidders for an initial thirty-six (36) month period with possible annual renewals thereafter. In addition, the selected Bidder(s) will be required to provide six months implementation and transition support beginning January 1, 2012. The PEIA may select a single Bidder to provide all services described in this RFP or, at its discretion, may select separate Bidders for PBM services, Medicare Part D EGWP services, and for specialty pharmacy management services. The PEIA may decide to eliminate the EGWP in 2012 in favor of a Medicare Advantage Prescription Drug (MAPD) program.

The contract is scheduled to be awarded no later than December 31, 2011 with the contract to become effective on July 1, 2012. The benefit Plan Year will be July 1 to June 30 each year. Subcontracting portions of the Bidder's key functions will be permitted by the PEIA as long as the contract is in place at the time of the proposal submission. The winning Bidder(s) will be solely responsible for all subcontractors. Subcontractors have no appeal rights under this RFP.

In addition, the PEIA expects the successful Bidder(s) to identify fully all of its revenue sources, and enter into a cost-plus relationship with the PEIA. The PEIA intends to contract with the successful Bidder on a per member per month (PMPM) administrative fee basis.

Recognizing the complexities of pharmacy benefit management, the PEIA intends to work closely with the successful Bidder(s) to assure the best possible results. Therefore, Bidders will be evaluated as to their flexibility, creativity, and capacity. The successful Bidder(s) must demonstrate its ability and willingness to work with both drug retailers and drug manufacturers to find the most effective ways to control drug costs. These efforts must include appropriate therapeutic controls and careful monitoring of performance and pricing.

Bidders should note that two other State payors, WV Children's Health Insurance Program (CHIP) and AccessWV, will require the services provided under this contract. It is the PEIA's expectation that these payors' covered lives, claims volume and other purchased services will be included in calculating volume-related discounts and cost savings. Currently there are approximately 26,000 participants in these two programs. Note that each of the three agencies have separate management teams, plan designs, and requirements. Separate billing, rebate payment, and reporting is required for each agency

Please refer to the PEIA 2012 Summary Plan Description (SPD) for a description of the current pharmacy benefit plan at [www.peia.wv.gov](http://www.peia.wv.gov). Plan descriptions for CHIP and AccessWV are available on their respective websites: [www.chip.wv.gov](http://www.chip.wv.gov) and <http://apps.wvinsurance.gov/accesswv>.

Bidders should also note that PEIA, requires reporting, billing, and rebate payment to be provided separately for active employees and retirees (retirees including non-Medicare and Medicare RDS retirees, and separately for the Medicare-eligible EGWP retirees). The PEIA will select one or more Bidders after evaluating the responses to this RFP on a consensus basis. Bidders are expected to examine carefully all documentation, schedules, and requirements stipulated in this RFP and respond to each requirement in the prescribed format. The successful Bidder must provide all staffing, systems, and procedures required to perform the services described herein.

In addition to the provisions of this RFP, information provided during any finalist's presentations and the successful proposal will be incorporated by reference in the contract. Any additional clauses or provisions required by federal or state law or regulation in effect at the time of execution of the contract will also be included.

The PEIA reserves the right to make a contract award without any further discussion with potential Bidders regarding the proposals received. Therefore, proposals should be submitted initially on the most favorable terms available to the PEIA from a price and technical standpoint. The PEIA reserves the right to conduct discussions with all responsible parties who submit proposals that pass the Mandatory Proposal Requirements described this RFP. At PEIA's

discretion, PEIA may also contact some, or all, of the Bidders to request additional information or clarification. All materials submitted by Bidders pursuant to such requests will be considered to be part of their proposals. PEIA also reserves the right to cancel this RFP at any time.

## 1.4 Primary Objectives

The PEIA's primary objectives in this undertaking are:

- to manage prescription drug cost and utilization in a clinically sound, evidenced-based manner;
- to educate both member and prescriber as to cost-effective drug utilization;
- to reduce program administrative costs and improve service and access to those who need it;
- to obtain full disclosure and clarification from Bidders of their sources of profit;
- to maintain positive relationships with the provider community;
- to achieve greater efficiency in pharmacy claims processing;
- to improve patient health outcomes via appropriate and safe drug therapies; and
- to prevent and reduce fraud, waste, and abuse

## 1.5 General Information for Applicants

PEIA is issuing this RFP with assistance from the Segal Company. All communication regarding this RFP should be directed to the PEIA's representative at the Segal Company:

George Bognar  
The Segal Company  
1920 N Street NW Suite 400  
Washington, DC 20036  
Telephone: 202.833.6487  
Email: gbognar@segalco.com  
Fax: 202.833.6490

The above person is the point of contact from the date of release of the RFP, until the selection of the successful Bidder. See section 4.10 of this RFP.

## 1.6 Procurement Schedule (Subject to Change)

Activity	Date/Time
Release of RFP	Wednesday, July 6, 2011
Intent to bid form due	Tuesday, July 12, 2011
Mandatory Bidders' conference	Thursday, July 14, 2011 10:00am EDT PEIA Office
Bidders' written questions due	Monday, July 18, 2011 4:00 pm EDT
PEIA response to written questions	Thursday, July 28, 2011
Proposal submission deadline	Tuesday, September 6, 2011 4:00 pm EDT
Proposal evaluations and recommendation to director	Tuesday, October 4, 2011
Contract negotiations with successful Bidder	October 5 – October 19, 2011
Contract signed	Friday, October 28, 2011
Begin six month transition period	Monday, January 2, 2012
Service effective date	Sunday, July 1, 2012

## 1.7 Written Questions

Bidders may submit, in writing, any questions or clarifications prior to submitting a proposal to the PEIA's representative named above in Section 1.5. Written questions received later than the date and time shown in Section 1.6, shall not be answered. All questions with responses will be provided to all potential Bidders who are known by the PEIA's Representative on the date and time shown in Section 1.6. The questions can be submitted via fax or email; however, PEIA assumes no liability for assuring accurate/complete FAX/email transmission/receipt and will not acknowledge receipt except by addressing the question.

## 1.8 Mandatory Bidders' Conference

Bidders will have the opportunity to ask questions at the Mandatory Bidders' Conference and the PEIA will make a reasonable attempt to answer all questions presented. Answers to questions raised at the conference will be sent to all potential Bidders who attended the conference. Oral answers will not be binding on the PEIA. Attendance at the conference is mandatory.

Bidders' Conference will be held on Thursday, July 14<sup>th</sup> at 10:00 AM EST at:

West Virginia Public Employees Insurance Agency  
601 57<sup>th</sup> Street, SE  
Charleston, West Virginia 25304

# Chapter 2: Participation Standards

## 2.1 Specialty Pharmacy

### 2.1.1 General Description

PEIA members obtain specialty drugs through several channels. A member may obtain a specialty medication initially at any network retail pharmacy. After the initial fill, members must utilize the pharmacy benefit manager's specialty pharmacy for specialty drugs (the specialty pharmacy is not mandatory for those Medicare retirees under the EGWP). In addition, members obtain specialty drugs through the medical benefit within a physician's office, hospital, or other professional office setting.

PEIA is seeking a new way to cover specialty drugs under both the pharmacy and medical benefits to achieve the best clinical quality and lowest net cost. It is the PEIA's objective to coordinate and manage the processing of all specialty drugs through a single organization. The selected Bidder will provide comprehensive specialty pharmacy services including evidenced-based utilization and authorization rules, patient support and counseling, management reporting, ancillary supplies and services, and competitive discounts.

### 2.1.2 Capabilities and Expertise

The Bidder must describe all of the following:

1. Describe the Specialty Pharmacy facility to service PEIA, including location, office hours, volume, capacity, and number and description of employees.
2. Describe the Specialty Pharmacy capabilities involving claim processing, utilization management, authorization rules, and fraud, waste, and abuse prevention.
3. Describe the patient support services provided the members, frequency, and methods of communication.
4. Describe any ancillary services and supplies offered, including, but not limited to, care management programs, special packaging, free supplies.
5. Describe the mail order delivery process for specialty drugs, including expedited shipping, specialty handling, temperature control assurance, and procedures in place to ensure that specialty drugs are received by patients in good condition.
6. Describe the criteria used in developing your specialty drugs list and include Bidder's definition of specialty drug.
7. Describe whether Bidder's specialty drug list includes any generic drugs, if so, please list.

8. Provide an overview of the key specialty drug benefit management programs that differentiate your programs from your competitors.
9. Describe the types of nursing services that are available to patients, whether they are salaried (directly employed by your specialty pharmacy) or contracted through a third party.
10. Describe how nursing services are integrated with Bidder's overall pharmacy benefit management and specialty medical channel management strategies.

### **2.1.3 Medical Benefit Utilization**

The Bidder must describe all of the following:

1. Describe your capabilities and experience in managing, monitoring, and adjudicating specialty pharmacy claims that are administered in a physician's office, hospital, or other professional care setting.
2. Describe how Bidder would suggest managing all specialty medications, including those currently being billed through the medical benefit, via a single specialty pharmacy/provider and describe your capabilities to support such a model.
3. Describe Bidder's oncology management program and approach.
4. Provide a synopsis of the value in terms of outcomes, savings, and administrative efficiency, that can be realized through utilization of Bidder's oncology management program.
5. Describe any guarantees Bidder proposes with respect to specialty drug patient outcomes, relative effectiveness, and compliance.
6. Indicate any specialty drugs administered in a physician's office, hospital, or other professional care setting, which you cannot manage.
7. Provide a list of specialty drugs you would recommend for coverage only under the medical benefit, only under the pharmacy benefit, and those that you would recommend for coverage under both benefits.

## **2.2 Claim Processing and Systems**

### **2.2.1 Capabilities and Expertise**

The selected Bidder shall be responsible for processing all drug claims for all covered members processed through the prescription benefit. The Bidder must include a full description of its systems environment including technical platform, software, back-up procedures, staffing, overall capacity, and security.

The Bidder must accept the eligibility files in the formats as provided by the PEIA. The Bidder must accept eligibility file transfers on a daily basis for the active, non-Medicare retiree, Medicare-retirees in RDS, and CHIP groups, on a twice-weekly basis for AccessWW, and weekly basis for the Medicare EGWP retiree population, each via FTP (file transfer protocol). The Bidder must accept the PEIA eligibility counts for payment.

Describe the system backup procedures and your system disaster recovery plan, this must include how often the disaster recovery system is tested and when was the last test.

## **2.2.2 Claims History**

The Bidder will be expected to pre-load a one-year history file, including claims and prior authorizations. Describe your experience and capabilities in this regard. Describe the period of time detailed claims history is kept on-line before archiving.

## **2.3 Pharmacy Network**

### **2.3.1 General Description**

The Bidder will be responsible for managing the pharmacy network for the PEIA. The pharmacy network must ensure reasonable access to all members. Refer to Network Access Performance Standard on page 44 for minimum requirement. The Bidder must describe all of the following:

1. The network(s) it will use to manage the pharmacy benefit for the PEIA. Include the number of retail pharmacies in the network nationally and in West Virginia specifically.
2. How network providers' performance is monitored. Attach a sample copy of a pharmacy report card, if available.
3. How network pharmacies are credentialed and/or how the network pharmacies are licensed and insured properly.
4. The average turnover of providers within the Bidder's network for the past two years.
5. In addition, the Bidder must provide a copy of its standard provider agreement for each network proposed.
6. The bidder should perform a network access match (such as GEO Access) for the member zip code data provided and complete the table below based upon the following criteria (provide for PEIA, CHIP, and Access WV separately):
  - a. 1 network pharmacy within 10 miles
  - b. 2 network pharmacies within 15 miles

<b><i>Network Pharmacies</i></b>	
Total Number of Network Pharmacies (nationally)	
Total Number of 24-Hour Network Pharmacies (nationally)	
<b><i>Access Analysis</i></b>	
% of Members with Access to 1 Network Pharmacy within 10 Miles	
% of Members with Access to 2 Network Pharmacy within 15 Miles	
<b><i>Average Travel Distance</i></b>	
Average Distance to Network Pharmacy within 10 Miles	
Average Distance to Two Network Pharmacies within 15 Miles	

7. The bidder should perform a retail pharmacy disruption analysis based on the provided claims data and complete the following table (provide for PEIA, CHIP, and Access WV separately):

Total retail pharmacies (nationwide):	
Total retail pharmacies (nationwide) in your network:	
Total retail prescriptions (from PEIA claims data):	
Total retail prescriptions (from PEIA claims) in your network:	

### 2.3.2 Prescription Pricing

The Bidder must specify both brand and generic costing methodology and dispensing fees. The Bidder must describe all of the following:

1. The Bidder’s generic costing procedures including a clearly worded description of how you define “generic drug”.
2. The percentage of generics that are covered by the Bidder’s MAC list.
3. Indicate how often the Bidder’s MAC list is updated and the criteria for adding and deleting products from this list.
4. Confirm that the Bidder’s MAC list applies to both retail and mail order.
5. Attach a copy of Bidder’s most recent MAC price list.
6. Indicate how generics without a MAC price are priced.

7. Describe how multi-source drugs are priced. It is PEIA's intention that multi-source drugs will be reimbursed at the MAC rate with the member responsible for the generic co-payment plus the cost difference in the brand and generic versions unless an NCPDP #22 override is issued. Then the co-payment will be the brand non-preferred co-payment.
8. Describe the source, reference price and frequency of updates for the Bidder's single-source brand name medications.
9. Describe the source, reference price and frequency of updates for the Bidder's single-source generic medications and the generics subject to MAC pricing.
10. Claims must adjudicate at the lowest of discounted cost plus dispensing fee, Usual and Customary (U&C) cost, or member copay. Providers must submit the U&C with each claim. How does the Bidder's organization assure that this protocol is followed?
11. Describe the Bidder's policies and recommendations to plan sponsors with respect to various retail chain pharmacy's \$4 dollar generic programs, or other generic programs.
12. Since some OTCs may be covered, describe how would they be priced?
13. Describe the Bidder's capacity to track and pay for cognitive services? If so, describe.
14. What recommendations do you have for engaging the provider network in cost containment?
15. PEIA requires the Bidder to administer Coordination of Benefits (COB) for both commercial plans and Medicare Part B covered drugs. Confirm and describe your capabilities in this regard? This should include whether the process is manual, electronic or both.
16. Describe the Bidder's capability of ensuring prescriptions for controlled substance (class II-V) drugs are adjudicated only when submitted with valid DEA numbers. PEIA reserves the right to verify that accurate DEA numbers are being required to adjudicate controlled substance claims.

## 2.4 Network Auditing

### 2.4.1 Discussion and Overview

PEIA believes that an aggressive audit program can produce meaningful savings. The Bidder will be required to administer a complete, comprehensive audit program that will include both desk and on-site audits. The Bidder will be required to manage the audit and compliance programs for its own network(s). This includes appropriate sanctions and recoveries. In addition to the requirements listed below, the Bidder should describe any additional suggestions or recommendations with respect to Audits.

### 2.4.2 Requirements

The Bidder must describe all of the following:

1. Bidders must describe its audit program. Include a description of how providers are selected for (desk and on-site) audits, how often audits occur, and how settlements are calculated.
2. Bidders must describe how the audit department is staffed, including the credentials of the staff.
3. Indicate the percentage of pharmacies receiving desk audits and on-site audits in 2010.
4. Indicate whether the number of pharmacy audits and referrals for investigation will be shared with PEIA.
5. Describe the parameters that trigger a desk audit and the elements that are reviewed.
6. Describe the findings discovered in a desk audit that will result in an on-site audit?
7. For on-site audits describe who conducts the audits, what records are reviewed, and the Bidder's methodology for record duplication and handling.
8. Indicate whether Bidder removes pharmacies from its network based on the Federal Office of Inspector General (OIG) List of Excluded Individuals and Entities (LEIE).
9. Indicate whether the Bidder will provide PEIA notification of pharmacies that have been referred to the OIG for fraud investigation.
10. Describe the Bidder's capability to reject prescriptions written by a provider who is on the OIG LEIE.
11. Describe how the Bidder assures that prescriptions not picked up are reversed in a timely fashion?
12. Explain the Bidder's edit logic to track compliance with the usual and customary price provision, including pharmacy chains' \$4 generic programs.
13. Describe Bidder's policies with respect to audit recoveries and confirm that 100% of recoveries are passed back to PEIA.
14. Describe any education provided to network providers following an audit to correct problems from recurring.

15. Indicate the number of retail pharmacies removed from Bidder's network in the past two years as a result of audit findings.

## 2.4 Mail Order

The Bidder must offer mail order services. However, it is not mandatory for the PEIA members to use. The Bidder must describe all of the following:

1. The location and operating hours of the primary mail order facility servicing PEIA. (Note: If more than one primary mail order facility will be utilized, please identify each location and describe the process by which prescriptions will be routed amongst the facilities).
2. The mail order process for original prescriptions from claims submission to mailing of prescriptions.
3. The options for processing refills including mail, phone, website, and physician fax.
4. Provide the results of the most recent State Board of Pharmacy inspection of the primary mail order facility that will support PEIA.
5. Describe the Bidder's methods of collecting member cost share and include your policy on member credit limits and the handling of unpaid member cost share.
6. Describe your contingency plans and procedures for provided back-up service in the event of an unexpected backlog, strike, power failure, or natural disaster.
7. Describe the process used when a non-formulary prescription is received.
8. Describe any sub-contractors the Bidder utilizes, if applicable.
9. Describe how the mail order MAC compares to the retail MAC.
10. Indicate whether your primary mail order facility (facilities) is certified by the Utilization Review Accreditation Committee.

## 2.5 Electronic Prescribing

The Bidder must be able to adjudicate claims based on electronic prescribing utilizing connectivity via Surescripts.

1. Describe the Bidder's capabilities and experience in accepting and processing electronic prescriptions sent directly from physicians, including existing connectivity to Surescripts E-prescription network.
2. Indicate what percent of your prescriptions (retail and mail separately) processed in 2010 were received via E-prescription.
3. Indicate the percentage of network pharmacies that are able to accept electronic prescriptions.

4. Describe any initiatives underway or planned to increase the utilization of electronic prescribing? If yes, please describe.
5. Describe any analyses conducted by Bidder to evaluate the effectiveness of your E-prescribing activity and indicate any key findings.

## 2.6 Formulary and Rebates

### 2.6.1 Discussion and Overview

PEIA is a payer for substantial amounts of prescription drugs used by State and municipal employees and eligible dependents. PEIA requires that rebates and other price concessions earned through formulary compliance or other similar means be passed back to PEIA. This includes all specialty drug rebates.

### 2.6.2 Requirements

For compensation from Manufacturers, including Rebates, the Bidders must provide or describe the following:

1. Provide a copy of the formulary or formularies Bidder is proposing, and indicate if any major changes are anticipated within the next year. Describe your procedure for making changes to the formulary, including notification procedures that would be used to inform members, prescribers, and pharmacists of changes.
2. Provide a side by side comparison of the differences in the proposed formulary with the current the PEIA Preferred Drug List (WVPDL). Provide a separate analysis for PEIA, CHIP, and AccessWV.
3. Does the Bidder utilize an evidence-based formulary?
4. Please describe your ability to develop, implement, and administer a reference pricing plan design.
5. What percentage of single-source brand name drugs are on the proposed formulary?
6. Describe the Bidder's standard rebate arrangements, including the length of the contracts.
7. Describe the time line for reporting and receiving of rebates.
8. Indicate whether rebate reports are available at the individual drug level and by therapeutic category.
9. Rebates are considered all compensation received from drug manufacturers, including direct rebates, revenue from sale of data, book-of-business-rebates, manufacturer administrative fees, and any other revenue received. Describe how these revenues will be passed entirely to PEIA.

10. Confirm that 100% of the rebates as defined above (including specialty drug rebates) will be passed to the PEIA.
11. List the manufacturers with whom the Bidder has rebate arrangements for the Bidder's self-funded clients.
12. Provide samples of rebate reports the Bidder provides to self-funded clients.
13. Provide a description of your Pharmacy & Therapeutics Committee to include the composition of the group by clinical and administrative background, how often the group meets, and their relationship to the Bidder.
14. Explain how the Bidder's Pharmacy & Therapeutics process integrates with formulary and rebate development and negotiations.
15. How does the Bidder integrate Prior Authorizations and Step Therapy into this process?
16. How will the Bidder provide these services to members covered pursuant to this RFP?
17. Describe the flow of compensation between the Bidder and the drug companies. Include both direct rebates and all other sources of compensation the Bidder receives from the drug manufacturers.
18. What are the Bidder's recommendations for controlling costs at the manufacturer level?
19. Describe your policies with respect to direct-to-consumer cost share couponing including your recommendations to direct the value of any such manufacturer coupons to the plan sponsor.
20. The successful Bidder must disclose fully its economic relationships with drug manufacturers to PEIA. Include all such revenue sources, both direct and indirect, including but not limited to drug spend rebates and manufacturer administrative fees. Provide what types of medications are eligible for rebates, such as retail, mail order, and specialty claims.

## 2.7 Member Services

### 2.7.1 Discussion and Overview

The PEIA requires the Bidder to provide members with access to trained member service representatives and other member service tools and support on an ongoing basis. The Bidder must describe all of the following:

### 2.7.2 Requirements

The Bidder must describe all of the following:

1. The location and operating hours of the primary call center that will serve PEIA members (Note: If more than one primary call center will be utilized please identify each location and describe the call routing process amongst the call centers).
2. Indicate whether or not PEIA members will be served by a dedicated or designated member service unit.
3. The level of training member service representatives receive prior to handling member calls as well as their ongoing training.
4. Indicate whether 100% of inbound member calls are recorded, how long the recordings are stored, and whether or not the calls can be used to help resolve member service issues.
5. Describe your interactive voice response unit (IVRU) and indicate the precise process by which a member is allowed to speak to a live representative and include whether a member can choose to speak to a live representative or whether they must first attempt to use your automated service.
6. Describe your system member issue tracking process.
7. Describe whether your call tracking system measures average speed of answer for calls handled by a “live” representative only or includes those calls that are handled solely by the IVRU or both.
8. Indicate the average wait time for a member to speak to a pharmacist (calendar year 2010).
9. Describe your capability to integrate your member service call center with the PEIA’s own member service center.
10. Indicate whether the member website is VIPPS certified.
11. Describe the security protocols and features of the member website and how personal information is stored and protected.
12. Describe the member website capability to allow members to look up drug prices and compare copays, coinsurance, and the full drug price by retail, retail maintenance, and mail order, and indicate whether the pricing tool takes into account retail pharmacy U&C pricing (for example, the \$4 generic programs offered by some retail pharmacy chains).

## 2.8 Client Services

### 2.8.1 Discussion and Overview

The PEIA requires the Bidder to provide PEIA staff with account support services including direct access to subject matter experts and direct line managers for areas including member services, eligibility, formulary management, and clinical management. Bidder must also agree to collaborate with PEIA on any innovative ideas, new programs, plan designs, independent contracting, or other projects, which may enhance the benefit or reduce costs.

### 2.8.2 Requirements

The Bidder must describe all of the following:

1. Describe the members of the Bidder's proposed Account Team including each member's responsibility, experience, and office location.
2. Indicate whether Bidder agrees to quarterly performance meetings to review financial, clinical, operational, and member service issues and standards.
3. Describe how the Account Team would handle escalated member issues raised by PEIA staff. Include how the Account Team would interact with internal staff and what the typical resolution timeframe.
4. Describe the dedicated service team that will support PEIA's account team with respect to member service and eligibility issues.

## 2.9 Medicare Part D – Employer Group Waiver Plan PDP

The Bidder(s) may be responsible for providing and maintaining a Center for Medicare and Medicaid Services (CMS) approved prescription drug plan in the form of an indirect employer group waiver Prescription Drug Plan (PDP) for the majority of PEIA's Medicare eligible retirees. The Bidder must describe all of the following:

1. Verify that you are able to duplicate the current Employer Group Waiver Plan (EGWP) PDP plan design. Please describe any exceptions.
2. Describe your capabilities to provide a secondary commercial wrap benefit to the EGWP in order to maximize the pharmaceutical manufacturers coverage gap discount program (CGDP).
3. Verify that your P&T Committee meets CMS' PDP requirements for objectivity and validity.
4. Please provide a copy of your Medicare Part D formulary. Provide side by side formulary comparison to current formulary.

5. Describe how you would support custom changes to the formulary at the request of the client.
6. Confirm that you will provide all CMS required filings related to formulary, medication therapy management (MTM), and other clinical programs on a timely basis.
7. Provide a description of your MTM program including the processes for enrollment, targeting, intervention, and outcomes reporting.
8. Describe how you would support custom changes to the MTM program if requested?
9. Confirm that you will provide all CMS required filings related to certification of compliance to all waste, fraud, and abuse requirements.
10. Describe your member appeals process and confirm that it meets all CMS Medicare Part D requirements.
11. Provide your book-of-business prescription drug event (PDE) error rate for 2010.
12. Indicate if your member services support (call center) will be the same for retirees in the EGWP PDP and PEIA's non-retirees. If different, please describe.
13. Please provide a sample member communications package for the EGWP-PDP
14. Describe the transition supply process you will utilize for members who are currently using non-formulary prescription drugs, drugs requiring prior authorization, step therapy, and quantity level limits.
15. Describe the enrollment/disenrollment process and include detail regarding the timing of when enrollment/disenrollment changes go into effect.
16. Confirm that Bidder will provide separate reporting and billing for the EGWP-PDP group.
17. Confirm that Bidder will mirror the active plan clinical rules as closely as possible consistent with CMS regulation.
18. Describe the member termination process under the EGWP, including the timing of termination after termination date is received from PEIA.
19. Confirm that bidder will process low-income premium subsidy refunds to members and PEIA and low-income cost sharing refund requests to the members.

## 2.10 Drug Utilization Review

### 2.10.1 Discussion and Overview

PEIA recognizes that comprehensive drug utilization review (DUR) is critical to effective drug benefit management. Bidders should include recommendations for the most effective DUR programs.

Drug Utilization Review (DUR) includes these major elements. Bidders must describe these elements within the proposal submitted.

- Prospective Drug Utilization Review
- Concurrent Drug Utilization review
- Retrospective Drug Utilization Review
- Education programs

The purpose of the DUR program is to improve the quality of pharmaceutical care by ensuring that prescriptions are appropriate, medically necessary, and that they are not likely to result in adverse medical results. The program must be designed to educate physicians and pharmacists to help them identify and reduce the frequency of patterns of fraud, abuse, overuse, or inappropriate or medically unnecessary care. The program needs to evaluate drug use patterns among physicians, pharmacists and beneficiaries, and those associated with specific drugs or groups of drugs. DUR accesses data on drug use against predetermined standards, consistent with peer-reviewed literature. The assessment must include, but need not be limited to:

- Monitoring for therapeutic appropriateness;
- Over-utilization and under-utilization;
- Appropriate use of generic products;
- Therapeutic duplication;
- Drug-disease contraindications;
- Drug-drug interactions;
- Drug-gender interactions;
- Drug-age interactions;
- Incorrect drug dosage or duration of drug treatment; and
- Clinical abuse/misuse.

The Bidder must specify how its system works as to whether these edits are hard or soft and how its clients can change them.

### 2.10.2 Requirements

Bidders must address the following requirements within proposals submitted. In addition to the requirements listed below, the Bidders should describe any additional suggestions or

recommendations for DUR. The requirements for the Bidder's DUR and education programs include the following, at a minimum.

### **2.10.2.1 General**

1. The successful Bidder will provide an assigned clinical manager (R.Ph. or PharmD.) who will be responsible for daily oversight of the DUR programs and provide clinical analysis and guidance to the appropriate PEIA staff. Describe the qualifications and time commitments of the clinical staff.
2. On a quarterly, semi annual, or annual basis (dependent on PEIA selection), the Bidder shall prepare a report to PEIA staff that includes a description of the DUR activities, scope and nature of the Prospective and Retrospective drug use review programs, a summary of the interventions used, and an assessment of the impact of these educational interventions on the quality of care and an estimate of the cost savings generated as a result. This report will be used to evaluate the effectiveness of the DUR program.
3. If the Bidder has a face-to-face clinical detailing program for an identified population, such as the top ten percent (10%) of all prescribers, provide a description of the program and any associated costs. The cost must be included in the Cost Proposal portion only.

### **2.10.2.2 Prospective DUR**

1. The Bidder shall provide a Prospective Drug Utilization Review process that is linked to the electronic claims management network, so as to furnish medical and/or drug history information for each beneficiary.
2. This process must have the flexibility to adjust to changes in criteria or procedures as required by PEIA.
3. The Bidder will be required to provide educational materials targeted to pharmacists informing pharmacists about their legal obligation to provide counseling to beneficiaries regarding meaningful Prospective DUR findings. Bidders must describe their capabilities in this regard.

### **2.10.2.3 Concurrent DUR**

For Concurrent DUR to work as well as possible, the System must have the following capabilities at a minimum:

1. A table with days supply limits by drug;
2. Quantity limits by drug;
3. A dual-tracking system for early refills that tracks both current and cumulative usage and accounts for retail and mail order claims; and,

4. Age and gender edits. Bidders should describe their capabilities in this regard; including a description of how the Bidder maintains these edits and how prescribers and pharmacists are notified when changes are implemented.

#### **2.10.2.4 Retrospective DUR**

1. The Bidder may be required to analyze pharmacy and non-pharmacy (primarily hospitalization and laboratory) claims on an ongoing basis and present recommendations quarterly for additions or changes to the Retrospective DUR programs and interventions. The proposed DUR programs shall address both high risk and high cost/utilization drug therapies and shall tie to the top drugs/disease states that are being used by the beneficiaries.
2. The program must, on a monthly and quarterly basis, assess data on drug use against explicit predetermined standards including but not limited to monitoring for therapeutic appropriateness, over-utilization and under utilization, incorrect drug dosage, or duration of drug treatment and clinical abuse/misuse and, as necessary, introduce strategies to improve the quality of care and to conserve program funds or personal expenditures.
3. The Retrospective DUR program must also provide ongoing interventions for physicians and pharmacists targeted toward therapy problems or individuals identified in the course of Retrospective DUR activities.
4. The Retrospective DUR program must include written, oral, or electronic reminders containing beneficiary-specific or drug-specific (or both) information and suggested changes in prescribing or dispensing practices, communicated in a manner designed to ensure the privacy of beneficiary-related information.
5. The Bidder's process must include intensified review or monitoring of selected prescribers or dispensers, proposing detailed program interventions to appropriate PEIA staff for consideration.
6. The Bidder's process must include periodic evaluation of interventions to determine if the interventions improved the quality of drug therapy. The Bidder is to evaluate the success of interventions and make modifications as necessary.
7. Bidders should describe their capabilities in this regard, including a description of the interventions.

#### **2.10.2.5 Educational Programs**

1. At least on a semi-annual basis, the Bidder shall provide drug management programs including supportive clinical research, protocols, and financial analyses for newly approved therapies and indications to PEIA staff for consideration. Upon approval, this information shall be included as part of the DUR Programs provided by the Bidder.

2. The DUR Program must integrate with edits (whether POS, batch, or paper claims processing), and provide communications and education to pharmacies that are not appropriately complying with these edits, including encouraging pharmacists to counsel beneficiaries on DUR findings.
3. The Bidder is required to demonstrate experience in effective physician and pharmacy targeting that is focused on the high value prescribers who contribute the largest impact on improved quality of care and drug cost reduction, then implementing interventions to optimize prescriber behavior.
4. The Bidder must have demonstrated success in attaining prescriber agreement to use a clinically appropriate alternative product or generic, if relevant, in the same therapeutic class.
5. The Bidder must describe its use face-to-face discussions, if any, between health care professionals who are experts in rational drug therapy and selected prescribers and pharmacists who have been targeted for educational intervention, including discussion of optimal prescribing, dispensing, or pharmacy care practices and follow-up face-to-face discussions.
6. If there is an additional cost for any of these services, include in the PMPM in the price proposal section.

## 2.11 Utilization Management (UM)

### 2.11.1 Discussion and Overview

Utilization Management must focus on beneficiary, physician, and pharmacist utilization patterns and must be integrated with both the Retrospective DUR and network management programs. The utilization management protocols will be proposed by the Bidder to PEIA for approval. While the primary focus of utilization management is controlling/reducing pharmacy utilization, utilization management programs may also integrate with disease management and Retrospective DUR, identifying beneficiaries who are non-compliant, as well as identifying beneficiaries who seem to practice polypharmacy. The Bidder must provide a definition and description of its polypharmacy program(s).

Utilization management consists of reviewing, on a monthly basis, the utilization patterns of beneficiaries – focusing on beneficiaries receiving a large number of prescriptions each month, high cost prescriptions, controlled substances and beneficiaries seeing multiple physicians and/or receiving prescriptions from multiple pharmacies (referred to as poly-physician, poly-pharmacy). Once beneficiaries are systematically identified, they shall be assessed by the clinical manager to determine the appropriate intervention, which may include referring the beneficiary to a case management program, physician notification, beneficiary lock-in (restricting the potentially abusive beneficiary to a single physician and pharmacy, within applicable legislation, unless prior authorization is received), or other interventions.

Pharmacy utilization management consists of systematic reviews of prescribing patterns, focusing on unusual activity such as disproportionate drug dispensing patterns and generic

substitution opportunities. Pharmacy utilization management shall integrate with pharmacy network management, identifying potential candidates for further investigation or on-site audits. Physician utilization management is integrated with Retrospective DUR and assists in targeting the appropriate method of communication and intervention with the physician. In addition to the requirements listed below, the Bidder must describe any additional suggestions or recommendations for Utilization Management. Utilization management shall include written, oral, or electronic reminders containing specific information and suggested changes in prescribing or dispensing practices, communicated in a manner designed to ensure the privacy of beneficiary-related information.

### **2.11.2 Requirements**

Bidders shall describe how their UM processes can improve care and compliance for all members who may be covered through this RFP. Include recommendations and samples of member and prescriber educational materials. Bidders must address (at a minimum) the following requirements:

1. The Bidder must provide an assigned clinical manager (R.Ph. or Pharm.D.) who shall be responsible for daily oversight and clinical review of beneficiaries, physicians, and pharmacies that have been identified through the utilization management program.
2. The Bidder/clinical manager shall present programs and associated savings with the appropriate PEIA staff who shall be responsible for approving all utilization management programs.
3. Within one hundred twenty (120) days of Contract implementation and annually thereafter, the Bidder's clinical manager shall present an annual utilization management plan to PEIA for consideration.
4. The Bidder will be required to analyze pharmacy claims on a monthly basis for both high risk and high cost/utilization therapies and present recommendations for additions or changes to the utilization management program and interventions.
5. On a quarterly basis, the Bidder will be required to provide a written report profiling the top one hundred (100) utilizing beneficiaries, pharmacies and physicians for PEIA. The report shall highlight the percentage of cost (to the total cost) attributed to the top utilizers, the actions taken (including DUR and detailing programs) and future action to be taken.
6. The Bidder must have developed information system programs for utilization management screening, which includes flexible evaluation criteria and timely data integration.
7. The bidder must provide performance reports for the top PEIA prescribers which indicates key performance measures, such as generic dispensing and formulary compliance.
8. Where appropriate, the Bidder must have the ability to use face-to-face discussions between health care professionals who are experts in rational drug therapy and selected prescribers and pharmacists who have been targeted for utilization management.

## 2.12 Prior Authorization (PA), Step Therapy (ST), Quantity Level Limits (QLL)

### 2.12.1 Discussion and Overview

It is our belief that aggressive prescription management programs such as PA, ST, and QLL provide savings to the Plan, without degrading quality of care. Through this RFP, PEIA is asking Bidders to propose integrated PA, ST, and QLL programs. Such recommendations will be reviewed and approved based on PEIA's discretion. In addition, PEIA requires the flexibility to customize or establish its own unique protocols for placing drugs under PA, ST, or QLL programs based on its' own rules.

Currently, PEIA utilizes a vendor, other than the PBM, to review PA, ST, and QLL requests. Bidder must confirm their understanding that services such as these, but not limited to these, may be contracted with other vendors, except for the Medicare Part D EGWP group.

### 2.12.2 Requirements

Bidders must address the following in their proposals:

1. Explain which drugs or categories of drugs the Bidder recommends for PA, ST, and QLL.
2. Describe the Bidder's ST process used to ensure a first line medication is not processed and then immediately reversed to allow a second line medication to process.
3. Describe the Bidder's authorization process for exceptions.
4. Explain how guidelines are developed.
5. Describe the Bidder's tracking methodology.
6. Describe the appeals process used in the PA, ST, and QLL programs, including sample provider and patient appeals correspondence.
7. Describe the reporting process and timelines, including sample reports.
8. Describe the process for providing emergency supplies of prescriptions.
9. Bidder must confirm that another vendor, designated by PEIA, will have the same on-line access to the Bidder's clinical rule system as the Bidder staff has, to approve or deny claims and for notices.
10. Bidder must confirm it will provide clinical criteria utilized for PA, ST, and QLL to another vendor, designated by PEIA.

## 2.13 Decision Support / Reporting

### 2.13.1 Discussion and Overview

Analysis and reporting is critical to effective management of drug benefits. The decision support and reporting process must be flexible and timely. The Bidder must include samples of reports and recommendations.

The Bidder must provide an electronic copy of all paid and reversed pharmacy claims, in a file layout acceptable to PEIA, PEIA's Third Party Administrator (TPA) and Data Warehouse vendor and consistent with The National Council for Prescription Drug Programs (NCPDP) specifications, weekly at no extra cost. The Bidder may be required to send this information to additional vendors at the request of PEIA.

The Bidder will be required to present quarterly, semi-annual and/or annual on-site reviews of the PEIA prescription drug program. Also, the Bidder may be required to attend the PEIA Finance Board meeting as well as its Benefit Fairs. All costs should be borne by the Bidder.

### **2.13.2 Requirements**

1. The Bidder shall provide, electronically, a complete package of monthly, quarterly, or yearly management and utilization reports that shall be mutually agreed upon by PEIA and the Bidder, to include the following information, at a minimum:
  - a. Total number of claims and associated dollars by eligibility type;
  - b. Top 200 drugs by ingredient cost
  - c. Top 200 therapeutic categories by ingredient cost
  - d. Total number of claims and associated dollars by preferred brand, non-preferred brand, and generic categories;
  - e. Net cost by drug report (all drugs);
  - f. Net cost by drug report (MAC drugs);
  - g. List of participating network pharmacies;
  - h. Top 25 pharmacies, consolidated by pharmacy chain, with discount and dispensing fee rates;
  - i. Total number of prior authorization (PA) requests;
  - j. Total number PAs approved;
  - k. Total number PAs denied;
  - l. Total number of PA renewal requests;
  - m. Total number of denied requests on appeal;
  - n. Annualized savings and basis for savings;
  - o. Annualized savings per drug category and management type;
  - p. Top ten reasons for denial;
  - q. Average time/range for adjudication of claims by mode of processing;
  - r. Average time/range for prior authorization approval/denial;
  - s. Number of prior authorizations not resolved within twenty-four (24) hours;
  - t. Reasons for prior authorizations resolved in greater than twenty-four (24) hours;
  - u. Provide all requested Ad-hoc reports at no additional charge; and
  - v. Weekly PDP CMS response file in PEIA's required format

2. The Bidder shall provide PEIA quarterly, semi annual, and annual reviews, including but not limited to, information that shall be useful to identify ongoing cost savings and PEIA performance. Bidder must agree to provide the PEIA customized Monthly Trend report. The PEIA also requires that performance management and activity reporting, billing, and rebate payment be provided separately for each agency (PEIA, CHIP, and AccessWV).
3. The Bidder must provide PEIA access to a web-based application to be used for on-line ad-hoc and administrative reporting and tracking no later than 90 days after implementation. The Bidder must provide training, support, and on-going consultation in the use of this application. The application must be compliant with all federal and state privacy and security requirements. Any costs for establishing connectivity with the Bidder must be borne by the Bidder. Also, the Bidder must have access to all subcontractors' systems that perform key functions of its organization and permit the PEIA access to these systems.
4. The Bidder shall provide examples of the types of management reports available in its current system.
5. The Bidder shall provide the following capabilities for integration with the PEIA systems:
  - a. On-line access to paid claims history (realtime);
  - b. On-line access to the drug file;
  - c. On-line access to the eligibility files;
  - d. Ability for the PEIA eligibility staff to enter or update eligibility;
  - e. Ability to request a new ID card (PBM does not produce ID cards currently, however, the Bidder may be required to assume these duties in the future);
  - f. Plan coverage elements, such as copays and plan limits;
  - g. Rejected and reversed claims;
  - h. Ability for PEIA staff to enter, terminate, or update PAs;
  - i. Deductibles and out-of- pocket; and,
  - j. Full access to all of the Bidder's data pertaining to the PEIA membership must be made available to PEIA. PEIA must have access to the same customer service systems as the Bidder's customer service units. State if this includes access to Bidder's customer service call log.
6. The Bidder must offer a comprehensible Explanation of Prescriptions (EOP) to PEIA members, including adequate information about the prescription and prescription costs upon request by PEIA or the member at no additional cost.
7. The Bidder must provide an annual report containing a management summary, full financial and enrollment experience, and at least the top 200 sole source drugs and top 200 generic drugs based on claim count and based on ingredient cost.

## 2.14 Appeal Process

PEIA has a two-step appeals process. The Bidder must handle the first level of appeals. The second level of appeals is handled by PEIA. The Bidder must describe, in detail, its appeals process and the internal decision-making system to handle member appeals.

1. Describe the appeal process separately for active and non-Medicare and for Medicare Part D EGWP groups, including the external vendor review program, and confirm the process is compliant with all CMS requirements.
2. Describe the Bidder's external review process as mandated by Health Care Reform including the preliminary review process, referral to independent review organizations, expedited reviews, and final review decisions.

## 2.15 Audit of PBM

The PEIA may audit the successful Bidder at any time during the contract. The PEIA requires the successful Bidder to provide a SAS 70 Type II report upon completion at the successful Bidder's expense. This report must entail a minimum of six months of PEIA's Plan Year. If any of the audits contain a qualified opinion(s) that cause any additional costs to be incurred by the PEIA, the additional cost must be borne by the Bidder. Additionally, the Bidder must submit a corrective action plan and timeline for correction for any qualified opinions.

The PEIA and authorized representatives of the State, including, but not limited to, the State Auditor and/or any applicable federal agencies providing funds, shall have the right, during the Bidder's normal operating hours, and at any other time a PEIA-related function or activity is being conducted, and within the provisions set forth under the requirements of HIPAA, to monitor and evaluate, through inspection or other means, the Bidder's performance and that of its network providers. During the contract period, access must be provided at all reasonable times. During the five-year post-contract period, delivery of and access to records will be at no cost to the PEIA.

This includes, but is not limited to, assessments of the quality, appropriateness, and timeliness of services provided to the PEIA enrollees, as well as focused clinical studies of acute and chronic health conditions determined to be of high priority to the PEIA, and audit of financial records. This also includes the performance of periodic pharmacy audits and collection of management data to be conducted at least once per year. A thirty (30) day notice will be given prior to the onsite visit. The PEIA reserves the right to use the audit firm of its choice.

The Bidder must be able to provide accurate support data to demonstrate the proper treatment of any and all claims, discounts, rebates, savings or other matters addressed by the contract. Failure of the Bidder to provide such accurate data will be grounds for the PEIA to disallow the position of the Bidder and any financial benefit the Bidder claims based upon that position.

## 2.16 Other

Describe other services that the Bidder proposes in the context of this RFP. Be as specific as possible. Identify cost savings associated with these suggestions in the Cost Proposal.

## Chapter 3: Cost Proposal

Do NOT include cost or cost savings information in the technical proposal, but only in the price/cost proposal.

### 3.1 Independent Price Determination

1. By submission of a proposal, the Bidder certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
  - a. The prices in the proposal have been arrived at independently, without consultation, communication, or agreement, for the purpose of restricting competition as to any matter relating to these prices with any other Bidder or with any competitor; and
  - b. Unless otherwise required by law, the prices which have been quoted in the proposal have not been knowingly disclosed by the Bidder and shall not knowingly be disclosed by the Bidder prior to award directly or indirectly to any other Bidder or to any competitor; and
  - c. No attempt has been made or shall be made by the Bidder to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition. Each person signing the proposal certifies that she/he:
    - 1) Is the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal and has not participated (and shall not participate) in any action contrary to 1.a., b., and c. above; or
    - 2) Is not the person in the Bidder's organization responsible within that organization for the decision as to the prices being offered in the proposal but has been authorized to act as agent for the persons responsible for such decision in certifying that they and such persons have not participated (and shall not participate) in any action contrary to 1.a., b., and c. above.
2. Should a Bidder be awarded a Contract resulting from this RFP, and be found to have failed to abide by the provisions set forth in this Section, said acts shall be in default of the Contract. Consequences may include cancellation of the Contract.

### 3.3 Configuration of the Price/Cost Proposal

Since the Engagement between the Bidder and PEIA will be a PMPM arrangement, the Bidder must detail the total PMPM and clearly indicate the costs of each of the services that make up this amount. The cost proposal must be detailed using the form in Appendix C.

The Bidder must be specific about the cost savings that PEIA shall be able to achieve, including methodologies for tracking and measuring results and proving projected cost savings. Any savings alleged by the Bidder must acknowledge that PEIA is currently a managed plan with various programs and savings mechanisms in place. Any savings asserted or proposed savings guarantees must compare savings against existing programs and drug expenditures and NOT against an unmanaged plan. **DO NOT include cost or cost savings information in the technical proposal, only the price proposal.**

The Bidder may propose a payment structure that provides incentives to reduce PEIA's overall cost for pharmacy reimbursements, while preserving or improving health outcomes.

The Bidder is invited to propose any other cost reduction strategies, including but not limited to, a cost incentive program that tracks its success at reducing costs and allows the Bidder to share a portion of any *actual* overall cost savings with PEIA.

The only consideration for shared savings arrangements will be upon actual evidence of a flat or negative unadjusted trend in a particular category. The evaluation will be conducted by PEIA.

The prices and rates quoted shall be effective through the Contract period and shall be placed in writing in the submitted cost proposal.

Requests for renewal price changes must be received in writing at least one hundred twenty (120) days prior to the renewal date, and are subject to PEIA approval before becoming effective. Annual price increased must not exceed 5%. In the event new prices are not acceptable, the Contract may be canceled.

It should be noted that price changes in any given fiscal year are contingent upon enactment of legislative appropriations and approval of PEIA.

# Chapter 4: Procurement Process

The following subsections provide information on the process to be followed for this procurement:

## 4.1 Legal Basis

The procurement process for this RFP will be conducted in accordance with the procurement policies and procedures established by the PEIA. Pursuant to W. Va. Code §5-16-9(e), the procurement procedures established by the West Virginia Division of Purchasing do not apply to PEIA nor to this RFP process.

## 4.2 RFP Issuance and Amendments

Officials within PEIA have reviewed this RFP. The contents represent the best statement of the requirements and needs of PEIA. Final approval of the Contract rests with PEIA once all individual requirements have been met.

## 4.3 Proposal Submission Requirements

Late submissions shall not be accepted. **Proposals that arrive late will not be accepted and will be returned to the sender unopened.** Delivery of the proposals shall be at the Bidder's expense and all proposals for PEIA shall be sent to the PEIA's representative. The time of receipt at the designated office is the time-date stamp on the proposal wrapper or other documentation of receipt maintained by the PEIA's representative. PEIA accepts no responsibility for mislabeled mail. Any and all damage that may occur due to shipping shall be the Bidder's responsibility. Each Technical Proposal and each Cost Proposal shall be enclosed in a separately sealed envelope or package.

The original, eight (8) bound copies (three-ring binders are acceptable), one (1) unbound copy, and one electronic copy in a disk format (using Microsoft Word) of the Technical Proposal must be submitted under sealed cover and labeled on the outside as follows:

"PEIA Pharmacy Benefit Management"  
"Technical Proposal"

The original, eight (8) bound copies (three-ring binders are acceptable), one (1) unbound copy, and one electronic copy in a disk format (using Microsoft Word and Excel) of the Cost Proposal must be submitted under separate sealed cover and labeled on the outside as follows:

"PEIA Pharmacy Benefit Management"  
"Cost Proposal"

One copy of each proposal shall be signed, in blue ink, by an official authorized to legally bind the Bidder, and shall be marked:

“ORIGINAL”

The Technical Proposal must not contain any mention of the dollar amounts in the Cost Proposal. However, information such as labor hours and categories, materials, subcontracts, and so forth, shall be contained in the Technical Proposal so that the Bidder’s understanding of the scope of the work may be evaluated. The Technical Proposal shall disclose the Bidder’s technical approach in as much detail as possible, including, but not limited to, the information required by the Technical Proposal instructions.

The face of the package containing the original and copies, whether mailed or hand-delivered, shall bear the following legend, “PEIA PROPOSAL – CONFIDENTIAL – OPEN BY ADDRESSEE ONLY.”

The Technical Proposal should be as brief and concise as possible. Section 2 should be as succinct as possible. It is required that this be no more than seventy-five (75) pages, plus any attachments. Responses that are unduly lengthy or verbose will be scored less favorably than those that are brief and concise. Bidders must use 12-point font, and line spacing must be 1.5. Every page of the proposal, except for Section dividers, must be numbered, starting at “1” and continuing sequentially throughout the entire proposal. This requirement applies to exhibits and tables, as well as narratives.

Each proposal part (Technical and Cost) must be bound separately on standard 8 ½” by 11” paper, except that charts and diagrams may be on fold-outs which, when folded, fit into the 8 ½” by 11” format. Figures and tables must be numbered and referenced in the text by that number. Any financial information provided on spreadsheets must be provided in Excel. Gantt charts must be provided where applicable.

The format and content requirements for the Technical and Cost Proposals must adhere to the instructions contained in this section of the RFP. Failure to respond to a specific requirement may be used as a basis for rejection of the proposal from further consideration, or result in a score of “zero” or a “fail” for a particular item. Emphasis should be placed on conformance to the RFP instructions, responsiveness to requirements, and completeness and clarity of content. Elaborate proposals are neither necessary nor desired. If the proposal is presented in a fashion that makes evaluation difficult or overly time consuming, it is likely that points will be lost in the evaluation process. Bidders shall not include any personal use items with the proposal. Bidders must restate the requirement or question prior to their response throughout the proposal.

All proposals must be delivered no later than the date shown in Section 1.6 of this RFP and only to the PEIA’s representative at the address listed in Section 1.5.

#### 4.4 Proposal Withdrawal

Prior to the proposal due date, a Bidder may withdraw their proposal by submitting a written request for its withdrawal signed by the Bidder’s authorized agent. The written withdrawal request will be directed to the PEIA’s Representative at the address listed in Section 1.5.

## 4.5 Acceptance of Proposals

PEIA will accept all proposals submitted according to the requirements and deadlines specified in this RFP. Each Bidder may submit only one proposal. PEIA reserves the right to reject any or all proposals received. It is understood that all proposals, whether rejected or not, will become the property of PEIA. After receipt of proposals, PEIA reserves the right to sign a contract, without negotiation, based on the terms, conditions, and premises of this RFP and the proposal of the selected Bidder(s) or to negotiate with a finalist or finalists.

All proposals must be responsive to all requirements in the RFP in order to be considered for Contract award.

After the opening of proposals, PEIA may ask any Bidder for written clarification of their proposal. In the event this clarification is requested, submission of the clarification shall be considered part of the original proposal.

PEIA reserves the right to waive any or all minor irregularities in proposals, providing such action is in the best interest of the PEIA. Where PEIA may waive minor irregularities, such waiver shall in no way modify the RFP requirements or excuse the Bidder from full compliance with RFP specifications and other Contract requirements if the Bidder is awarded the Contract. PEIA also reserves the right to reject any and all proposals received, or cancel this RFP, according to the best interest of PEIA.

Proposals must be valid for 180 days following the close date of this RFP. This period may be extended by written mutual agreement between the Bidder and PEIA.

## 4.6 Oral Presentations

At the option of PEIA, oral presentations by selected Bidders may be required. Bidders will be notified if an oral presentation is required. Any cost incidental to an oral presentation shall be borne entirely by the Bidder and PEIA shall not compensate the Bidder.

The Bidders should present complete, comprehensive proposals without relying on oral presentations, because PEIA reserves the right to award a contract without further discussions or an oral presentation. The Bidders may be requested to provide demonstrations of their proposed systems as part of their presentations.

Presentations will be recorded and any representations made during the oral presentation will become part of the Bidder's proposal and are binding if a contract is awarded.

## 4.7 Site Visits

PEIA may request a site visit to review the Bidder's facilities or its subcontractors' facilities. This may include, but not be limited to, a review of policies and procedures, and any other area of operation that directly or indirectly affects the provisions of the RFP, Contract or the delivery of health care services.

Any cost incidental to the site visit by the Bidder shall be borne by the Bidder. PEIA will be responsible for its own travel and accommodations.

A readiness review may also be conducted on-site at the selected Bidder's facilities following execution of the Contract and before implementation of the Pharmacy Benefit Management services.

#### 4.8 Contract Award Notice

The notice of the intended contract award shall be sent by certified mail or overnight mail to all Bidders who submitted a proposal. A contract award is contingent on approval by the PEIA Director.

#### 4.9 Protest of Intended Award

Bidders that have submitted a ligation bond may protest the award in accordance with the following procedure. Protests based on the contract award must be submitted in writing to the Director of the West Virginia PEIA within five (5) working days from the date of this announcement. Protest should be sent to:

**Ted Cheatham, Director**  
**West Virginia Public Employees Insurance Agency**  
**601 57<sup>th</sup> Street, SE**  
**Suite 2**  
**Charleston, West Virginia 25304-2345**  
**Telephone: (304) 558-7850, ext. 52650**

**Protests may be submitted by FAX at (304) 558-2470.**

All protests must contain:

1. The name and address of the protesting proposer
2. A statement of the grounds of the protest (See Legal Standard below)
3. Supporting documentation (if available)
4. The resolution or relief sought

Failure to submit all of this information shall be grounds for rejection of the protest by the Director of PEIA.

The PEIA may refuse to review any protests when the matter involved is the subject of litigation before a court of competent jurisdiction; if the merits have previously been decided by a court of competent jurisdiction; or if it has been decided in a previous protest by the Director of PEIA. Subcontractors under a proposer's proposal do not have standing to file a protest.

The Director will respond to the protest within five (5) days of receipt of the written notice at the offices of the PEIA.

Proposers in disagreement with the response of the Director may ask for further review of the protest by the Cabinet Secretary of the West Virginia Department of Administration.. The request for further review should be sent to the address below within five (5) days of the Director's response:

**Robert W. Ferguson, Jr., Cabinet Secretary  
West Virginia Department of Administration  
State Capitol Complex, Building 1, Room E-119  
Kanawha Boulevard, East Charleston, WV 25305**

**Appeals may be submitted by FAX at (304) 558-2999.**

If the protesting vendor believes that due to the nature of the contract award an expedited determination is required, a request that the matter be directed immediately to the Department of Administration Cabinet Secretary should be in the original protest submitted to the Director of PEIA. If the Director is in agreement with the reasons for the expedited request, the Director will forward the protest to the Department of Administration Cabinet Secretary and inform the requesting proposer of his/her actions.

Decisions by the Department of Administration Cabinet Secretary shall be considered to be the final level of administrative relief. Any further appeal of the administrative decision of the Department of Administration Cabinet Secretary must be directed to the Circuit Court of Kanawha County, Charleston, West Virginia.

### Legal Standard

A protesting vendor should be advised, that the legal standard for a successful challenge has been established by the W. Va. Supreme Court as follows:

*“A State agency which awards a public contract upon criteria other than price is clothed with a heavy presumption that the contracting agency has properly discharged its duties and exercised discretionary powers in a proper and lawful manner; accordingly, the burden of proof in any action challenging the award of a contract by an unsuccessful Bidder or taxpayer is upon the challenger who must show fraud, collusion, or such an abuse of discretion that it is shocking to the conscience.” Syl. Pt.3 State ex rel. E.D.S. Federal Corp. v. Ginsberg, 163 W.Va. 647, 259S.E.2d (1979).*

#### 4.10 Restrictions on Communications with State and Other Personnel

From the issue date of this RFP, shown in Section 1.6, until a Bidder is selected and announced, Bidders are prohibited from communicating with any PEIA representatives regarding this procurement, except for the contact listed in Section 1.5. This provision is not intended to restrict existing Bidders from communicating with PEIA staff regarding ongoing operational matters. ***All communications related to this RFP are restricted to written communications except as set forth below.*** Bidders may not engage in attempting to influence, or lobbying activity, to influence the selection process via any unauthorized contact with any employee or officer of the PEIA or the state of WV. Violation of this requirement shall disqualify the Bidder from further consideration. Any Bidder, by submitting its proposal, acknowledges that it will refrain from lobbying with, or otherwise contacting any of the above referenced individuals to try to influence the outcome of the selection process.

- The only *exceptions* to these restrictions are: PEIA staff and/or Bidder staff present at the Bidders' Conference for the purpose of addressing questions; or
- PEIA personnel involved in Oral Presentations by the Bidder

As described in this RFP, any clarification regarding the RFP will be issued in writing by PEIA. No statements, clarifications, or opinions regarding this RFP are valid or binding except those issued in writing by PEIA. **Under no circumstances will questions be entertained except in writing or at the Bidders' Conference.**

#### 4.11 Evaluation Methodology

The purpose of this section is to explain the criteria that will be used in evaluating the proposals. Each proposing entity will be evaluated using these criteria. As stated earlier, each proposing entity must submit the following items to be evaluated:

- Response to the Mandatory Proposal Requirements
- Response to Participation Standards (Technical Proposal)
- Signature Page (to be submitted under separate cover with the technical proposal; Transmittal Form B-1)
- Cost Proposal (to be submitted sealed under separate cover)
- Signature Page (to be submitted under separate cover with the cost proposal; Transmittal Form B-1)

#### 4.11.1 Mandatory Proposal Requirements

THESE ARE ABSOLUTE REQUIREMENTS. FAILURE TO MEET ANY ONE OF THE REQUIREMENTS LISTED BELOW SHALL RESULT IN DISQUALIFICATION FROM FURTHER CONSIDERATION IN THIS BID PROCESS. Please confirm the Bidder meets each of the requirements listed below:

1. The Bidder must have a minimum of five years of PBM experience. If a PBM has acquired or merged with another PBM, that firm's previous experience may count toward this time requirement. If this is the case, describe the relevant history.
2. The Bidder must currently manage a minimum of one (1) million lives with at least one client with a minimum of 100,000 covered lives.
3. The Bidder must demonstrate, through its proposal, that its program includes the following elements:
  - a. An operational POS electronic adjudication process that shall be in compliance with all Federal and State regulations and mandates, as described herein, which include (but are not limited to): eligibility verification; POS edits and drug monitoring; audits; prior authorization; Drug Utilization Review; billing and reimbursement; e-prescribing, and reporting. This must be real time on-line adjudication twenty-four (24) hours per day, seven (7) days per week.
  - b. An automated system that can interface with PEIA systems, for eligibility and file transfers.
  - c. Proposed implementation timeline following execution of a contract.
4. The Bidder must accept the performance standards, corrective actions, Section 5, Contractual Services Terms and Conditions, and liquidated damages identified in this RFP. Performance standards are attached to this RFP.
5. Identify all owners and subsidiaries that own or exert control of more than five (5) percent of the organization. Additionally, provide the names of organizations you own or control more than five (5) percent. Provide this information for sub-contractors as well.
6. The Bidder must identify all subcontractors and the subcontractor's scope of work, as specified, and include all relevant disclosures.
7. The Bidder must meet all other submission requirements.
8. The Bidder must identify all clients that compose more than 10% of their business portfolio and the percentage.

#### 4.11.2 Technical Proposal

Only proposals meeting the Mandatory Proposal Requirements will have their Technical Proposals reviewed. This review includes:

- Bidder Capability, Qualifications and Experience;
- Qualified Personnel and Location;
- Approach and Methodology for Implementation and Continued Operations;
- Work Statement Participation Standards;
- Overall appropriateness of Response;

#### 4.11.3 Cost Proposal

A description of how Bidders should structure the cost proposal is provided in Appendix C of this RFP. The Cost Proposal must be submitted under separate cover and will be evaluated separately using the form in Appendix C. Vendors wishing to request preference for residency status must complete the Vendor Preference Certificate in Appendix G.

Since there may be no opportunity for Bidders to revise the pricing, the Bidder should carefully calculate and propose its prices for the services requested herein. Notwithstanding this provision, the PEIA reserves the right to discuss with and negotiate with any or all of the Bidders.

#### 4.11.4 Evaluation

A point evaluation system has been designed. A total score of 100 points is possible for the technical and cost proposals combined. The technical proposal will represent 70 points (70%) of the total evaluation score while the cost proposal will represent 30 points (30%). Finalist presentations and site visits may be used to validate the information presented in the proposal. As such, information obtained during oral presentations and/or site visits may be used to adjust the technical scores.

Proposing entities will be selected for the finalist presentation if they obtain a minimum acceptable score for the service(s) they propose. The minimum acceptable score for each technical proposal will be set at 70% (70 points x 70% = **49 points**) of the total technical score.

### 4.12 Information Required From Bidders

The proposal must be submitted in the format outlined below. There should be no attachments, enclosures, or exhibits other than those considered by the Bidder to be essential to a complete understanding of the proposal submitted. Each section of the proposal should be clearly identified and sequentially numbered with appropriate headings.

#### 4.12.1 Transmittal Letter

A transmittal letter must accompany the proposal, signed in blue ink by an official authorized to bind the Bidder to proposal provisions. The transmittal letter must be placed at the very beginning of the General Technical section. The letter must include a statement that the RFP terms are accepted. Bidders must also include a statement in the letter certifying that the price was arrived at without any conflict of interest.

#### 4.12.2 Format

Applicants must organize the General Technical section of their proposals as follows:

- Transmittal Form (B-1)
- Compliance with Participation Standards
- Other Technical Submission Forms (Forms B-2 to B-5)

#### 4.12.3 Transmittal Form

The Transmittal Form (B-1) should be placed at the very beginning of the General Technical section. It must be signed by an individual duly authorized to make commitments on the applicant's behalf. **Reminder:** All original signatures must be signed in blue ink.

#### 4.12.4 Bidder's Organization

The following items must be included in a document titled "Business Organization" and must accompany the transmittal letter.

- The full name and address of the Bidder organization and, if applicable, the branch office or other subordinate element that shall perform, or assist in performing, the work hereunder. °
- Indicate whether it operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated.
- If appropriate, specify whether it is licensed to operate in the state of WV.
- List all subcontractors that perform key functions of your organization (For example, do not provide information for subcontractors that perform menial tasks such as housekeeping, etc.); include firm name and address, contact person, and complete description of work to be subcontracted. Include descriptive information concerning subcontractor's organization, abilities, and commitment to the contract period.
- Provide annual audited financial reports for the past three (3) years for the Bidder and any subcontractor.
- Identify all owners and subsidiaries that own or exert control of more than five (5) percent of the organization. Additionally, provide the names of organizations of which the Bidder owns or controls more than five (5) percent. Provide this information for sub-contractors as well.
- If the Bidder or subcontractor is an affiliate of another organization, submit the financial information for the parent company and describe the relationship.

#### 4.12.5 Location

Indicate the site or sites from which the Bidder will perform the relevant tasks listed in this proposal. This should be provided with along with the transmittal forms.

Specifically identify where the following activities will take place:

- Claims processing;
- Member and provider services;
- Project/Account Management;
- Prior Authorizations; and
- Mail Order and Specialty Pharmacy Services

#### 4.12.6 Affiliations

Describe all affiliations or ownership relationships (of 5% or more), with potential suppliers of pharmaceuticals or pharmacy services to PEIA, including:

- Pharmacy services;
- Mail order pharmacy services;
- Drug manufacturing; and
- Drug distribution;

Explain how the Bidder can assure PEIA that these relationships will not create a conflict of interest with PEIA. This should be provided along with the transmittal forms.

#### 4.12.7 Relevant Experience

Proposals shall include the Bidder's five largest clients that demonstrate the Bidders' prior experience in areas for which services are being offered. Each client shall include the contact name, address and telephone number of the client, organization, and the responsible project administrator familiar with the firm's performance. Include a description of the services the Bidder is providing to these clients and the number of covered lives as well the initial date of the business relationship. If the Bidder is presently providing these or similar services for other states, those references should be included. PEIA reserves the right to request additional references.

Include the same information as above for the 5 largest former clients that have terminated their contracts with your organization since December 31, 2009. Points will be deducted for failure to supply this requested information in its entirety. This information must be provided using forms B-2 and B-3 from Appendix B.

#### 4.12.8 Bidder's Staffing

The Bidder is responsible for providing all resources necessary to develop, implement and operate the System(s) as specified in this RFP. Notwithstanding this general requirement, PEIA requires that the Bidder commit certain dedicated staff resources that will act as single points-of-contact, as specified below.

The Bidder must provide an assigned Project/Account Manager(s) and Director who will act as the single point-of-contact representing the Bidder during the development and implementation phase as well as during the on-going relationship of the contracting period.

The PEIA expects the Project/Implementation Team to be committed full-time during the development and implementation and is/are accessible to PEIA during work hours during the development and implementation phases. The Bidder must also identify one individual who will be the primary contact person. This individual must be authorized to commit the resources of the Bidder in matters pertaining to performance of the contract. The Bidder must confirm that this Individuals' sole responsibility will be managing the PEIA account during the implementation.

In addition to the Account Manager and Account Director, the Bidder must provide the services of a dedicated Clinical Manager to provide clinical support to the PEIA. The Bidder must clearly indicate the extent its staff will be dedicated to the PEIA account. Forms B-4 and B-5 from Appendix B must be used to provide this information.

# Chapter 5: Contractual Services Terms and Conditions

## 5.1 Term of Contract

Prescription drug benefit management services are being requested from one or more Bidders for an initial thirty-six (36) month period with possible annual renewals thereafter.

## 5.2 Contract Administrator

Upon approval of a Contract, and following execution of said Contract, PEIA shall direct the Bidder to administer the Contract on a day-to-day basis during the term of the Contract. However, administration of any Contract resulting from this Request implies no authority to change, modify, clarify, amend, or otherwise alter the prices, terms, conditions, and specifications of such Contract. That authority is retained by PEIA and other authorized representatives and these appointees are subject to change.

## 5.3 Cost Liability

PEIA assumes no responsibility or liability for costs incurred by the successful Bidder prior to the signing of any Contract resulting from this RFP. PEIA's responsibility and liability is limited to the terms and conditions of any Contract resulting from this RFP.

## 5.4 Bidder Responsibilities

The Bidder shall be required to assume responsibility for all contractual activities offered in this proposal whether or not that Bidder performs them. Further, PEIA shall consider the Primary Bidder to be the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the anticipated Contract. If any part of the work is to be subcontracted, responses to this RFP should include *a list of subcontractors, including firm name and address, contact person, complete description of work to be subcontracted, and descriptive information concerning subcontractors organizational abilities*. PEIA reserves the right to approve subcontractors for this project and to require the Primary Bidder to replace subcontractors found to be unacceptable. The Bidder is totally responsible for adherence by the subcontractors to all provisions of the Contract.

The Bidder and any subcontractors must commit to the entire contract period stated within this RFP, unless PEIA specifically agrees to a change of subcontractors. The Agreement between the Bidder and PEIA will not be assignable to another party without prior written permission from PEIA. The Bidder shall provide advance notice to PEIA on any intended sale of the contracting entity. PEIA will have the option of terminating the Contract with the Bidder upon the sale of the contracting entity.

## 5.5 News Releases

From the time the RFP is released and until a successful Bidder is announced, news releases pertaining to this document or the services, study, data, or project to which it relates, shall not be made without prior written PEIA approval, and then only in accordance with the explicit written instructions from PEIA. No results of the program are to be released without prior written approval of PEIA and then only to persons designated.

## 5.6 Freedom of Information/Disclosure

**All documents in this RFP process are subject to West Virginia's Freedom of Information Act (FOIA) and may be disclosed upon request.** The Bidder must clearly identify which data are considered proprietary. If PEIA receives a FOIA request for data, labeled by the Bidder as proprietary, PEIA will notify the Bidder, in writing, of the request to allow the Bidder time to obtain the appropriate court order to prevent the release of the information. Otherwise, PEIA will be compelled by state law to release such information.

## 5.7 HIPAA Compliance

The Bidder must agree to become a business associate of the PEIA, it must have policies and procedures in place consistent with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) standards for privacy and security of protected health information (45 CFR Parts 160 and 164) and any other applicable state or Federal law related to the privacy or security of information. The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the attorney General, and available online at the Purchasing Division's website (<http://www.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the agreement.

## 5.8 Gratuities or Kickbacks

By submission of a proposal, the Bidder represents that it has not retained any person, agency, or entity to solicit or secure a State contract upon an agreement or understanding for a commission or a percentage, brokerage, or contingent fee. The State will not pay any brokerage fees for securing or executing any of the services outlined in this RFP. Therefore, all proposed fees must be net of commissions and percentage, contingent, brokerage, service, or finder's fees.

## 5.9 Retainage

The Bidder shall include an affirmative statement in the proposal agreeing to a retainage of five percent (5%) of the total contract amount. Retainage may be made on each payment to the selected Bidder as described in this RFP, if required by any contracting entity.

Should the contract be terminated for any reason related to the Bidder's failure to perform Contract duties to the satisfaction of PEIA, this retainage shall revert to the PEIA as liquidated damages in addition to the other penalties and/or damages stated in this RFP.

## 5.10 Appropriations

If the contract extends into more than one fiscal year (July 1 to June 30), and if appropriations are insufficient to support the contract, PEIA may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriation authority.

## 5.11 Litigation Bond

Each Bidder responding to this RFP is required to submit a litigation bond in the amount of 5% of submitted bid, made payable to the West Virginia Public Employees Insurance Agency. A surety company licensed to do business in the State of West Virginia with the West Virginia Insurance Commission, on a form acceptable to the State, and countersigned by a West Virginia Resident Agent must issue this bond. The only acceptable alternate forms of the bond are (1) company certified check (not an individual) and (2) a cashier's check.

The purpose of the litigation bond is to discourage unwarranted or frivolous lawsuits pertaining to the award of a contract from this RFP. Secondly, the bond provides a mechanism for the State of West Virginia, the Agency, and its officers, employees, or agents thereof to recover damages, including (but not limited to) attorney fees, loss of revenue, loss of grants or portions thereof, penalties imposed by the federal government and travel expenses which may result from any such litigation. A claim against the bond will be made if the Bidder contests the award in a court of competent jurisdiction and the grounds are found to be unwarranted or frivolous based on the facts of the award or applicable law as determined by the court.

The bond or alternate form must remain in effect for two years from the proposal submission date. After six (6) months, each Bidder may request, and the State anticipates granting, a release of the litigation bond or alternate form. However, the Bidder will be required to provide a release (signed and notarized in a form that is acceptable to the State) prior to release of the bond which states that the Bidder will not sue.

Failure to submit an appropriate bond or Litigation Waiver Form (Appendix F) with the proposal at the time of bid opening will result in automatic disqualification of the Bidder's proposal and the proposal will be considered non-responsive.

## 5.12 Performance Bond

A performance Bond must be provided by the selected Bidder before execution of a contract with PEIA. The bond must be in the amount of one-hundred percent of the first year's total payments under the contract. The bond must provide for the forfeiture of that amount to PEIA if the successful Bidder does not perform its obligation under the contract. The bond must be in a form acceptable to PEIA and issued by an insurer licensed by the West Virginia Insurance Commissioner.

## 5.13 Miscellaneous Provisions

The following provisions will be incorporated into any agreement entered into between PEIA and the successful Bidder. The successful Bidder will be asked to sign a form accepting the provisions described below.

### 5.13.1 Arbitration

Any references to arbitration contained in the agreement are hereby deleted. Claims against PEIA or the State of West Virginia arising out of the agreement shall be presented to the West Virginia Court of Claims.

### 5.13.2 Hold Harmless

Any clause requiring the Agency to indemnify or hold harmless any party is hereby deleted in its entirety. The successful Bidder must indemnify and hold harmless the State of West Virginia and PEIA for its acts or omissions arising out of the contract.

### 5.13.2 Governing Law

The agreement shall be governed by the laws of the State of West Virginia. This provision replaces any references to any other State's governing law.

### 5.13.3 Taxes

Provisions in the agreement requiring the Agency to pay taxes are deleted. As a State entity, the Agency is exempt from Federal, State, and local taxes and will not pay taxes for any Vendor including individuals, nor will the Agency file any tax returns or reports on behalf of Vendor or any other party.

### 5.13.4 Payment

Any references to prepayment are deleted. Payment will be in arrears. As per West Virginia State Law, PEIA will pay all uncontested invoices within sixty days of receipts at PEIA offices.

### 5.13.5 Interest

Should the agreement include a provision for interest on late payments, the Agency agrees to pay the maximum legal rate under West Virginia law. All other references to interest or late charges are deleted.

### 5.13.6 Recoupment

Any language in the agreement waiving the Agency's right to set-off, counterclaim, recoupment, or other defense is hereby deleted.

### 5.13.7 Fiscal Year Funding

Service performed under the agreement may be continued in succeeding fiscal years for the term of the agreement, contingent upon funds being appropriated by the Legislature or otherwise being available for this service. In the event funds are not appropriated or otherwise available for this service, the agreement shall terminate without penalty on June 30. After that date, the agreement becomes of no effect and is null and void. However, the Agency agrees to use its best efforts to have the amounts contemplated under the agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default.

### 5.13.8 Statute of Limitation

Any clauses limiting the time in which the Agency may bring suit against the Vendor, lessor, individual, or any other party are deleted.

### 5.13.9 Similar Services

Any provisions limiting the Agency's right to obtain similar services or equipment in the event of default or non-funding during the term of the agreement are hereby deleted.

### 5.13.10 Attorney Fees

The Agency recognizes an obligation to pay attorney's fees or costs only when assessed by a court of competent jurisdiction. Any other provision is invalid and considered null and void.

### 5.13.11 Assignment

Notwithstanding any clause to the contrary, the Agency reserves the right to assign the agreement to another State of West Virginia agency, board or commission upon thirty (30) days written notice to the Vendor and Vendor shall obtain the written consent of Agency prior to assigning the agreement.

### 5.13.12 Limitation of Liability

The Agency, as a State entity, cannot agree to assume the potential liability of a Vendor. Accordingly, any provision limiting the Vendor's liability for direct damages or limiting the Vendor's liability under a warranty to a certain dollar amount or to the amount of the agreement is hereby deleted. In addition, any limitation is null and void to the extent that it precludes any action for injury to persons or for damages to personal property.

### 5.13.13 Right to Terminate

Agency shall have the right to terminate the agreement upon Ninety (90) written notice to Vendor.

#### 5.13.14 Termination Charges

Any provision requiring the Agency to pay a fixed amount or liquidated damages upon termination of the agreement is hereby deleted. The Agency may only agree to reimburse a Vendor for actual costs incurred or losses sustained during the current fiscal year due to wrongful termination by the Agency prior to the end of any current agreement term. Upon termination of this agreement, or any extension thereto, the Bidder has the duty to continue to provide any reports required by the agreement or any law or regulation.

#### 5.13.15 Renewal

Any reference to automatic renewal is hereby deleted. The agreement may be renewed only upon mutual written agreement of the parties.

#### 5.13.16 Insurance

Any provision requiring the Agency to insure equipment or property of any kind and name the Vendor as beneficiary or as an additional insured is hereby deleted.

#### 5.13.17 Right to Notice

Any provision for repossession of equipment without notice is hereby deleted. However, the Agency does recognize a right of repossession with notice.

#### 5.13.18 Acceleration

Any reference to acceleration of payments in the event of default or non-funding is hereby deleted.

#### 5.13.19 Amendments

All amendments, modifications, alterations or changes to the agreement shall be in writing and signed by both parties.

## Appendix A: Performance Standards

The Bidder must agree to abide by the Performance Standards specified in the following table:

Service Performance Guarantees	Standard	Measurement
1. <b>Network Size</b>	At least 93% of members will have 1 network pharmacy within 10 miles if any retail pharmacy is available in that distance. Bidder shall perform a GeoAccess analysis of members upon request of PEIA, and shall notify PEIA any time the number of network pharmacies in West Virginia decreases by 3% or more	Performance will be reported quarterly, if applicable. Penalties, if any, will be paid annually.
2. <b>Retail Point-of-Sale Claims Adjudication Accuracy</b>	Bidder guarantees a financial accuracy rate of at least 98% for all Rx claims processed at point-of-sale.	Performance will be measured by an annual audit conducted by PEIA
3. <b>Point-of-Sale Network System Downtime</b>	Bidder guarantees that the claims processing system will be operating at least 99.5% of the time, based on 24 hours a day,, 7 days a week, 365 days a year, as measured annually on the Bidder's book-of-business.	Performance will be reported monthly. The guarantee will be measured and penalties, if any, will be paid annually.
4. <b>Reporting Requirements</b>	Bidder guarantees that all claims information will be available for electronic reporting within 10 business days after billing, and that Executive Reports and Performance Guarantee Reports will be available 45 days after the end of the calendar quarter	Performance will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
5. <b>Desk Audits</b>	Bidder will perform desk audits on at least 50% of network pharmacies each year.	Performance will be reported quarterly and measured annually. Penalties, if any will be paid annually.
6. <b>On-Site Audits</b>	Bidder will perform on-site audits of at least 10% of West Virginia pharmacies that are identified in desk audits as outliers, according to a mutually agreed-upon definition of outlier	Performance will be reported quarterly and measured annually. Penalties, if any will be paid annually.
7. <b>Call Answering Time</b>	Bidder guarantees that the average speed of answer (ASA) of member calls will not exceed 30 seconds, excluding calls abandoned before answering.	Performance will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
8. <b>Call Abandonment Rate</b>	Not more than 3% of member calls will be abandoned.	Performance will be measured monthly and reported quarterly. Penalties, if any, will be paid

Service Performance Guarantees	Standard	Measurement
		quarterly.
<b>9. Call Answering Time to speak to Supervisor or Pharmacist</b>	Bidder agrees that the average hold time to speak to supervisor or pharmacist, upon request, will not exceed 60 seconds.	Performance will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
<b>10. Member Correspondence</b>	Bidder shall respond to all correspondence from members and providers within an average of five (5) business days.	Performance will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
<b>11. Mail Order</b>	Bidder will guarantee that all mail service prescriptions will be shipped within an average of 2 business days for non-protocol prescriptions and 4 business days for protocol prescriptions	Performance will be measured monthly and reported quarterly. Penalties, if any, will be paid quarterly.
<b>12. Successful Implementation</b>	Bidder will guarantee that the implementation /transition will be successful based on criteria determined in advanced and agreed to by both parties and which will include: a.) 99% of members receiving welcome packet/ID cards prior to the effective data, b.) all systems are available and operational as of the effective date, c.) plan design and benefits set-up correctly, d.) member service representative are trained and delivering accurate information to members, e.) PEIA management staff is satisfied with implementation and account management team performance.	Performance will be measured and reported within 120 days from the effective date. Penalties, if any, will be paid within 180 days from the effective date.

# Appendix B: Transmittal Forms

## B-1 Transmittal Form

I hereby attest to the following on behalf of \_\_\_\_\_:

- We have read, understand, and are able and willing to comply with all standards and participation requirements described in the RFP for the programs in which we are applying to participate, as well as in the corresponding contracts;
- All of the information contained in this proposal is accurate and truthful to the best of our knowledge;
- This proposal will be held firm until at least December 31, 2011; and
- Neither we, nor any of our representatives have paid, agreed to pay, or will pay directly or indirectly to any person, firm, or corporation any money or valuable consideration for assistance in procuring or attempting to procure the agreement(s) referred to herein.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

---

Applicant point of contact regarding proposal:

Name \_\_\_\_\_

Title \_\_\_\_\_

Telephone \_\_\_\_\_

Fax \_\_\_\_\_

## B-2 Top Five Clients Form

**Instructions to Bidders:** Complete the chart, listing your top five clients/groups starting with the largest number of covered lives (other than PEIA). Include current phone number and address for contact persons. Points will be deducted for failure to provide contact information.

Client/Group	Number of Enrollees	Initial Offer Date	Contact Name	Address	Telephone Number
1					
2					
3					
4					
5					

## B-3 Terminated Contracts Form

**Instructions to Bidders:** Complete the chart below, listing the five largest groups that have terminated their contracts with your plan since December 31, 2009. Include current phone number and address for cooperative contact persons. Points will be deducted for failure to provide contact information.

Client/Group	Number of Enrollees	Initial Offer Date	Contact Name	Address	Telephone Number
1					
2					
3					
4					
5					

## B-4 Plan Management Form

Instructions to Bidders: Identify the Account Team that will be assigned to PEIA. Include up-to-date resume for each individual behind this form.

<b>Position</b>	<b>Name</b>	<b>Years with Firm</b>	<b>% FTE PEIA</b>
Account Executive			
Account Manager			
Clinical Manager			
Member Services Director			
Financial Analyst			
Other (List):			

## Appendix C: Cost Proposal

Please note: Claims and pharmacy information will be sent separately from this RFP. Receipt of this information requires attending the Mandatory Bidder's Conference and signing the PEIA Limited Data Use Agreement (Appendix D).

The questions in this section have been carefully crafted in order to ensure an accurate and fair comparison of proposals. The instructions and notes at the beginning of each section detail the PEIA's Cost Proposal requirements for each component of its pharmacy benefit program. Please keep these requirements in mind when constructing your financial proposal. Complete all tables in this section using the provided format. Use footnote references to clearly explain all qualifications or conditions in your response. Financial Proposals that do not use these formats will not be considered.

Note: As indicated in Section 1.3, the PEIA reserves the right to transition its Medicare eligible retirees from the Medicare Part D employer group waiver PDP managed by the PBM to a Medicare Advantage Prescription Drug Plan, managed by a different vendor, on July 1, 2012 or later. If Bidder's cost proposal is changed as a result of such transition, provide all pricing terms (discount from AWP, dispensing fee, administration fee, and formulary rebate guarantee, etc.) based on both the inclusion of the EGWP retirees and based on the exclusion of the EGWP retirees. If no such indication is provided, PEIA will assume that the cost proposal is applicable whether or not the EGWP retirees is managed by the Bidder.

### A. PEIA Cost Proposal Requirements

Indicate your organization's acceptance of the PEIA Cost Proposal requirements by completing the table below.

Element	PEIA Requirement	Bidder Acceptance	
		Yes	No
Average Wholesale Price	Bidder must agree that average wholesale price (AWP) information utilized for discount purposes will be obtained from a single nationally recognized organization and any change in supplier or pricing methodology will be made only upon 90 days advance written notice to PEIA and upon PEIA approval.	<input type="checkbox"/>	<input type="checkbox"/>
Network Pass-through	Bidder must agree to pass-through 100% of its negotiated pharmacy provider discounts, Maximum Allowable Cost (MAC) rates and dispensing fees. The amount charged to PEIA must be precisely the amount reimbursed to retail, and retail maintenance network pharmacies.	<input type="checkbox"/>	<input type="checkbox"/>
Network Reimbursement	Bidder must adjudicate all retail claims at the lesser of: (a) The contracted network discount + dispensing fee; (b) MAC + dispensing fee; or (c) The provider's Usual & Customary (U&C) amount.	<input type="checkbox"/>	<input type="checkbox"/>

		Bidder Acceptance	
Element	PEIA Requirement	Yes	No
Claim Pricing	Bidder must agree that plan members always pay the lesser of the plan's co-pay, the provider's usual and customary (U&C) price or the eligible charge (i.e., discounted cost + dispensing fee).	<input type="checkbox"/>	<input type="checkbox"/>
Claim Pricing	Bidder must agree that AWP will be based on NDC-11 for the actual package size utilized for retail and mail order claims.	<input type="checkbox"/>	<input type="checkbox"/>
Claim Pricing	Bidder must agree that any rounding in the calculation of the discounted cost must be consistently applied to retail, mail order and specialty claims.	<input type="checkbox"/>	<input type="checkbox"/>
Discount	Bidder must offer a minimum brand discount guarantee based on the required full network pass-through arrangement.	<input type="checkbox"/>	<input type="checkbox"/>
Discount	Bidder must agree that discount and dispensing fee guarantees must be measured and reconciled on a component (brand, generic, retail, retail maintenance, mail order, and specialty pharmacy program) basis only. Surpluses in one component do not offset shortfalls in another component.	<input type="checkbox"/>	<input type="checkbox"/>
Retail Generic Discount	Bidder must offer a minimum overall effective generic discount, inclusive of the Bidder's Maximum Allowable Cost (MAC) reimbursement.	<input type="checkbox"/>	<input type="checkbox"/>
MAC Pricing	Bidder must offer a minimum effective MAC guarantee for retail, retail maintenance, and mail order multi-source generic drugs	<input type="checkbox"/>	<input type="checkbox"/>
Retail Dispensing Fees	Bidder must provide a maximum dispensing fee guarantee for retail brand and generic drugs.	<input type="checkbox"/>	<input type="checkbox"/>
Mail Order Pricing	Bidder must provide guaranteed mail order discounts and dispensing fees. Each PEIA mail order claim must be priced at the guaranteed rates.	<input type="checkbox"/>	<input type="checkbox"/>
Mail Order Shipping Costs	Bidder must underwrite all mail order shipping costs in the proposed mail order pricing (except for instances where expedited delivery is requested by the member). Dispensing fees may not be adjusted during the contract term for postage or fuel rate increases.	<input type="checkbox"/>	<input type="checkbox"/>
Specialty Pharmacy Pricing	Bidder must provide guaranteed specialty discounts and dispensing fees, if any. Each PEIA specialty pharmacy claim must be priced at the guaranteed rates. Bidder must agree to pass-through 100% of discounts and dispensing fees, as Bidder will not be allowed to retain a margin or "spread" if specialty pharmacy service is subcontracted.	<input type="checkbox"/>	<input type="checkbox"/>
Administrative, Clinical and Other Miscellaneous Fees	Bidder must propose administrative fees on a per member per month. The PMPM portion (of the total PMPM) for prior authorization review services must be provided in case PEIA elects to use the services of another vendor.	<input type="checkbox"/>	<input type="checkbox"/>
Administrative Fees	Bidder agrees that the quoted administration fee covers all ongoing services and that there will be no additional charges for new formulary, network, clinical, or other programs during the term of the contract	<input type="checkbox"/>	<input type="checkbox"/>
Transition Fees	The proposed fees must include Bidder's cooperation in transitioning the PEIA at the contract's end. No additional charges will be assessed to PEIA to support transitioning	<input type="checkbox"/>	<input type="checkbox"/>

		Bidder Acceptance	
Element	PEIA Requirement	Yes	No
	to a new Bidder for services including open prior authorization files, mail order open refill files, drug coverage documentation, custom formulary files, claims extracts, etc.		
Prior Authorization Fees	Bidder must agree to implement existing prior authorization lists or provide suggestions for an alternate list of PAs. PEIA reserves the right to make the final decision	<input type="checkbox"/>	<input type="checkbox"/>
Rebates	Bidder must agree to pass-through all pharmaceutical revenue (e.g., formulary, incentive, market share, manufacturer administrative fees, etc.) subject to the terms specified in Section G of the Cost Proposal. This includes all Specialty rebates when received from the manufacturer.	<input type="checkbox"/>	<input type="checkbox"/>
Rebates	Bidder must offer a minimum 'per brand claim' rebate guarantee for the PEIA based on each formulary Bidder is proposing for retail, retail maintenance, and mail order claims.	<input type="checkbox"/>	<input type="checkbox"/>
Data Sales	Bidder must agree to exclude all PEIA claims data, whether identifiable or de-identified, from any data sales agreements. De-identified claims data may be used internally by the Bidder for research purposes.	<input type="checkbox"/>	<input type="checkbox"/>

Element	PEIA Requirement	Bidder Acceptance	
		Yes	No
Rebates	Bidder agrees that its rebate guarantees do not require mandatory participation of the PEIA in therapeutic interchange or related formulary management programs.	<input type="checkbox"/>	<input type="checkbox"/>
Guarantees	Bidder agrees that all of its performance guarantees shall be reconciled consistent with Appendix A and 5.12.	<input type="checkbox"/>	<input type="checkbox"/>
Guarantees	Bidder agrees that all the PEIA prescription claims that are reimbursed at the providers' U&C rates will be excluded from discount pricing guarantees.	<input type="checkbox"/>	<input type="checkbox"/>

## B. Retail Network Pricing and Provider Reimbursement

For the retail pharmacy network that you have listed in Section 2.3 of the RFP, complete the table below with the proposed pharmacy network pricing for PEIA. If you are proposing more than one retail network, separate pricing tables should be provided for each network arrangement broken out the same way. A claims data file from January 1, 2010 to December 31, 2010 for the PEIA will be provided to assist with your response.

**NOTE: The information provided in this table will be scored based on the price guarantees you quote.** The pricing estimates you provide will not be considered for scoring unless they are guaranteed. Bidders are advised to quote their most competitive price guarantees in order to receive the highest possible score on the Financial Proposal.

*BI*

		July 2012 – June 2013
<b>PEIA Retail Network</b>		
a.	Name of Proposed Network	
b.	Total Number of Network Pharmacies	
c.	Number of Network Pharmacies in West Virginia	
<b>Brand Drug Pricing</b>		
d.	Minimum aggregate discount guarantee. <b>NOTE:</b> guarantee must exclude MAC'd multi-source brands and claims priced at U&C.	AWP – ___%
e.	Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx
f.	Estimated result of 100% pass-through of contracted network rates.	AWP - ___% + \$____ per brand Rx
<b>Generic Drug Pricing</b>		
g.	Minimum overall effective discount guarantee. <b>NOTE:</b> guarantee must include both MAC and non-MAC generic claims but exclude claims priced at U&C.	AWP – ___%
h.	Single-source generic minimum aggregate discount guarantee	AWP - ___%
i.	Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx
j.	Estimated result of 100% pass-through of network rates.	AWP - ___% + \$____ per generic Rx

July 2013 – June 2014	
<b>PEIA Retail Network</b>	
<b>Brand Drug Pricing</b>	
d. Minimum aggregate discount guarantee. <b>NOTE:</b> guarantee must exclude MAC'd multi-source brands and claims priced at U&C.	AWP – ___%
e. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx
f. Estimated result of 100% pass-through of contracted network rates.	AWP - ___% + \$____ per brand Rx
<b>Generic Drug Pricing</b>	
g. Minimum overall effective discount guarantee. <b>NOTE:</b> guarantee must include both MAC and non-MAC generic claims but exclude claims priced at U&C.	AWP – ___%
h. Single-source generic minimum aggregate discount guarantee	AWP - ___%
i. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx
j. Estimated result of 100% pass-through of network rates.	AWP - ___% + \$____ per generic Rx

July 2014 – June 2015	
<b>PEIA Retail Network</b>	
<b>Brand Drug Pricing</b>	
d. Minimum aggregate discount guarantee. <b>NOTE:</b> guarantee must exclude MAC'd multi-source brands and claims priced at U&C.	AWP – ___%
e. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx
f. Estimated result of 100% pass-through of contracted network rates.	AWP - ___% + \$____ per brand Rx
<b>Generic Drug Pricing</b>	
g. Minimum overall effective discount guarantee. <b>NOTE:</b> guarantee must include both MAC and non-MAC generic claims but exclude claims priced at U&C.	AWP – ___%
h. Single-source generic minimum aggregate discount guarantee	AWP - ___%
i. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx
j. Estimated result of 100% pass-through of network rates.	AWP - ___% + \$____ per generic Rx

July 2012 – June 2013	
<b>PEIA Retail Maintenance Network</b>	
a. Name of Proposed Network	
b. Total Number of Network Pharmacies	
c. Number of Network Pharmacies in West Virginia	
<b>Brand Drug Pricing</b>	
d. Minimum aggregate discount guarantee. <b>NOTE:</b> guarantee must exclude MAC'd multi-source brands	AWP – ___%

and claims priced at U&C.	
e. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx
f. Estimated result of 100% pass-through of contracted network rates.	AWP - __% + \$____ per brand Rx
<b>Generic Drug Pricing</b>	
g. Minimum overall effective discount guarantee. <b>NOTE:</b> guarantee must include both MAC and non-MAC generic claims but exclude claims priced at U&C.	AWP – __%
h. Single-source generic minimum aggregate discount guarantee	AWP - ____%
i. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx
j. Estimated result of 100% pass-through of network rates.	AWP - __% + \$____ per generic Rx

**July 2013 – June 2014**

<b>PEIA Retail Maintenance Network</b>	
<b>Brand Drug Pricing</b>	
d. Minimum aggregate discount guarantee. <b>NOTE:</b> guarantee must exclude MAC'd multi-source brands and claims priced at U&C.	AWP – __%
e. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx
f. Estimated result of 100% pass-through of contracted network rates.	AWP - __% + \$____ per brand Rx
<b>Generic Drug Pricing</b>	
g. Minimum overall effective discount guarantee. <b>NOTE:</b> guarantee must include both MAC and non-MAC generic claims but exclude claims priced at U&C.	AWP – __%
h. Single-source generic minimum aggregate discount guarantee	AWP - ____%
i. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx
j. Estimated result of 100% pass-through of network rates.	AWP - __% + \$____ per generic Rx

**July 2014 – June 2015**

<b>PEIA Retail Maintenance Network</b>	
<b>Brand Drug Pricing</b>	
d. Minimum aggregate discount guarantee. <b>NOTE:</b> guarantee must exclude MAC'd multi-source brands and claims priced at U&C.	AWP – __%
e. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per brand Rx
f. Estimated result of 100% pass-through of contracted network rates.	AWP - __% + \$____ per brand Rx
<b>Generic Drug Pricing</b>	
g. Minimum overall effective discount guarantee. <b>NOTE:</b> guarantee must include both MAC and non-MAC generic claims but exclude claims priced at U&C.	AWP – __%
h. Single-source generic minimum aggregate discount guarantee	AWP - ____%
i. Maximum aggregate dispensing fee guarantee per paid claim.	\$____ per generic Rx

j. Estimated result of 100% pass-through of network rates.	AWP - __% + \$____ per generic Rx
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*B2. Please disclose any network re-contracting efforts, either planned or underway, that would affect your proposed pricing.*

*B3. Provide your organization’s actual contracted rates for the top 50 pharmacies (rolled up by chain) most highly utilized by PEIA members in the same format as section B1 f and j.*

### C. MAC Pricing

*C1. For the MAC list your organization proposes for PEIA provide the following information. Note: PEIA requires 100% pass-through of contracted retail and retail maintenance network rates, including MAC pricing.*

<b>MAC Pricing for PEIA</b>	<b>July 2012- June 2013</b>	<b>July 2013- June 2014</b>	<b>July 2014- June 2015</b>
a. Name of the proposed MAC List			
b. Guaranteed effective MAC generic discount – retail (non-maintenance)	AWP - __%	AWP - __%	AWP - __%
c. Guaranteed effective MAC generic discount - retail maintenance	AWP - __%	AWP - __%	AWP - __%
d. Guaranteed effective MAC generic discount – mail order	AWP - __%	AWP - __%	AWP - __%

*C2. What percent of your multi-sourced generic drugs are subject to MAC? Please specify as a percent of all available multi-source generic drugs and as a percent of all multi-source generic drugs dispensed.*

*C3. Complete the table in Exhibit A for the PEIA Top 200 generic drugs. The unit MAC prices used to complete this table must originate from the list you propose in C1 above. Provide the per unit MAC price that would be charged to PEIA effective as of July 1, 2011.*

*C4. Describe the Bidder’s pricing methodology for generics that are not on the Bidder’s MAC list.*

*C5. How does your MAC pricing compare to the Federal Upper Limit (FUL) pricing?*

*C6. Include a copy of the Bidder’s current MAC list, with prices, on both hard copy and on diskette as an Excel file. C7. If the Bidder is proposing more than one MAC, please specify and answer questions C1.-C7 for each proposed MAC list.*

## D. Specialty Drug Pricing

*D1. Provide your organization's proposed pricing for specialty and biotechnology drugs by attaching a list of specialty drugs including, for each, the discount from AWP, and dispensing fee (if any). Be sure to provide pricing assuming a non-exclusive arrangement as well as an exclusive arrangement.*

*In addition, please complete the following table for the specific specialty drugs listed:*

<b>Specialty Drug Name</b>	<b>Discount from AWP</b>	<b>Dispensing Fee / Claim</b>
Rituximab 100 mg		
Recombinant Factor VIIA 1 mcg		
Von Willenbrand Factor Complex per IU		
Gamunex 500 mg		
Infliximab 10 mg		
Pegfilgrastim 6 mg		
Melphalan Hydrochloride 50 mg		
Gammagard Liquid 500 mg		
Bevacizumab 10 mg		

## E. Mail Order Pricing

E1. Complete the following table with the proposed mail order pricing for PEIA.

Mail Order Pricing for PEIA	July 2012- June 2013	July 2013- June 2014	July 2014- June 2015
Brand Discount	AWP - ___%	AWP - ___%	AWP - ___%
Generic Discount	AWP - ___%	AWP - ___%	AWP - ___%
Single-source Generic Discount	AWP - ___%	AWP - ___%	AWP - ___%
Dispensing Fee	\$_____ per Rx	\$_____ perRx	\$_____ per Rx

## F. Administrative Fees

F1. Complete the table below with the proposed administrative fee for PEIA. All administrative fees pertaining to this proposal must be included in the PMPM charge. There will be no direct costs billed to PEIA (i.e., postage costs, such as the cost of stamps or meters, will not be charged to PEIA) and should be included in the PMPM quoted. The only consideration for shared savings arrangements would be upon actual evidence of a flat or negative unadjusted trend in a particular category. The evaluation will be conducted by PEIA. For purposes of comparison, complete the following table:

Administrative Fee	PEIA Only	Medicare EGWP	Access WV	CHIP Program
Per Member Per Month (PMPM)	\$ _____	\$ _____	\$ _____	\$ _____
Services to include all PEIA requirements for:				
1. Claims Processing <sup>1</sup>				
2. Account Services and Account Management				
3. Member Services and Call Center				
4. Coordination of Benefits				
5. Network Management				
6. Systems Maintenance				
7. Data Management and Reporting				
8. Eligibility Administration				
9. Clinical and Formulary Management				
10. Rebate Administration				
11. Decision Support and Plan Design/Formulary Modeling				
12. Network Pharmacy Audits				

<sup>1</sup> Claims processing includes retail, mail order, specialty, electronic, member/pharmacy paper submitted, batch claims, and subrogation, (including Medicaid)

Administrative Fee	PEIA Only	Medicare EGWP	Access WV	CHIP Program
13. Quantity Level Limit (QLL) System Edits & Support				
14. Prior Authorization (PA) Edits & Support				
15. Duration of Therapy Edits & Support				
16. Step Therapy Edits and Support				
17. Dedicated Clinical Service Team				
18. All Administrative/Technical PA Reviews/Overrides				
19. Clinical Reviews/Overrides for Current PA Volume				
20. First Level Appeal Determinations				
21. PA and QLL Criteria Development				
22. Concurrent, Prospective, Retrospective DUR,				
23. Implementation/Transition Assistance, as applicable				
24. Surescripts E-Prescribing Connectivity				
25. Retiree Drug Subsidy (Med-D RDS members only)				
26. EGWP (Med-D EGWP members only)				

*F4. Currently, PEIA utilizes a vendor, other than the PBM, to review PA, ST, and QLL requests. Bidder must confirm their understanding that services such as these, but not limited to these, may be contracted with other vendors. If PEIA chooses to retain its current vendor for these services, the Bidder must clearly indicate the associated cost reduction in the proposed PMPM.*

*F5. Note: the selected Bidder must either implement the current PEIA PA, ST, and QLL programs or offer their recommendation of such programs. Final decision lies with PEIA.*

*Additionally, the administration fee above should include administrative reviews (e.g., refill too soon (for dose change only) and price exceeds maximum) as any costs associated with administrative reviews are to be included in the administrative fee (F1, above).*

a. Current PEIA per month average clinical review volume baseline	2,310
b. Current CHIP per month average clinical review volume baseline	462
c. Current Access per month average clinical review volume baseline	45

## G. Rebate Administration

G1. Complete the following table based on the guaranteed rebate proposal for PEIA.

**NOTE:** Bidders should propose a PDL(s) for PEIA. 100% of the excess rebate over the per brand claim guarantee must be passed to PEIA, CHIP, and Access WV.

### PEIA

#### Estimated PY10 Results:

- Average Membership 164,800
- Total Rx Count 2,682,297
- Percent of Formulary Rx 94.73%

Rebate Guarantees	July 2012- June 2013	July 2013- June 2014	July 2014- June 2015
Name of Proposed PDL for the PEIA:			
• Minimum per brand claim rebate guarantee – Retail	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx
• Minimum per brand claim rebate guarantee – Retail Maintenance	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx
• Minimum per brand claim rebate guarantee – Mail Order	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx

### CHIP

#### Estimated PY10 Results:

- Average Membership 24,983
- Total Rx Count 159,277
- Percent of Formulary Rx 97.87%

Rebate Guarantees	July 2012- June 2013	July 2013- June 2014	July 2014- June 2015
Name of Proposed PDL for the CHIP:			
• Minimum per brand claim rebate guarantee – Retail	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx
• Minimum per brand claim rebate guarantee – Retail Maintenance	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx
• Minimum per brand claim rebate guarantee – Mail Order	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx

Access WV

**Estimated PY10 Results:**

- Average Membership      874 \_\_\_\_\_
- Total Rx Count              23,156 \_\_\_\_\_
- Percent of Formulary Rx    93.81% \_\_\_\_\_

Rebate Guarantees	July 2012- June 2013	July 2013- June 2014	July 2014- June 2015
Name of Proposed PDL for Access WV:			
• Minimum per brand claim rebate guarantee – Retail	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx
• Minimum per brand claim rebate guarantee – Retail Maintenance	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx
• Minimum per brand claim rebate guarantee – Mail Order	\$_____ per brand Rx	\$_____ per brand Rx	\$_____ per brand Rx

*G2. Explain your organization’s rebate invoicing, accounting, and payment processes including distribution of funds and reports outlining dollars projected and received. Please provide a sample rebate report.*

*G3. Complete a formulary disruption analysis using both the WVPDL and the claims file provided with this RFP.*

*G4. Detail any financial assumptions or qualifications pertaining to the minimum rebate guarantees provided for PEIA.*

**H. Performance Standards and Proposed Penalties**

*H1. Please indicate the individual and aggregate penalties you are proposing for the performance standards listed in Appendix A.*

## I. Implementation/Transition/Pharmacy Management Allowance

*I1. Detail any allowance proposed to PEIA for implementation, transition, and on-going pharmacy management program costs.*

*I2. If your organization is proposing an allowance in I. 11. above., please provide the following:*

- *A list of qualified transition, implementation, pharmacy program management program expenses;*
- *The payment terms to PEIA's; and*
- *A description of the required documentation*

*Exhibits A can be found in the attached Excel spreadsheet.*



WV PEIA PBM RFP  
2011 Exhibit A...

## Appendix D: Limited Data Use Agreement

A limited data set is a set of records containing protected health information (PHI), from which direct identifiers have been removed, but in which certain potentially identifying information remains. The use or disclosure of a limited data set is limited to research, public health, and health care operations purposes only.

**Name of data recipient:** \_\_\_\_\_

**Description of data:** De-identified PEIA Paid Prescription Drug Claim Data for its population.

**Purpose of use:** PEIA will be disclosing a limited data set to Pharmacy Benefit Managers (PBM) that will be submitting bids in response to this RFP as part of its health care operations. The data will be used by bidding PBMs to prepare the cost estimate portion of its proposal.

### By signing this agreement the recipient agrees:

- Not to further use or disclose any of the information, outside the purpose listed above, without prior written permission from PEIA or as otherwise required by law;
- That any further information requested by Recipient, or its Affiliates, regarding these reports must be made in writing to PEIA.
- Use appropriate safeguards to prevent use or disclosure of the information other than as provided for by the data use agreement;
- Report to PEIA any use or disclosure of the information not provided for by its data use agreement, of which it becomes aware;
- Ensure that any agent, including any affiliates, to whom it provides the limited data set agrees to the same restrictions and conditions that apply to the limited data set recipient with respect to such information; and
- Not to identify the information or to contact the individuals to whom the information pertains, if applicable.
- Properly and completely dispose of all data provided by PEIA upon completion of the project described above in “Purpose of use.”

PEIA may terminate the agreement if it notifies the recipient of a pattern of activity or practice that constitutes a material breach or violation of the data use agreement, or law, unless the recipient cures the breach or ends the violation within a reasonable time, as determined by PEIA. PEIA will take reasonable steps to cure the breach or end the violation and if such steps are unsuccessful PEIA will discontinue disclosure and report the violation to the appropriate authorities.

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Signature of Recipient Representative

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Date

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Signature of PEIA Representative

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Date

## Appendix E: Purchasing Affidavit

West Virginia Code §5A-3-10a states: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

**DEFINITIONS:** “Debt” means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers’ compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

“Debtor” means any individual, corporation, partnership, association, Limited Liability Company or any other form or business association owing a debt to the state or any of its political subdivisions. “Political subdivision” means any county commission; municipality; county board of education; any instrumentality established by a county or municipality; any separate corporation or instrumentality established by one or more counties or municipalities, as permitted by law; or any public body charged by law with the performance of a government function or whose jurisdiction is coextensive with one or more counties or municipalities.

“Related party” means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceed five percent of the total contract amount.

**EXCEPTION:** The prohibition of this section does not apply where a vendor has contested any tax administered pursuant to chapter eleven of this code, workers’ compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

**LICENSING:** Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State’s Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

**CONFIDENTIALITY:** The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendors should visit [www.state.wv.us/admin/purchase/privacy](http://www.state.wv.us/admin/purchase/privacy) for the Notice of Agency Confidentiality Policies. Under penalty of law for false swearing (West Virginia Code, §61-5-3), it is hereby certified that the vendor acknowledges the information in this said affidavit and are in compliance with the requirements as stated.

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Vendor's Name

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Authorized Signature

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Date

Purchasing Affidavit (Revised 06/15/07)

# Appendix F: Bidder's Litigation Waiver Form

\_\_\_\_\_, hereinafter "Bidder," wishes to submit a Proposal in response to the Request For Proposals for the Pharmacy Benefit Management Services (the RFP) issued on July 1, 2011 by the Public Employees Insurance Agency for the State of West Virginia (PEIA). The Bidder acknowledges that a mandatory requirement of the RFP is that the Bidder submit a litigation bond with its proposal.

In consideration of the waiver of said litigation bond requirement by the PEIA, and in lieu of such bond, the Bidder agrees:

That the Bidder completely waives and foregoes any and all legal right or ability it may now have, or in the future acquire, to initiate any sort of challenge to or against the selection of a Bidder and/or the ultimate award of a contract or contracts pursuant to the RFP. This Waiver is entered voluntarily by a representative authorized to legally bind the Bidder and shall be binding on the Bidder, its successors, assigns, heirs and any others claiming under the legal rights of the Bidder. This Waiver shall apply to any and all types of action, in challenge to or seeking to attack, in any way, the RFP selection process, or the subsequent award of contract(s) to the successful Bidder, including but not limited to, administrative, judicial, or collateral actions.

\_\_\_\_\_  
Legal Name of Bidder

**By:**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

**Title:**

\_\_\_\_\_  
Title of Authorized Signature

**Approved:**

Public Employees Insurance Agency for the Sate of West Virginia

**By:**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

# APPENDIX G: Vendor Preference Certificate

Certification and application<sup>1</sup> is hereby made for Preference in accordance with West Virginia Code, §5A-3-37.

**West Virginia Code**, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the **West Virginia Code**. This certificate for application is to be used to request such preference. PEIA will make the determination of the Resident Vendor Preference, if applicable.

## A. Application is made for 2.5% preference for the reason checked:

\_\_\_\_ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification;

or

\_\_\_\_ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification;

or

\_\_\_\_ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification.

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<sup>1</sup> Check any combination of preference consideration(s) in either "A" or "B," request up to the maximum of 5% preference for both "A" and "B."

**B. Application is made for 2.5% preference for the reason checked:**

\_\_\_\_ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid;

or

\_\_\_\_ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid.

Bidder understands if the Secretary of Tax & Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) rescind the contract or purchase order issued; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to PEIA and authorizes the Department of Tax & Revenue to disclose to the PEIA Director appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

**Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.**

# APPENDIX H: Intent to Bid Form

## INTENT TO BID FORM

Form Due Date: July 12, 2011

The Segal Company  
1920 N Street NW Suite 400  
Washington, DC 20036

**ATTN:** George Bognar (scan and email to: [gbognar@segalco.com](mailto:gbognar@segalco.com))

**RE:** West Virginia PEIA PBM RFP

This is to advise that we are in receipt of the above referenced RFP. We also wish to advise that we will be quoting the following service(s):

Services	Yes	No	Reason for Decline
Pharmacy Benefit Management (PBM)			
Specialty Pharmacy Management			
PBM & Specialty Pharmacy Management Combined			

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Name and Title

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Signature

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Name of Company

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Phone Number

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Email Address