



# STATE OF ARKANSAS

## OFFICE OF STATE PROCUREMENT

1509 West 7th Street, Room 300  
Little Rock, Arkansas 72201-4222

## **REQUEST FOR PROPOSAL** BID SOLICITATION DOCUMENT

### SOLICITATION INFORMATION

Bid Number:	SP-17-0030	Solicitation Issued:	4/19/2017
Description:	Pharmacy Benefits Manager		
Agency:	Arkansas State Police		

### SUBMISSION DEADLINE FOR RESPONSE

Bid Opening Date:	5/18/2017	Bid Opening Time:	2:00 p.m., Central Time
<p>Proposals <b>shall not</b> be accepted after the designated bid opening date and time. In accordance with Arkansas Procurement Law and Rules, it is the responsibility of vendors to submit proposals at the designated location on or before the bid opening date and time. Proposals received after the designated bid opening date and time <b>shall</b> be considered late and <b>shall</b> be returned to the vendor without further review. It is not necessary to return "no bids" to OSP.</p>			

### DELIVERY OF RESPONSE DOCUMENTS

Delivery Address:	Office of State Procurement 1509 West 7 <sup>th</sup> Street, Room 300 Little Rock, AR 72201-4222  Delivery providers, USPS, UPS, and FedEx deliver mail to OSP's street address on a schedule determined by each individual provider. These providers will deliver to OSP based solely on the street address.
Proposal's Outer Packaging:	Outer packaging <b>must</b> be sealed and should be properly marked with the following information. If outer packaging of proposal submission is not properly marked, the package may be opened for bid identification purposes. <ul style="list-style-type: none"><li>• Bid number</li><li>• Date and time of bid opening</li><li>• Vendor's name and return address</li></ul>

### OFFICE OF STATE PROCUREMENT CONTACT INFORMATION

OSP Buyer:	Angela Allman	Buyer's Direct Phone Number:	501-371-6156
Email Address:	angela.allman@dfa.arkansas.gov	OSP's Main Number:	501-324-9316
OSP Website:	<a href="http://www.dfa.arkansas.gov/offices/procurement/Pages/default.aspx">http://www.dfa.arkansas.gov/offices/procurement/Pages/default.aspx</a>		

## **SECTION 1 - GENERAL INSTRUCTIONS AND INFORMATION**

- **Do not provide responses to items in this section unless specifically and expressly required.**

### **1.1 PURPOSE**

The Office of State Procurement (OSP), on the behalf of The Arkansas State Police (ASP) is seeking proposals and pricing for a Pharmacy Benefit Manager (PBM) for its self-funded Health Plan Program (Plan).

### **1.2 TYPE OF CONTRACT**

- A. A Term contract will be awarded to a single vendor.
- B. The term of this contract **shall** be for one (1) year. The anticipated starting date for the contract is September 1, 2017. Upon mutual agreement by the vendor and agency, the contract may be renewed by OSP on a year-to-year basis, for up to six (6) additional one-year terms or a portion thereof.
- C. The total contract term **shall not** be more than seven (7) years.

### **1.3 ISSUING AGENCY**

OSP, as the issuing office, is the sole point of contact throughout this solicitation.

### **1.4 BID OPENING LOCATION**

Proposals received by the opening time and date **shall** be opened at the following location:

Office of State Procurement  
1509 West Seventh Street, Room 300  
Little Rock, AR 72201-4222

### **1.5 DEFINITION OF REQUIREMENT**

- A. The words "**must**" and "**shall**" signify a Requirement of this solicitation and that vendor's agreement to and compliance with that item is mandatory.
- B. Exceptions taken to any Requirement in this *Bid Solicitation*, whether submitted in the vendor's proposal or in subsequent correspondence, **shall** cause the vendor's proposal to be disqualified.
- C. Vendor may request exceptions to NON-mandatory items. Any such request **must** be declared on, or as an attachment to, the appropriate section's *Agreement and Compliance Page*. Vendor **must** clearly explain the requested exception and should reference the specific solicitation item number to which the exception applies. (See *Agreement and Compliance Page*.)

### **1.6 DEFINITION OF TERMS**

- A. The State Procurement Official has made every effort to use industry-accepted terminology in this *Bid Solicitation* and will attempt to further clarify any point of an item in question as indicated in *Clarification of Bid Solicitation*.
- B. The words "bidder" and "vendor" are used synonymously in this document.
- C. The terms "Request for Proposal", "RFP" and "Bid Solicitation" are used synonymously in this document.
- D. "Implementation Period" refers to the period of time beginning on the starting date of the contract, anticipated to be September 1, 2017 during which the vendor **shall** perform all start up and implementation activities required to achieve full implementation by the Go-Live Date.
- E. "Go-Live Date" refers to the date the Vendor **must** begin providing all services required by this solicitation, anticipated to be November 1, 2017 and immediately follows the Implementation Period.
- F. "Transparency" refers to financial arrangements that represent a direct and complete pass-through of all elements of negotiated provider pricing including but not limited to discounts and dispensing fees.

- G. "Transparent Administration" means, but is not limited to mean, full and open administrative practices involving all aspects of the contractual relationship between ASP and the vendor. Any contradictory terminology either stated or otherwise implied by the language in this RFP is purely accidental and will be meant as requiring full transparency in the vendor's operation.

## 1.7 **RESPONSE DOCUMENTS**

### A. Original Technical Proposal Packet

1. The original *Technical Proposal Packet* **must** be received on or before the bid opening date and time.
2. The Proposal Packet should be clearly marked "Original" and **must** include the following:
  - a. Original signed *Proposal Signature Page*. (See *Proposal Signature Page*.)
  - b. Original signed *Agreement and Compliance Pages*. (See *Agreement and Compliance Pages*.)
  - c. Original signed *Proposed Subcontractors Form*. (See *Subcontractors*.)
  - d. *Technical Proposal* response to the *Information for Evaluation* section included in the *Technical Proposal Packet*.
  - e. Other documents and/or information as may be expressly required in this *Bid Solicitation*.
3. The following items should be submitted in the original *Technical Proposal Packet*.
  - a. EO 98-04 Disclosure Form. (See *Standard Terms and Conditions*, #27. *Disclosure*.)
  - b. Copy of Vendor's *Equal Opportunity Policy*. (See *Equal Opportunity Policy*.)
  - c. *Voluntary Product Accessibility Template* (VPAT). (See *Technology Access*.)
4. **DO NOT** include any other documents or ancillary information, such as a cover letter or promotional/marketing information.

### B. Official Bid Price Sheet. (See *Pricing*.)

1. Vendor's original *Official Bid Price Sheet* **must** be submitted in hard copy format.
2. Vendor should also submit one (1) electronic copy of the *Official Bid Price Sheet*, preferably on a flash drive. A CD will also be acceptable.
3. The *Official Bid Price Sheet*, including the hard copy and electronic copy, **must** be separately sealed from the *Technical Proposal Packet* and should be clearly marked as "Pricing". Vendor **must not** include any pricing in the hard copies or electronic copies of their *Technical Proposal Packet*.

### C. Network Repricing Submission on CD

1. The aggregated repriced total costs of Brand, Generic, and Specialty drugs as submitted on the Network Repricing CD **must** be entered into Table D of the Official Bid Price Sheet.
2. Vendor **must** include three (3) Network Repricing CDs with their bid submission:
  - a. The original CD received from OSP containing the Network repricing spreadsheet.
  - b. The CD created by the vendor containing the Network Repricing Submission.
  - c. A copy of the Network Repricing Submission CD.
3. All three submitted Network Repricing CDs **must** be separately sealed from the Technical Proposal Packet and should be clearly marked as "Pricing".

4. **DO NOT** include any other documents or ancillary information, such as a cover letter or promotional/marketing information.

D. Additional Copies and Redacted Copy of the *Technical Proposal Packet*

In addition to the original *Technical Proposal Packet*, *Official Bid Price Sheet*, and the *Network Repricing Submission on CD*, the following items should be submitted:

1. Additional Copies of the *Technical Proposal Packet*
  - a. Three (3) complete hard copies (marked "COPY") of the *Technical Proposal Packet*.
  - b. Four (4) electronic copies of the *Technical Proposal Packet*, preferably on flash drives. CDs will also be acceptable.
  - c. All additional hard copies and electronic copies **must** be identical to the original hard copy. In case of a discrepancy, the original hard copy **shall** govern.
  - d. If OSP requests additional copies of the proposal, the copies **must** be delivered within twenty-four (24) hours of request.
2. One (1) redacted (marked "REDACTED") copy the original *Technical Proposal Packet*, preferably on a flash drive. A CD will also be acceptable. (See *Proprietary Information*.)

**1.8 ORGANIZATION OF RESPONSE DOCUMENTS**

- A. It is strongly recommended that vendors adhere to the following format and suggestions when preparing their Technical Proposal response.
- B. The original *Technical Proposal Packet* and all copies should be arranged in the following order.
  - *Proposal Signature Page*.
  - *All Agreement and Compliance Pages*.
  - *Proposed Subcontractors Form*.
  - Signed Addenda, if applicable.
  - E.O. 98-04 – *Contract Grant and Disclosure Form*.
  - *Equal Opportunity Policy*.
  - *Voluntary Product Accessibility Template (VPAT)*.
  - Other documents and/or information as may be expressly required in this *Bid Solicitation*. Label documents and/or information so as to reference the *Bid Solicitation's* item number.
  - Technical Proposal response to the *Information for Evaluation* section of the *Technical Proposal Packet*.

**1.9 CLARIFICATION OF BID SOLICITATION**

- A. Any questions requesting clarification of information contained in this *Bid Solicitation* **must** be submitted in writing via email by 4:00 p.m., Central Time on or before April 25, 2017 to the OSP buyer as shown on page one (1) of this *Bid Solicitation*.
  1. For each question submitted, vendor should reference the specific solicitation item number to which the question refers.
  2. Vendors' written questions will be consolidated and responded to by the State. The State's consolidated written response is anticipated to be posted to the OSP website by the close of business on May 3, 2017.
- B. Vendors may contact the OSP buyer with non-substantive questions at any time prior to the bid opening.
- C. No oral statement by OSP is part of any contract resulting from this solicitation and may not reasonably be relied on by any vendor as an aid to interpretation unless it is reduced to writing and expressly adopted by OSP.

**1.10 PROPOSAL SIGNATURE PAGE**

- A. An official authorized to bind the vendor(s) to a resultant contract **must** sign the *Proposal Signature Page* included in the *Technical Proposal Packet*.
- B. Vendor's signature on this page **shall** signify vendor's agreement that either of the following **shall** cause the vendor's proposal to be disqualified:
  - 1. Additional terms or conditions submitted intentionally or inadvertently.
  - 2. Any exception that conflicts with a Requirement of this *Bid Solicitation*.

**1.11 AGREEMENT AND COMPLIANCE PAGES**

- A. Vendor **must** sign all *Agreement and Compliance Pages* relevant to each section of the *Bid Solicitation Document*. The *Agreement and Compliance Pages* are included in the *Technical Proposal Packet*.
- B. Vendor's signature on these pages **shall** signify agreement to and compliance with all Requirements within the designated section.

**1.12 SUBCONTRACTORS**

- A. Vendor **must** complete, sign and submit the *Proposed Subcontractors Form* included in the *Technical Proposal Packet*.
- B. Additional subcontractor information may be required or requested in the following sections of this *Bid Solicitation* or in the *Information for Evaluation* section provided in the *Technical Proposal Packet*. **Do not** attach any additional information to the *Proposed Subcontractors Form*.
- C. ASP **shall** have final approval of all subcontractors.

**1.13 PRICING**

- A. All pricing **must** be disclosed on the *Office Bid Price Sheet* and on the *Network Repricing Submission CD* only. The *Official Bid Price Sheet* is provided as a separate excel file posted with this *Bid Solicitation*.
- B. In addition to the pricing on the *Official Bid Price Sheet*, vendors **must** submit the *Network Repricing on CD* for a sample of drug claims provided by ASP. The *Network Repricing Table* (Table D of the *Official Bid Price Sheet*) will be the basis for a portion of the Cost Score, along with the pricing of Tables A, B, and C of the *Official Bid Price Sheet*.
- C. To allow time to evaluate proposals, prices **must** be valid for 180 days following the bid opening.
- D. The *Official Bid Price Sheet*, including the hard copy and electronic copy, along with the original *Network Repricing CD*, *Network Repricing Submission CD* and Copy of the *Network Repricing Submission CD* **must** be separately sealed from the *Technical Proposal Packet* and should be clearly marked as "Pricing".

**NOTE: The Official Bid Price Sheet contains two tabs.**

- E. Failure to complete and submit the *Official Bid Price Sheet* and the *Network Repricing* **shall** result in disqualification.
- F. The State **shall not** be obligated to pay any costs not identified on the *Official Bid Price Sheet*. Any cost not identified on the *Official Bid Price Sheet* **shall** be borne by the vendor.
- G. The vendor **shall not** include any pricing from the *Official Bid Price Sheet* or the *Network Repricing CD* in the hard copies or electronic copies of their *Technical Proposal Packet*.
- H. All proposal pricing **must** be in United States dollars and cents.
- I. The *Official Bid Price Sheet* may be reproduced as needed.
- J. The drug claims sampling for *Network Repricing* will be provided to the vendor on CD. The CD will contain 12 months of claims history. The vendor **shall** provide their *Network Repricing* for each drug claim by filling in the

required fields in the specified spreadsheet format on another submission CD. The Network Repricing Totals from the submission CD **must** be entered into Table D of the Official Price Sheet. The original Network Repricing CD, the Network Repricing Submission CD, and a copy of the Network Repricing Submission CD **must** be provided in the pricing packet.

- K. All Network Repricing submissions will be reviewed by an actuary and/or a managed care pharmacy expert chosen by ASP to ensure the viability of the Network Repricing costs and the acceptability of any and all assumptions and caveats. If the actuary and/or the pharmacy expert determine a vendor's Network Repricing submission is not viable or that assumptions and caveats are unacceptable (for example, if pricing does not reflect market conditions and as a result, the overall numbers are manipulated to be falsely low) the vendor's proposal may be disqualified.
- L. To obtain a copy of the Network Repricing CD containing the Network Claims Data Files for pricing submission, the vendor **must** make a request in writing to Angela Allman at the State Procurement Office. Email, fax, or hard copy deliveries of requests are acceptable. Upon receipt of the request and necessary shipping information, the vendor will be notified by email that a copy of the CD will be shipped within one business day. Standard shipping will be through the U.S. Postal Service. If requested, shipment can also be made through UPS or FedEx. If the vendor requests delivery via UPS or FedEx, the vendor **must** provide a FedEx pre-paid account number or a UPS shipping label to cover costs for these deliveries.
- M. To request the CD:
- By mail: Office of State Procurement  
1509 West Seventh Street, Room 300  
Little Rock, AR 72201-4222  
Attn: Angela Allman
  - By email: [angela.allman@dfa.arkansas.gov](mailto:angela.allman@dfa.arkansas.gov)
  - By fax: 501-324-9311  
Attn: Angela Allman

In the request, the vendor **must** provide:

- Company name and address where CD is to be shipped
- Contact name, address, email, and phone number
- Desired method of shipment: USPS, FedEx, or UPS
- If FedEx or UPS:
  - State desired shipping time (standard, 2-day, overnight, etc.)
  - Provide pre-paid Fed-Ex account number or UPS shipping label to cover cost of shipping
  - Provide physical shipping address (not a PO Box)

**NOTE: The Official Bid Price Sheet and the original Network Repricing CD containing the Network Repricing spreadsheet, the CD for Network Repricing Submission, and a copy of the Network Pricing Submission CD must be sealed separately. Pricing information must not be included in the vendor's response to the Technical Proposal Packet.**

- N. The vendor **shall** indicate the total "Implementation Fee" charged by the vendor for expenses incurred during the Implementation Period, as instructed on the Official Bid Price Sheet Table B. The One Time Fee will be payable beginning the month of the Go Live Date as specified in this solicitation unless an alternate Go Live Date is agreed upon during contract negotiations.
- O. The vendor **shall not** receive any compensation from or on behalf of the ASP for the services described in this proposal or any subsequent contract, except for quoted fees as listed on the Official Bid Price Sheet, or agreed upon in writing through subsequent discussion with ASP.
- P. The vendor **shall** submit drug claims processing fees on a per filled prescription basis on the Official Bid Price Sheet.

**1.14 PRIME CONTRACTOR RESPONSIBILITY**

- A. A single vendor **must** be identified as the prime contractor.
- B. The prime contractor **shall** be responsible for the contract and jointly and severally liable with any of its subcontractors, affiliates, or agents to the State for the performance thereof.

**1.15 INDEPENDENT PRICE DETERMINATION**

- A. By submission of this proposal, the vendor certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that in connection with this proposal:
  - The prices in the proposal have been arrived at independently, without collusion.
  - No prior information concerning these prices has been received from, or given to, a competitive company.
- B. Evidence of collusion **shall** warrant consideration of this proposal by the Office of the Attorney General. All vendors **shall** understand that this paragraph may be used as a basis for litigation.

**1.16 PROPRIETARY INFORMATION**

- A. Submission documents pertaining to this *Bid Solicitation* become the property of the State and are subject to the Arkansas Freedom of Information Act (FOIA).
- B. One (1) complete copy of the submission documents from which any proprietary information has been redacted should be submitted on a flash drive in the *Technical Proposal Packet*. A CD is also acceptable.
- C. Except for the redacted information, the redacted copy **must** be identical to the original hard copy, reflecting the same pagination as the original and showing the space from which information was redacted.
- D. The vendor **shall** be responsible for identifying all proprietary information and for ensuring the electronic copy is protected against restoration of redacted data.
- E. The redacted copy **shall** be open to public inspection under the Freedom of Information Act (FOIA) without further notice to the vendor.
- F. If a redacted copy of the submission documents is not provided with vendor's response packet, a copy of the non-redacted documents, with the exception of financial data (other than pricing), **shall** be released in response to any request made under the Arkansas Freedom of Information Act (FOIA).
- G. If the State deems redacted information to be subject to FOIA, the vendor will be contacted prior to release of the documents.

**1.17 CAUTION TO VENDORS**

- A. Prior to any contract award, all communication concerning this *Bid Solicitation* **must** be addressed through OSP.
- B. Vendor **must not** alter any language in any solicitation document provided by the State.
- C. Vendor **must not** alter the Official Bid Price Sheet.
- D. All official documents and correspondence related to this solicitation **shall** be included as part of the resultant contract.
- E. Proposals **must** be submitted only the English language.
- F. The State **shall** have the right to award or not award a contract, if it is in the best interest of the State to do so.
- G. Vendor **must** provide clarification of any information in their response documents as requested by OSP.
- H. Qualifications and proposed services **must** meet or exceed the required specifications as set forth in this *Bid Solicitation*.

I. Vendors may submit multiple proposals.

### 1.18 **REQUIREMENT OF ADDENDUM**

- A. This *Bid Solicitation* **shall** be modified only by an addendum written and authorized by OSP.
- B. An addendum posted within three (3) calendar days prior to the bid opening **shall** extend the bid opening and may or may not include changes to the Bid Solicitation.
- C. The vendor **shall** be responsible for checking the OSP website, <http://www.arkansas.gov/dfa/procurement/bids/index.php>, for any and all addenda up to bid opening.

### 1.19 **AWARD PROCESS**

#### A. Successful Vendor Selection

The Overall Total Score for each vendor, which **shall** be a sum of the Technical Score and Cost Scores, **shall** be used to determine the ranking of proposals. The State may move forward to negotiations with those responsible offerors determined, based on the ranking of the proposals, to be reasonably susceptible of being selected for award.

#### B. Negotiations

1. If the State so chooses, it **shall** have the right to conduct negotiations with the highest ranking vendors. All negotiations **shall** be conducted at the sole discretion of the State. The State **shall** solely determine the items to be negotiated.
2. If negotiations fail to result in a contract, the State may begin the negotiation process with the next highest ranking vendor. The negotiation process may be repeated until the anticipated successful vendor has been determined, or until such time the State decides not to move forward with an award.

#### C. Anticipation to Award

1. Once the anticipated successful vendor has been determined, the anticipated award will be posted on the OSP website at [http://www.arkansas.gov/dfa/procurement/pro\\_intent.php](http://www.arkansas.gov/dfa/procurement/pro_intent.php).
2. The anticipated award will be posted for a period of fourteen (14) days prior to the issuance of a contract. Vendors and agencies are cautioned that these are preliminary results only, and a contract will not be issued prior to the end of the fourteen day posting period.
3. OSP **shall** have the right to waive the policy of Anticipation to Award when it is in the best interest of the State.
4. It is the vendor's responsibility to check the OSP website for the posting of an anticipated award.

#### D. Issuance of Contract

1. Any resultant contract of this *Bid Solicitation* **shall** be subject to State approval processes which may include Legislative review.
2. A State Procurement Official will be responsible for award and administration of any resulting contract.

### 1.20 **MINORITY BUSINESS POLICY**

A. Minority is defined by Arkansas Code Annotated § 15-4-303 as a lawful permanent resident of this State who is:

- African American
- American Indian
- Asian American
- Hispanic American
- Pacific Islander American
- A Service Disabled Veterans as designated by the United States Department of Veteran Affairs



- B. The Arkansas Economic Development Commission conducts a certification process for minority businesses and disabled veterans. The vendor's Certification Number should be included on the vendor's *Proposal Signature Page*.

#### 1.21 **EQUAL OPPORTUNITY POLICY**

- A. In compliance with Arkansas Code Annotated § 19-11-104, OSP is required to have a copy of the vendor's *Equal Opportunity (EO) Policy* prior to issuing a contract award.
- B. *EO Policies* may be submitted in electronic format to the following email address: [eeopolicy.osp@dfa.arkansas.gov](mailto:eeopolicy.osp@dfa.arkansas.gov), but should also be included as a hardcopy accompanying the solicitation response.
- C. The submission of an *EO Policy* to OSP is a one-time Requirement. Vendors are responsible for providing updates or changes to their respective policies, and for supplying *EO Policies* upon request to other State agencies that **must** also comply with this statute.
- D. Vendors, who are not required by law by to have an *EO Policy*, **must** submit a written statement to that effect.

#### 1.22 **PROHIBITION OF EMPLOYMENT OF ILLEGAL IMMIGRANTS**

- A. Pursuant to Arkansas Code Annotated § 19-11-105, prior to the award of a contract, selected vendor(s) **must** have a current certification on file with OSP stating that they do not employ or contract with illegal immigrants.
- B. OSP will notify the selected vendor(s) prior to award if their certification has expired or is not on file. Instructions for completing the certification process will be provided to the vendor(s) at that time.

#### 1.23 **PAST PERFORMANCE**

In accordance with provisions of State Procurement Law, specifically OSP Rule R5:19-11-230(b)(1), a vendor's past performance with the State may be used to determine if the vendor is "responsible". Proposals submitted by vendors determined to be non-responsible **shall** be disqualified.

#### 1.24 **TECHNOLOGY ACCESS**

- A. When procuring a technology product or when soliciting the development of such a product, the State of Arkansas is required to comply with the provisions of Arkansas Code Annotated § 25-26-201 et seq., as amended by Act 308 of 2013, which expresses the policy of the State to provide individuals who are blind or visually impaired with access to information technology purchased in whole or in part with state funds. The Vendor expressly acknowledges and agrees that state funds may not be expended in connection with the purchase of information technology unless that technology meets the statutory Requirements found in 36 C.F.R. § 1194.21, as it existed on January 1, 2013 (software applications and operating ICSs) and 36 C.F.R. § 1194.22, as it existed on January 1, 2013 (web-based intranet and internet information and applications), in accordance with the State of Arkansas technology policy standards relating to accessibility by persons with visual impairments.
- B. ACCORDINGLY, THE VENDOR EXPRESSLY REPRESENTS AND WARRANTS to the State of Arkansas through the procurement process by submission of a Voluntary Product Accessibility Template (VPAT) for 36 C.F.R. § 1194.21, as it existed on January 1, 2013 (software applications and operating ICSs) and 36 C.F.R. § 1194.22, that the technology provided to the State for purchase is capable, either by virtue of features included within the technology, or because it is readily adaptable by use with other technology, of:
  - 1. Providing, to the extent required by Arkansas Code Annotated § 25-26-201 et seq., as amended by Act 308 of 2013, equivalent access for effective use by both visual and non-visual means
  - 2. Presenting information, including prompts used for interactive communications, in formats intended for non-visual use
  - 3. After being made accessible, integrating into networks for obtaining, retrieving, and disseminating information used by individuals who are not blind or visually impaired
  - 4. Providing effective, interactive control and use of the technology, including without limitation the operating system, software applications, and format of the data presented is readily achievable by nonvisual means;

5. Being compatible with information technology used by other individuals with whom the blind or visually impaired individuals interact
  6. Integrating into networks used to share communications among employees, program participants, and the public
  7. Providing the capability of equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired
- C. State agencies cannot claim a product as a whole is not reasonably available because no product in the marketplace meets all the standards. Agencies **must** evaluate products to determine which product best meets the standards. If an agency purchases a product that does not best meet the standards, the agency must provide written documentation supporting the selection of a different product, including any required reasonable accommodations.
- D. For purposes of this section, the phrase “equivalent access” means a substantially similar ability to communicate with, or make use of, the technology, either directly, by features incorporated within the technology, or by other reasonable means such as assistive devices or services which would constitute reasonable accommodations under the Americans with Disabilities Act or similar state and federal laws. Examples of methods by which equivalent access may be provided include, but are not limited to, keyboard alternatives to mouse commands or other means of navigating graphical displays, and customizable display appearance. As provided in Arkansas Code Annotated § 25-26-201 et seq., as amended by Act 308 of 2013, if equivalent access is not reasonably available, then individuals who are blind or visually impaired **shall** be provided a reasonable accommodation as defined in 42 U.S.C. § 12111(9), as it existed on January 1, 2013.
- E. If the information manipulated or presented by the product is inherently visual in nature, so that its meaning cannot be conveyed non-visually, these specifications do not prohibit the purchase or use of an information technology product that does not meet these standards.

#### 1.25 **COMPLIANCE WITH THE STATE SHARED TECHNICAL ARCHITECTURE PROGRAM**

The respondent’s solution **must** comply with the State’s shared Technical Architecture Program which is a set of policies and standards that can be viewed at: <http://www.dis.arkansas.gov/policiesStandards/Pages/default.aspx>. Only those standards which are fully promulgated or have been approved by the Governor’s Office apply to this solution.

#### 1.26 **VISA ACCEPTANCE**

- A. Awarded vendor should have the capability of accepting the State’s authorized VISA Procurement Card (p-card) as a method of payment.
- B. Price changes or additional fee(s) **shall not** be levied against the State when accepting the p-card as a form of payment.
- C. VISA is not the exclusive method of payment.

#### 1.27 **PUBLICITY**

- A. Vendors **shall not** issue a news release pertaining to this *Bid Solicitation* or any portion of the project without OSP’s prior written approval.
- B. Failure to comply with this Requirement **shall** be cause for a vendor’s proposal to be disqualified.

#### 1.28 **RESERVATION**

The State **shall not** pay costs incurred in the preparation of a proposal.

## **SECTION 2 – MINIMUM REQUIREMENTS**

- **Do not provide responses to items in this section unless specifically and expressly required.**

### **2.1 INTRODUCTION**

The Office of State Procurement (OSP), on behalf of the Arkansas State Police (ASP) is seeking proposals and pricing for the following services to be provided by a Pharmacy Benefit Manager (PBM) for the ASP's self-funded Health Plan Program (Plan):

- Claims Processing
- Financial Reporting
- Data Collection and Storage
- Customer Service (Pharmacy/Provider and Member)
- Comprehensive Pharmacy Network Administration/Provider Relations
- Pharmacy Auditing Program
- Specialty Pharmacy Program
- Accumulator Coordination with Medical Carriers
- Online and interactive formulary information for participants
- Medicare RDS Services
- Benefit Administration
- Mail Order Program
- Evidence Based Reference Pricing
- Pharmacy Rebate Services

### **2.2 VENDOR QUALIFICATIONS**

- A. The vendor **shall** currently be administering at least one self-funded pharmacy plan with membership totals in excess of 3,000.
- B. The vendor **shall** have a minimum of five (5) years' experience providing the PBM services outlined in this solicitation including but not limited to the following:
  1. Development and implementation of claims administrations systems incorporating ANSI X12 HIPPA transactions which includes but is not limited to the 834 eligibility file
  2. Coordinating the development, implementation, and management of a public employer pharmacy benefit plan
  3. Claims processing and claims payment
  4. Network administration
  5. Customer service
- C. Prior to award, the vendor **shall** be licensed and legally authorized to conduct business as a PBM in the State of Arkansas. The vendor **shall** provide evidence of applicable licensing to ASP upon request.
- D. The vendor **shall** be located within the continental United States. The vendor **shall** perform all services outlined in this solicitation from within the continental United States. The vendor **shall** create, maintain, and store all data related to any resultant contract within the continental United States, and at no time **shall** any data leave the continental United States.

### **2.3 BACKGROUND AND CURRENT ENVIRONMENT**

- A. The objective of the ASP Plan is to provide high quality pharmaceutical services at the lowest possible cost in order to maintain Plan stability and ensure transparency with the PBM's program.
- B. Currently, ASP's Third Party Administrator is QualChoice. The Third Party Administrator may change during the life of any resultant contract from this RFP. The vendor **shall** coordinate with any future ASP Third Party Administrator per the requirements of this RFP.

- C. ASP and its partners have historically taken a hands-on approach in managing its pharmacy benefit and currently has a relationship with an evidence based risk management program provided by RxResults, a third party vendor. For this reason, a subset of traditional PBM services comprises the nucleus of this solicitation, which **shall** include Pharmacy Rebate Services.
1. The RxResults' initiatives have been integrated and implemented into the current PBM's claims processing system and is currently utilized by ASP.
  2. The evidence based risk management program includes initiatives to move patients from high cost brand and generic drugs to lower cost alternatives to ensure patient therapies follow best practices and national guidelines and to avoid plan and member costs for drug products that do not have value over other lower cost treatments.
  3. These initiatives also include the reference pricing of drugs, where a per unit price is defined based on low cost drug alternatives. Accordingly, the ASP Plan covers a fixed reference price amount per unit of drug leaving the member responsible for payment of the total drug cost balance.
  4. If the awarded vendor of this solicitation implements similar initiatives, such as reference pricing, drug exclusions, and prior authorizations, the initiatives may affect drugs that may be preferred drugs on a PBM's preferred drug list for formulary as well as volume as it relates to drug manufacturer's rebates.
- D. ASP currently covers approximately 3,100 ASP employees, retirees, and their dependents under its self-funded Plan.
- E. The effective date for the ASP Pharmacy Plan Year **shall** be January 1, 2018.
- F. The vendor **shall** handle both pharmacy customer service and member customer service.
- G. The pharmacy Plan **must** share the goals mandated for the Arkansas State Police as defined in Arkansas Code 12-8-210 et seq:
1. Set and manage policies for the health insurance and life insurance programs
  2. Work in a concerted effort toward a common goal of parity
  3. Improve the quality of health care services under the program
  4. Increase participants' understanding of program features
  5. Slow the rate of growth in health care expenses under the programs
- H. ASP **shall** have sole authority to control and administer the Plan under the policies established by the ASP Health Plan Administrator and the ASP Commission. Although the required Plan design may change during the term of the contract awarded from this solicitation, the current required Plan design includes:
1. A three tier formulary for generic, brand formulary, brand non-formulary (\$15 / \$40 / \$65)
  2. Prior Authorization (PA) for some medications
  3. Quantity Limits (QL)
  4. Daily Dose Edits that are intended to prevent waste and unnecessary costs
  5. Daily Dose Edits in order to eliminate inappropriate utilization of medications intended for once daily use
  6. Reference Pricing (RP)
  7. Step-Therapy (ST), a method of encouraging the use of lower cost, but therapeutically effective alternatives to the newer and potentially more expensive drugs

- I. The Plan has no incentive for mail order or for multiple month supply for maintenance medications and is not expected to change throughout the duration of the term of the contract.
- J. The current claims utilization depicted in the following tables is a high-level view of the utilization of the Plan for January 1, 2016 to December 31, 2016. The information below is provided for informational purposes only, presented in good faith, and based on reports generated by the current PBM. The utilization of any resultant contract may differ from the data depicted below. The vendor **shall** administer the Plan as specified in this solicitation regardless of utilization.

<b><u>Claims Utilization for 2016</u></b>		
<b>Pharmacy Claims</b>	<b>Total</b>	<b>Specialty</b>
Paid	56,586	217

<b><u>Current Prescription / Utilization Summary</u></b>	
<b>Top 10 Therapeutic Classes by Plan Paid Amount for 2016</b>	
Antidiabetic Agents	\$660,611.55
Psychotherapeutic Agents	\$264,920.56
Antiasthmatics	\$204,065.91
Analgesics	\$307,246.03
Antihyperlipidemics	\$54,386.13
Ulcer Drugs	\$124,765.59
ADHD Agents	\$116,181.16
Anticonvulsants	\$46,329.57
Assorted Classes	\$170,592.39
Antihypertensives	\$24,662.03

1. Current Generic Dispensing Rate: 83.8%

## 2.4 **GENERAL REQUIREMENTS**

- A. All data and information created and/or maintained by the vendor as a result of this agreement **shall** be the property of ASP. The vendor **shall not** use the data for any purpose other than payment and analysis unless authorized in writing by ASP in advance. When requested by ASP, the vendor **shall** provide said data to ASP within three (3) business days of receipt of the request in a format approved by ASP.
- B. Although the regulations affecting this Plan under Patient Protection and Affordable Care Act (healthcare reform) are evolving, the vendor **shall** operate in full compliance with all applicable State and federal laws.
- C. The rate of reimbursement and any dispensing fee amount, of which the ASP Health Plan Administrator has full authority and ownership, will be subject to change at the direction of ASP Health Plan Administrator. The vendor **shall** accept the changes as directed by ASP's Health Plan Administrator.
- D. The vendor **shall** allow all specialty medications to be dispensed at any network Arkansas pharmacies and non-Arkansas pharmacies.
- E. ASP **shall** have the final decision as to the interpretation of any clause, issue, or discrepancy contained within this RFP and with any resulting contract.
- F. The vendor **shall not** undertake a major conversion for, or related to, the system used to deliver services to the Plan without prior specific written notice of implementation to ASP. This does not apply to any program fixes, modifications, and enhancements. ASP **shall** have the right to reject any proposed conversion.

- G. The vendor **shall** provide an Account Manager to be the primary point of contact and to be the person held accountable for all issues that arise with regard to the Plan. The Account Manager **shall** have the authority to escalate issues for immediate resolution and those instructions given to vendor staff from the Account Manager **shall** be taken as if directly given from ASP Health Plan Administrator.
- H. The Account Manager **shall** attend two (2) Health Plan review meetings at ASP Headquarters in Little Rock, Arkansas. All travel related expenses including but not limited to travel fees, lodging, and meals **shall** be borne by the vendor. ASP will provide the vendor with specific dates and times no later than one week prior to the meetings being held.
- I. If requested by ASP, the vendor **shall** immediately replace the assigned Account Manager. The act of replacing the Account Manager **must not** disrupt daily operations as it pertains to the services performed by the vendor under any contract resulting from this RFP.
- J. The vendor **shall not** make Plan coverage changes in their system without a written request from ASP management.
- K. Throughout the term of this contract, as requested by ASP or as required by law, the State **shall** have the right to add or remove any services offered by the vendor under the scope of this contract. These services may be existing optional services as offered in the vendor's proposal, or they may be newly created services based on improving technology or federal or State mandates which fall under the scope of work. Pricing for any of these services, which are not already submitted on the Official Bid Price Sheet, **must**:
  - 1. Be negotiated if or when the services are added
  - 2. Be consistent with current contract pricing for similar services
  - 3. Be agreed upon in writing between ASP and vendor prior to implementation of the service
- L. If at any time throughout the duration of the contract a 5% or greater change is made to ASP's population of members with prescription drug coverage as determined on a monthly basis by ASP, then ASP **shall** have the right to re-negotiate the Per Prescription Filled fee as presented on the vendor's Official Bid Price Sheet. For example, if the Plan no longer provides drug coverage to Medicare eligible retirees, the vendor **shall** renegotiate a fee that more accurately reflects the new ratio of members to prescription drug claims.
- M. If at any time there is more than a 5% increase in claim cost compared to the submitted Network Repricing as determined on a monthly basis by ASP, the vendor **shall** provide a written, detailed explanation to ASP for approval of the claim cost increase. Increases that cannot be justified as reasonably determined by ASP, **shall** result in damages as outlined in the Performance Standards.
- N. The vendor **shall** be financially liable for any costs incurred due to erroneous claims processing performed by the vendor (e.g. incorrect quantity instructions). Neither ASP nor the members **shall** bear any financial liability incurred due to erroneous claims processing by the vendor and **shall not** be exposed to billing from the provider.

## 2.5 **IMPLEMENTATION REQUIREMENTS**

- A. During the Implementation Period the vendor **shall** perform the start-up and implementation activities necessary to begin the successful performance of the services outlined in this RFP and to achieve full implementation by the Go-Live Date.
- B. The vendor **shall not** receive any kind of "administration" fee during the Implementation Period for any reason. Applicable administration fees will be paid beginning the month of the Go Live Date unless an alternate Go Live Date is agreed upon between ASP and the vendor during contract negotiations. ASP **shall** have final determination of the Go Live Date.
- C. The Arkansas State Police Health Plan **shall not** accept any Implementation Bonus or Incentive, or other payment from the vendor or other third party for or as a result of their selection from this RFP, and the vendor **shall not** add any payment of this type to the Official Bid Price Sheet.

- D. ASP **shall** have the right to impose damages as described in the Performance Standards for any failure by the vendor to meet established goals or milestones including but not limited to full implementation by the Go Live Date.
- E. A significant amount of configuration will likely be needed to properly address established rules, exclusions, limitations, and other elements of current design that cannot be effectively provided within this RFP. The vendor **shall** be responsible for these configurations.
- F. The vendor **shall** submit the one time implementation fee in *Table B: Implementation* on the Official Bid Price Sheet. The one time implementation fee recorded in *Table B: Implementation* **shall** be included in the low cost determination.
- G. ASP **shall** approve final implementation timeline and details.

## 2.6 **PRIVACY AND SECURITY REQUIREMENTS**

- A. Prior to award, the vendor **shall** complete and sign the Business Associate Agreement. A sample Business Associate Agreement is listed as Attachment A and posted with this RFP.
- B. The vendor and the vendor's subcontractor(s) data systems that the vendor or the vendor's subcontractor(s) intend to utilize while performing the services outlined in this RFP, including the transmission and warehousing of any member information **must** be SAS-70 Level II and/or SSAE-16 compliant.
- C. The vendor **shall** remove or mask all but the last four (4) digits of a member's Social Security Number (SSN) from any printed report, letter, or other form of communication.
- D. The vendor **shall** use an alternative member identification number that **shall not** be a Social Security Number for communication and reporting purposes. The vendor and ASP **shall** mutually agree upon the alternate identification number.
- E. The vendor **shall not** use, sell, or otherwise disclose any employee or Plan information to an outside party unless specifically provided in order to comply with the requirements and operations of the Plan. Any use, selling, or disclosure of employee or Plan information provided in order to comply with the requirements and operations of the Plan **must** be approved in writing by the ASP, in advance.
- F. The vendor **shall** comply with HIPAA and other federal and/or State mandates including privacy, security, and electronic data transfer requirements.
- G. Any current and future employees of the vendor or any of the vendor's subcontractor(s) that will be performing services on any contract resulting from this RFP **shall** have attended or **shall** attend HIPAA training prior to performing work on the ASP account or accessing Plan records. The vendor **shall** provide documentation of such training to ASP upon request.
- H. If requested by ASP, the vendor **shall** provide documentation regarding any HIPAA training provided to vendor's staff or the vendor's subcontractors, if any. The information provided to ASP **must** contain the following:
  - 1. Staff's qualifications
  - 2. Training
  - 3. Certifications
  - 4. Any other pertinent information as determined by ASP
- I. The vendor **shall** have an emergency operations/disaster recovery plan currently in place including redundant systems in order to avoid loss of data.

## 2.7 **SERVICE REQUIREMENTS**

- A. The vendor **shall** provide daily pharmacy claims detail data to ASP monthly via secure email. Pharmacy claims detail data **must** include but not be limited to the following:

1. Claim transaction status including paid, reversed and rejected
  2. Patient/member identification information
  3. Prescriber NPI and Pharmacy NPI
  4. Relevant prescription dates
  5. Drug identifier ( NDC-11)
  6. Prescription number and/or refill number
  7. Approved total patient paid amount, approved total plan paid amount, and deductible applied amount
  8. Days' supply and quantity
  9. Compound indicator, DAW indicator, formulary indicator, and/or specialty drug indicator
  10. Prior authorization number as applicable
- B. The vendor or the vendor's subcontractor **shall** provide evidence based reference pricing services which **must** include but not be limited to the following:
1. Initiatives to move patients from high cost brand and generic drugs to lower cost alternatives to ensure compliance with best practices and national guidelines
  2. Reviewing prescription claims for medical necessity, quantity, and pricing and providing approvals and/or denials as well as information and correspondence applicable to the review to members and physicians.
  3. Creating and issuing letters to members and physicians on behalf of the Plan such as Adverse Determination Letters, Step Therapy Letters, and Formulary Change Letters, and/or other correspondence as determined necessary by ASP.
    - a. In the event the vendor or the vendor's subcontractor denies a prescription claim, the vendor or the vendor's subcontractor **shall** include information in the correspondence to the member that informs the member of an alternate option available to them under the Plan.
    - b. The vendor **shall not** copy ASP on this type of communication but **shall** provide evidence of such correspondence to ASP if requested.
- C. If the vendor utilizes subcontractors for evidence-based risk management initiatives such as reference pricing, the vendor **shall**:
1. Create login IDs and necessary credentials in the awarded vendor's claims system for any of the awarded vendor's subcontractors as required by ASP.
  2. Allow and provide access for utilized subcontractors to the awarded vendor's claims system in order to perform prior authorization functions including the ability of real-time viewing of claims transactions, the ability to enter prior authorizations in the awarded vendor's claims system, and the ability to add related notes when appropriate.
  3. Provide training relevant to the awarded vendor's claims system upon award for subcontractor's personnel including training on viewing claims and entering prior authorizations, if requested by ASP.
  4. Provide full integration and implementation of the subcontractor's business rules and initiatives if any, including information regarding Specialty and Traditional drug transactions into the awarded vendor's claims system including but not limited to the following:
    - a. Prior authorizations



- b. Step Therapy
- c. Drug Exclusion
- d. Reference Pricing (where a patient pays the difference between a specified per unit price maximum and the approved per unit price of a specified target drug, etc).
- e. Applicable MediSpan GPI of Target Drug
- f. Multisource Indicator
- g. OTC Indicator
- h. Custom Response Message

5. ASP **shall** retain full control regarding the selection and implementation of any subcontractor's recommended initiatives.

- D. The vendor **shall** incorporate a "lesser than" logic regarding the payment of prescription drugs and the pricing of claims to ensure the lowest price for the Plan and to protect the member from paying more than the negotiated retail price for prescriptions ( e.g., lowest amount of pharmacy submitted pricing, PBM contracted price, MAC price, etc.)
- E. The vendor **shall** post a custom Preferred Drug List (PDL) to the online member portal in its services to the member. The custom PDL is typically the PBM's standard PDL with drugs targeted for reference pricing or exclusions removed when there is a conflict. The drugs targeted for reference pricing will remain "formulary" drugs in the claims system. However, the vendor **shall** remove the targeted drugs from the document used by members.
- F. The vendor **shall** provide written notification to ASP regarding standard, upcoming formulary / PDL changes at least 30 days prior to the effective dates of those changes. In the notification, the vendor **shall** include the drugs being added and the drugs being removed.
- G. The vendor **shall** customize and send Prior Authorization Required notifications to pharmacies. These notifications **must** include the subcontractors Prior Authorization call center phone number, if the vendor is utilizing subcontractors.
- H. The vendor **shall** provide consultation to the ASP Health Plan Administrator regarding potential changes required of the Plan based on new State or federal regulations and consultation regarding the services outlined in this RFP as requested by ASP. The consultation provided **must** support the Plan and ASP's objectives. Such consultation is not to be considered legal advice and should be viewed as a standard service the vendor offers and not a billable event. The vendor **shall** include the cost of this services in Table A: Processing and Administration on the Official Bid Price Sheet.
- I. In order for ASP to stay informed on the general progress of the services being rendered by the vendor and the satisfaction of the members, the vendor **shall** meet with ASP as follows:
  - 1. For weekly conference calls during the Implementation Period or as requested by ASP.
  - 2. For quarterly conference calls after the Implementation Period or as requested by ASP.

## 2.8 **ADMINISTRATIVE REQUIREMENTS**

- A. The vendor **shall** provide transparent administration of the Plan as determined by ASP and as defined in this RFP.
- B. Throughout the life of this contract, the ASP Health Plan Administrator policy decisions **shall** be final.
- C. The vendor **shall** utilize ASP's secure messaging and task service in all correspondence with ASP.
- D. The vendor **shall** utilize secure file transfer protocol as defined by ASP.

- E. The vendor **shall** send daily accumulator files to ASP's Third Party Administrator (QualChoice) within two (2) business days of processing a claim.
- F. The vendor **shall** create and send mail outs to the ASP Plan members, pharmacies, and providers regarding formulary changes, generic therapeutic alternatives, mail order recalls, or other information as deemed necessary by ASP.
  - 1. The vendor **shall** coordinate mail outs and all other external communications pertaining to the ASP Health Plan through the ASP Health Plan Administrator including but not limited to external communications to members, pharmacies, and providers. ASP **shall** reserve the right of final approval of all communication documents prior to distribution.
- G. The vendor's pricing and processing logic **must** remain identical and consistent between mail, retail, and specialty pharmacies unless otherwise specified by ASP or agreed to in writing during Implementation Period.
- H. The vendor **shall not** price claims differently for any pharmacy that is owned or is a subsidiary of the vendor unless specifically approved in writing by ASP in advance.
- I. The vendor **shall not** promote any out of State mail order pharmacy or specialty pharmacy and **shall not** provide discounted copays to members for using any out of State mail order pharmacy or specialty pharmacy unless specifically approved in writing by ASP in advance.

## 2.9 **BENEFITS ADMINISTRATION REQUIREMENTS**

- A. The vendor **shall** implement Plan changes as specified by ASP.
- B. Unless waived by ASP, the vendor **shall** make Plan changes (e.g. member benefit changes) within five (5) business days from request by ASP and **shall** report documented and auditable quality control measures to ASP electronically.
- C. For numerous or complex changes that may take beyond five (5) business days (such as significant benefit structure changes), the vendor **shall** coordinate with ASP's Third Party Administrator and mutually agree on a timeline for implementing such changes.

## 2.10 **NETWORK DEVELOPMENT AND MANAGEMENT**

- A. The vendor **shall** maintain and manage a compliant and comprehensive pharmacy network both in the State of Arkansas and across the country.
- B. The Vendor **shall** have an operating, Arkansas-based network with at least 95% of Arkansas pharmacy providers included and a functioning national network that includes at least 50,000 participating pharmacies.
- C. Network pharmacies **must** receive all of the ASP's payment for submitted adjudicated claims. The vendor **shall not** retain any portion of payment received for submitted adjudicated claims even if such a clause is contained in the agreements or contracts between the vendor and its network pharmacies. In order to comply with the requirements outlined in this RFP, the vendor **shall** execute new agreements or contracts with its network pharmacies, if necessary.
- D. ASP **shall** reserve the right to remove any pharmacy from the ASP network. Upon request from ASP, the vendor **shall** remove a pharmacy within five (5) business days of receipt of removal request from ASP. ASP **shall** have final determination regarding removal of a pharmacy within its network.
- E. The vendor **shall** modify network reimbursement administration to implement differential reimbursements for enhanced clinical services such as increased dispensing fees for pharmacies engaging in medication therapy management, if requested by ASP.
- F. The vendor **shall** maintain all provider contracts including terms and conditions and **shall** make such contracts available for inspection and review by ASP upon request.
- G. The vendor **shall** handle all pharmacy provider and member quality and customer service issues.

- H. ASP **shall** have the final determination on Maximum Allowable Cost (MAC) prices and the vendor **shall** follow all applicable federal and State MAC laws.

## 2.11 MEMBER ELIGIBILITY

- A. Member eligibility **shall** be defined by applicable State law and the policies of the ASP Health Plan, and as such may change from time to time during the term of any resultant contract. Currently, eligible members **shall** be those employees and retirees along with their respective dependents as defined in the current Summary Plan Description (SPD) listed and posted as Attachment B to this solicitation. ASP **shall** be the sole source in determining eligibility.
- B. Eligibility structure (Groups, Member ID's): Figure 1 below is an example of the eligibility structure required by ASP's Third Party Administrator. The vendor **shall** manage the Plan using the structure required by ASP's Third Party Administrator and **shall** provide for any conversion to and from the structure required by ASP's Third Party Administrator including on submitted claims and payment files.

Figure 1: Eligibility Structure

Subgroup Number	Subgroup Name	Subgroup Class	Age
1000	Active	Trooper	
1001	Cobra	Trooper	
1002	Retiree	Trooper	Under 65
1003	Retiree	Trooper	Over 65
1004	Active	DL/Telecom	
1005	Cobra	DL/Telecom	
1006	Retirees	DL/Telecom	Under 65
1007	Retirees	DL/Telecom	Over 65

- C. Eligibility Periods
- Members will be allowed to enroll during an employee's initial period of eligibility following new employment.
  - Open Enrollment will be the period announced by ASP to allow eligible subscribers to join the Plan, change coverage, or add/drop eligible dependents.
  - Special Enrollment will be based on numerous events that occur throughout the Plan year including but not limited to marriage, birth / adoption, etc. as specified by the Plan.
- D. ASP's Third Party Administrator will provide a full eligibility file to the vendor daily in an electronic HIPAA-compliant format.
- The following is a sample of the various eligibility transactions included in a typical eligibility file. Any of the following could have future or retroactive effective dates. The listing is provided for informational purposes and should not be considered an all-inclusive list of eligibility transactions. The vendor **shall** accept the eligibility file, eligibility changes, and enrollment periods as defined by ASP.
    - New member/dependent enrollment
    - Member/dependent termination
    - Member/dependent adding and/or dropping various benefits
    - Member moves between participating employer groups
    - Dependent moves from participating primary member to another primary member
    - Member/dependent status changes from active to retiree or COBRA status
    - Member/dependent becomes eligible for Medicare
    - Member address changes

2. The vendor **shall** accept the transactions as sent by ASP's Third Party Administrator. The vendor **shall** provide for any data conversion needed to meet the vendor's system requirements. The vendor **shall** report any conversion problems to ASP within 24 hours of discovery via ASP's email system.
3. Upon receipt of the eligibility file and within three (3) calendar days of the creation date of the full file by ASP's Third Party Administrator, the vendor **shall** process the file error free to correct the vendor's eligibility record in the vendor's system.
4. The vendor **shall** retroactively correct back to the originally submitted effective date, to the extent permissible under applicable law, any additions, changes, and deletions sent correctly by ASP's Third party Administrator but not processed correctly by the vendor, even if the correction is to occur more than 60 days following the date of incorrect processing.
5. The vendor **shall** notify ASP within 24 hours of discovery of the incorrect processing of enrollment additions, changes, and/or deletions via ASP's email system and **shall** take aggressive steps for immediate correction. The vendor **shall** provide this service at no charge to ASP.
6. The vendor **shall** report any incomplete, incorrect, or unreadable information sent to the vendor from ASP's Third Party Administrator to ASP within 24 hours of discovery via ASP's secure email system.
7. ASP will work with the vendor by providing any appropriate information that may be needed to facilitate the correct processing of the full eligibility file.
8. The vendor **shall** provide ASP with an eligibility reconciliation file that provides basic demographic and Plan selection information by the third business day of each month, using a file layout provided by ASP's Third Party Administrator.

## **2.12 MEMBER IDENTIFICATION NUMBER**

- A. The vendor **shall** utilize the unique member ID number as provided by the ASP's Third Party Administrator system. This is an eight-digit number assigned to every member (subscribers and dependents) who is a member of ASP's Health Plan. Please see Attachment C to this solicitation for a sample member ID card.

## **2.13 CURRENT FORMULARY MANAGEMENT RULES**

- A. ASP **shall** have full ownership of the formulary.
- B. The vendor **shall** only make formulary changes to existing covered medications at the beginning of the Plan year.
- C. The vendor **shall not** add any new products or medications that are not currently covered by the Plan in some other form until a clinical review is completed by the Drug Utilization and Evaluation Committee (DUEC).
- D. The vendor **shall** place new generic products in the same tier as their equivalent brand products are placed until such time that the cost of the generic product has significantly decreased.
- E. The vendor **shall** apply the generic, tier 1 copayment plus the difference in the Plans' cost between the generic and the brand product for all branded products that have an equivalent generic available.

## **2.14 CLAIMS PAYMENT**

- A. In a method to be determined by ASP, the vendor **shall** aggressively pursue the collection of overpayments to members and pharmacy providers as well as the collection of Plan payments issued that were the responsibility of other third party payers or insurers.
- B. The vendor **shall** provide all notification letters to Plan members regarding issues such as adverse benefit determinations and cost changes. Any adverse benefit determinations sent to Plan members by the vendor **must** be consistent with federal mandates. Notification letters **must** at a minimum contain the following:
  - Member Plan Identification Number
  - Name of the prescription

- Reason for denial, such as Plan exclusion or Step Therapy, if applicable
  - Requested information from physician, if applicable
  - Reason for cost change, if applicable
- C. The ASP Health Plan Administrator **shall** retain the authority to require pre-authorization or other restrictions for any medication exceeding \$1,000 per prescription.
- D. The vendor **shall** make all claims payments in accordance with applicable State and/or federal laws including but not limited to laws governing the process and the timelines for making claims payments.
- E. The vendor **shall** provide coordination and facilitation of claims payments with secondary filings for qualified medications under Medicare Part B.
- F. The vendor **shall** identify the pricing source (Average Wholesale Price, Wholesale Acquisition Price, Maximum Allowable Cost, etc.) of approved prescription claims on each paid claim.
- G. Paid claims will be paid based on the PBM's submitted adjudicated claims after reconciliation and processing by ASP to determine validity. If claims are adjudicated for a member who is not eligible, ASP **shall not** reimburse for that claim.
- H. The vendor **shall** manage recoupment of claims paid in error using a process and schedule to be defined by ASP.

## 2.15 **TRANSPARENCY**

- A. The vendor **shall** make available all aspects of the vendor's operation and/or financial accounting for ASP's review regardless of confidentiality, proprietary, or exclusive rights and/or privileges.
- B. The vendor **shall** perform all services outlined in this RFP, including but not limited to claims processing and financial reporting in a completely open and transparent environment.
- C. All services performed by the vendor **must** be open for inspection by any ASP internal auditor or any designated external auditor.
- D. The vendor **shall** provide ASP with a fully transparent/pass-through financial pricing arrangement.
- E. The vendor **shall not** retain a differential between the amount reimbursed to the vendor by ASP for a transaction and the payment made to the retail pharmacies by the vendor.

## 2.16 **AUDITS**

- A. Audits Performed On The Vendor
1. The vendor and the vendor's subcontractor(s) if any **shall** allow ASP's chosen representatives and/or the Arkansas Division of Legislative Audit to conduct audits of all records relative to any contract resulting from this solicitation and maintained by the vendor or the vendor's subcontractor(s), if any.
  2. The vendor **shall** grant ASP, their chosen representatives, and/or the Arkansas Division of Legislative Audit the right to reasonable inspection of facilities, equipment, and system support operations to ensure the continued ability of vendor to support the Plan.
  3. ASP will give the vendor a minimum of forty-eight (48) hours' notice via secure email which will include the designated site location of the upcoming audit.
  4. The vendor **shall** be available for all audits by ASP's chosen representatives and/or Legislative Audit personnel to take place at a site designated by ASP and during the business hours of Monday – Friday 8am through 5pm CST.

**B. Audits Performed By The Vendor**

1. The vendor **shall** audit all pharmacies against the same criteria, and pharmacy audits **shall not** use extrapolation to determine results.
2. The vendor **shall** abide by any audit timeline specified by ASP, their chosen representatives, and/or the Arkansas Division of Legislative Audit.
3. The vendor **shall** perform an IT audit on an annual basis and **shall** provide a copy of results to ASP within thirty (30) days of audit conclusion. The audit **shall** assess the integrity and functionality of systems related to claims payment, claims processing, and data security.
4. The vendor **shall** notify ASP using a method and frequency determined by ASP of any internal or external pharmacy desk audits undertaken by the vendor and the resulting identified discrepancies, if any.
5. The vendor **shall** perform all network pharmacy audits in compliance with applicable State and federal laws. Although the vendor **shall** audit its network pharmacies on behalf of the Plan, ASP's representatives and/or Legislative Audit **shall** have the right to audit them as well.
6. The vendor **shall** provide ASP with a duplicate copy of every MAC list and AWP source file, as well as other drug price source documents, so that each individual claim may be re-priced during an audit.

**2.17 REPORTING**

- A. The vendor **shall** provide the following reports to ASP within the timelines to be determined by ASP and in the formats approved by ASP:
  1. A monthly accounting report of claims.
  2. A quarterly Performance Standards report detailing any Performance Standards outlined in this RFP not met by the vendor for that quarter.
  3. A yearly, itemized summary report for all dates of service for the year categorized by each subgroup of the Plan.
  4. A year-end report at the appropriate Plan-year end.
  5. Any additional requested reports or data needed by ASP for actuarial analysis.
- B. The vendor **shall** provide a response to all requests for additional information within a 24-hours of receipt of request from ASP.
- C. Upon request by ASP, the vendor **shall** provide pharmacy payment details in a format and frequency determined by ASP. The data **must** be auditable and verifiable and, at a minimum, able to cross-reference to claims payment requests to ASP and payment details from the Plan.
- D. The vendor **shall** comply with the Unclaimed Property Act 18-28-201 on behalf of ASP and **shall** submit monies and report directly to the Auditor of State's Office.
- E. The vendor **shall** provide a letter to ASP by November 15 of each year stating that the Unclaimed Property Act 18-28-201 has been complied with on behalf of ASP.
- G. The vendor **shall** provide an eligibility reconciliation file that provides basic demographic and Plan selection information by the third business day of each month, using a file layout provided by ASP's Third Party Administrator.
- H. Utilizing the full eligibility file provided by ASP's Third Party Administrator, the vendor **shall** provide an enrollment mismatch report in electronic format to ASP daily.

**2.18 RETIREE DRUG SUBSIDY (RDS) REPORTING AND SUPPORT**

- A. The vendor **shall** complete all reporting required by the Center for Medicaid and Medicare Services (CMS) and **shall** submit all required reports to CMS as required by ASP. This **shall** specifically apply to but **shall not** be limited to the Medicare RDS reporting. The reporting format will be determined by ASP.
- B. The vendor **shall** provide full RDS support to ASP which **shall** include reporting for all claim payments and rebates.

**2.19 CALL CENTER**

- A. The vendor **shall** implement a call center for member and provider/pharmacy questions relating to the ASP formulary and prescription drug coverage, pricing issues, complaints, and other drug specific information.
- B. Currently, call volume from ASP's Plan members received by the current vendor is approximately 100 calls weekly or 5,200 calls annually. Staffing consists of four (4) Customer Service Representatives who answer general formulary questions.
- C. The call center **must** be operational on or before the Go-Live Date.
- D. The call center **must** be operational Monday-Friday 8 a.m. until 6 p.m. CST.
- E. Under the direction of ASP, the vendor's call center staff **must** have the ability to access the pharmacy system to perform various functions such as vacation overrides.
- F. Calls to the vendor's call center **must** be answered by a live, English speaking representative.
- G. If requested by the ASP and needed for Spanish speaking members of the ASP Plan, the vendor **shall** provide transfer to a Spanish speaking representative or use a translation service.
- H. The vendor's call center **must** utilize a toll free 1-800 number. The vendor **shall** provide the toll free number to ASP in the timeframe determined by ASP during the Implementation Period.
- I. When questions requiring research are received into the vendor's call center, the vendor **shall** return answers to these types of calls within 24 hours of receipt.

**2.20 ELECTRONIC TRANSACTIONS**

- A. The vendor and/or any subcontractors utilized **shall** handle all electronic records and/or any other electronic transactions on behalf of ASP according to all State and Federal laws, the Standards for Electronic Transactions as defined by HIPAA/HITECH, as well as the SAS-70 Level II and/or SSAE-16 compliant statutes and regulations.
- B. The vendor and/or its subcontractors **shall** have the ability to support e-prescribing: Sending accurate, error-free, and legible prescriptions to a pharmacy from point-of-care.
- C. The vendor **shall** comply with all confidentiality and HIPAA requirements as they pertain to a member's confidentiality of their personal information.
- D. The vendor **shall** provide to ASP the name, title, and contact information for the Vendor's Privacy Officer before or during the Implementation Period.

**2.21 WEBSITE MANAGEMENT**

- A. The vendor **shall** have a secure website that provides ASP's Plan information via an online portal accessible to participating members.
- B. The vendor's website **must** be available 100% of the time, unless it is unavailable due to scheduled maintenance. Maintenance **must** occur between midnight and 6:00 am CST.
- C. The vendor's website **must** reflect the actual and accurate formulary, in searchable form, adopted by the ASP Health Plan Administrator so that a member can examine any potentially covered medication.

- D. The vendor's website **must** be sensitive to the member's Health Plan specific election to indicate correct co-payment, deductible, or co- insurance amounts.
- E. It is preferable the vendor's website offer a listing or search feature capable of providing information to members regarding drugs requiring prior authorization, step therapy, and quantity limits.
- F. ASP will test the vendor's website structure and pages, and review content for usability as determined by ASP. The vendor **shall** address and resolve usability concerns within two (2) business days of notification by ASP.
- G. The vendor's website **must** comply with Arkansas laws for accessibility.

## **2.22 TRANSITION SERVICES**

- A. In the event the resulting contract is terminated, cancelled, or expired, the vendor **shall** assist ASP and the new vendor, to the extent as ASP determines necessary, to ensure an orderly transfer of responsibility and the continuity of those services required under the terms of the contract to another organization designated by ASP.
- B. The vendor **shall** provide at no charge, all records, including but not limited to documentation, reports, data, recommendations, or printing elements which are required to be produced under the terms of the contract to ASP or to ASP's designee, within seven (7) business days of ASP's request, contract termination, contract cancellation, or contract expiration. The method of delivery will be determined by ASP. This requirement does not refer to the vendor's intellectual property.
- C. The vendor **shall** provide all services needed in order to execute the successful transition of services data. Except for as specifically agreed to by ASP, it is anticipated that ASP's main role will be supervisory in nature to ensure that all of ASP's needs are sufficiently and successfully met.
- D. All data, records, files, and other information relating to the Plan or Plan membership **shall** be the property of ASP. The vendor **shall** release all data, records, files, and other relevant Plan information to ASP upon contract expiration or termination in both a secure electronic and printed format. Electronic format means both electronic images of paper documentation and data extract.

## **2.23 PERFORMANCE STANDARDS**

- A. State law requires that all contracts for services include Performance Standards for measuring the overall quality of services provided. Below, *Figure 2: Performance Standards* identifies expected deliverables, performance measures, or outcomes; and defines the acceptable standards a vendor **shall** meet in order to avoid assessment of damages.
- B. The State may be open to negotiations of Performance Standards prior to contract award, prior to the commencement of services, or at times throughout the contract duration.
- C. The State **shall** have the right to modify, add, or delete Performance Standards throughout the term of the contract, should the State determine it is in its best interest to do so. Any changes or additions to Performance Standards will be made in good faith following acceptable industry standards, and may include the input of the vendor so as to establish standards that are reasonably achievable.
- D. All changes made to the Performance Standards **shall** become an official part of the contract.
- E. Performance Standards **shall** continue throughout the term of the contract.
- F. Failure to meet the minimum Performance Standards as specified **shall** result in the assessment of damages.
- G. In the event a Performance Standard is not met, the vendor will have the opportunity to defend or respond to the insufficiency. The State **shall** have the right to waive damages if it determines there were extenuating factors beyond the control of the vendor that hindered the performance of services. In these instances, the State **shall** have final determination of the performance acceptability.
- H. Should any compensation be owed to ASP due to the assessment of damages, the vendor **shall** follow the direction of ASP regarding the required compensation process.



Figure 2: Performance Standards

Criteria	Standard	Damages
Website Management	Website is available 100% of the time, unless unavailability is due to scheduled maintenance.	1% of monthly invoice for each day during the billed month that vendor's website is unavailable 100% of the time excluding scheduled maintenance times.
	Website maintenance occurs between the hours of 12 a.m. and 6 a.m. CST.	1% of monthly invoice for each incidence during billed month that website maintenance occurs outside the hours of 12 a.m. and 6 a.m. CST.
Network Administration and Management	The vendor removes pharmacies from the ASP network within five (5) business days of receipt of request by the vendor.	\$100 per day for each day past five (5) business days for each occurrence where the vendor does not remove a pharmacy from the network.
Plan Administration	The vendor makes Plan changes within five (5) business days of request, unless waived by ASP.	2% of monthly invoice for each day past five (5) business days during the billed month that Plan changes are not made within five (5) business days of receipt of request from ASP.
	The vendor correctly processes enrollment additions, changes, deletions, etc. within three (3) calendar days of receipt of the full file from ASP's Third Party Administrator.	\$100 per day for each day past three (3) calendar days of receipt of the full file when enrollment additions, changes, deletions, etc. are not correctly processed.
	The vendor's reports documented auditable quality control measures regarding all Plan changes to ASP.	\$100 for each occurrence of not providing Plan changes documentation and auditable quality control measures to ASP.
	Vendor provides ASP with written explanation for approval by ASP giving a reasonably determined justification for any increase in claim costs above 5%.	\$100 for each occurrence of not providing ASP with written explanation and justification for approval for any increase in claim costs above 5%.
	Complex changes are coordinated with ASP's Third Party Administrator.	\$100 per occurrence of not coordinating complex plan changes with ASP's Third Party Administrator
Implementation	All implementation milestones are met by Go Live Date of November 1, 2017, or other date as negotiated and agreed upon by ASP and vendor.	2% of invoiced Implementation Fee for each day past the agreed upon Go- Live date

## **SECTION 3 – CRITERIA FOR SELECTION**

- **Do not provide responses to items in this section.**

### **3.1 TECHNICAL PROPOSAL SCORE**

- A. OSP will review each *Technical Proposal Packet* to verify submission Requirements have been met. *Technical Proposals Packets* that do not meet submission Requirements **shall** be disqualified and **shall not** be evaluated.
- B. An agency-appointed Evaluation Committee will evaluate and score qualifying Technical Proposals. Evaluation will be based on vendor's response to the *Information for Evaluation* section included in the *Technical Proposal Packet*.
1. Members of the Evaluation Committee will individually review and evaluate proposals and complete an Individual Score Worksheet for each proposal. Individual scoring for each Evaluation Criteria will be based on the following Scoring Description.

Quality Rating	Quality of Response	Description	Confidence in Proposed Approach
5	Excellent	When considered in relation to the RFP evaluation factor, the proposal squarely meets the requirement and exhibits outstanding knowledge, creativity, ability or other exceptional characteristics. Not just good, extremely good.	Very High
4	Good	When considered in the relation to the RFP evaluation factor, the proposal squarely meets the requirement and is better than merely acceptable.	High
3	Adequate	When considered in relation to the evaluation factor, the proposal appears to substantially meet the requirement, but just barely meets acceptable quality.	Moderate
2	Marginal	When considered in relation to the RFP evaluation factor, the proposal barely or partially satisfies the requirement. At the lower limit of acceptable quality.	Low
1	Poor	When considered in relation to the RFP evaluation factor, the proposal does not quite meet the requirement. Inferior in quality.	Little to No Confidence
0	Unacceptable	When considered in relation to the RFP evaluation factor, the proposal does not meet the requirement, either because it was left blank or because the proposal is unresponsive in regard to this evaluation factor.	No Confidence

2. After initial individual evaluations are complete, the Evaluation Committee members will meet to discuss their individual ratings. At this consensus scoring meeting, each member will be afforded an opportunity to discuss his or her rating for each evaluation criteria.
3. After committee members have had an opportunity to discuss their individual scores with the group, the individual committee members will be given the opportunity to change their initial individual scores, if they feel that is appropriate.
4. The final individual scores of the evaluators will be recorded on the Consensus Score Sheets and averaged to determine the group or consensus score for each proposal.
5. Other agencies, consultants, and experts may also examine documents at the discretion of the Agency.

C. The *Information for Evaluation* section has been divided into sub-sections.

1. In each sub-section, items/questions have each been assigned a maximum point value of five (5) points. The total point value for each sub-section is reflected in the table below as the Maximum Raw Score Possible.
2. The agency has assigned Weighted Percentages to each sub-section according to its significance.

Information for Evaluation Sub-Sections	Maximum Raw Points Possible	Sub-Section's Weighted Percentage	* Maximum Weighted Score Possible
E.1 Vendor Qualifications	5	5	30
E.2 Organizational Details	35	5	30
E.3 Implementation	25	12	72
E.4 Process Management	50	12	72
E.5 Pharmacy and Member Customer Service and Call Center	50	5	30
E.6 Pharmacy Audits	25	10	60
E.7 System Information	55	5	30
E.8 Reporting Capability	20	3	18
E.9 Privacy and Security	20	5	30
E.10 Online Capability	20	5	30
E.11 Disaster Recovery	20	5	30
E.12 Eligibility Processing	25	5	30
E.13 Network Management	30	10	60
E.14 Specialty Pharmacy Services	20	10	60
E.15 Mail Order Services	15	3	18
<b>Technical Score Total</b>	<b>415</b>	<b>100.0%</b>	<b>600</b>

\*Sub-Section's Percentage Weight x Total Weighted Score = Maximum Weighted Score Possible for the sub-section.

D. The vendor's weighted score for each sub-section will be determined using the following formula:

$$(A/B)*C = D$$

A = Actual Raw Points received for sub-section in evaluation

B = Maximum Raw Points possible for sub-section

C = Maximum Weighted Score possible for sub-section

D = Weighted Score received for sub-section

E. Vendor's weighted scores for sub-sections will be added to determine the Total Technical Score for the Proposal.

F. Technical Proposals that do not receive a minimum weighted score/subtotal of 300 may not move forward in the solicitation process. The pricing for proposals which do not move forward **shall not** be scored.

**3.2 NETWORK REPRICING INFORMATION AND REQUIREMENTS**

- A. The data for Network Repricing will be provided by OSP on an encrypted CD which contains 12 months of claims history. The data will be provided in three separate repricing file categories on the CD labeled as (1) Specialty, (2) Generic, and (3) Brand. These file categories are provided as both excel and pipe delimited files.
- B. The files are provided strictly as a tool for the vendor to assist with their network pricing determination.
- C. The vendor **shall** submit their Network Repricing on a separate CD which **must** use the specified format provided by the original CD, supplied by OSP, by completing the following three columns for each separate claim in each of the three excel files:
1. Column M: Approved Ingredient Cost
  2. Column N: Approved Dispensing Fee
  3. Column O: Calculated Approved Drug Cost
- D. Network Repricing costs **must** reflect the following directives:
1. All costs **must** be before copay.
  2. The vendor **shall** price each file separately using the contracted reimbursement rates of the pharmacy network being proposed.
  3. Cost discounts for pharmacies owned or associated with the PBM **must not** be different than in-network Arkansas pharmacies.
  4. All in-network Arkansas pharmacies **must** dispense specialty medications for ASP, where appropriate. Dispensing restrictions **must not** be placed on in-network Arkansas pharmacies.
  5. Costs **must not** take into account U&C, Zero Balance, Full Copay, or Submitted pricing, as ASP has removed these fields and will use the data to compare AWP discounts, dispensing fee, MAC, and Specialty Pricing in a manner which does not contain alternative assumptions by proposing PBMs.
  6. MAC pricing **must** remain identical between all pharmacies and distribution channels. AWP discounts at an aggregated level **must** be the same for all pharmacy segments (retail, mail, and specialty). Brand, Specialty, and non-MAC'd generics **must** also remain identical between all pharmacies and distribution channels. For example if the vendor proposes a specific AWP discount through mail order, the same rate **must** apply within the retail pharmacy network.
  7. The vendor **shall** provide the best pricing that can be obtained for a full pass-through, broad network, with no dispensing restrictions for in network pharmacies.
  8. The vendor **shall** use proposed discounts, current MAC pricing where applicable, and AWP as published on January 1, 2016.
  9. The vendor **shall not** factor rebate dollars or negotiated discounts into the pricing.
  10. The vendor **shall not** use any ancillary assumptions and/or caveats in their cost analysis beyond any which are industry standard. The acceptability of what constitutes industry standard will be determined by the actuary and/or the managed care pharmacy expert during the review of the pricing.
  11. If larger discounts can be obtained through an exclusive or alternate arrangement, this may be discussed during the Implementation Period but **must not** be reflected in the pricing submission.
- E. Except for entering costs in columns M, N, and O, the vendor **shall not** change, add, or delete data or formatting in any place on any of the electronic files. If any data or formatting is changed, added, or deleted on a vendor's Network Repricing submission CD's, either intentionally or inadvertently, the vendor's proposal may be disqualified.

- F. The Aggregated Total from Column O: The vendor **shall** determine the Calculated Approved Drug Cost for each separate excel file provided on the CD and **shall** enter this total into Table D of the Official Bid Price Sheet, along with the Grand Total of Network Repricing.
- G. The original CD requested from OSP, the Network Pricing Submission CD with the vendor's submitted Network Repricing entered, along with an additional copy of the Network Pricing Submission CD, **must** be sealed in the pricing packet along with the Official Bid Price Sheet.
- H. All Network Repricing submissions will be reviewed by an actuary and/or a managed care pharmacy expert chosen by ASP to ensure the viability of the Network Repricing costs and the acceptability of any and all assumptions and caveats. If the actuary and/or the pharmacy expert determine a vendor's Network Repricing submission is not viable or that assumptions and caveats are unacceptable (for example, if pricing does not reflect market conditions in a way that manipulates the overall numbers resulting in a falsely low total cost) the State may disqualify the vendor's proposal.

### 3.3 **SCORING OF NETWORK REPRICING COST**

The State **shall** allocate the maximum amount of points for Network Repricing Cost (200) to the vendor with the lowest Grand Total of Network Repriced Cost as indicated in Table D on the Official Bid Price Sheet. The State **shall** allocate the amount of points awarded to the remaining vendors by using the following formula:

$$(A/B)*C=D$$

- A = Lowest Grand Total of Network Repriced Cost
- B = Second (third, fourth, etc,) Lowest Grand Total of Network Repriced Cost
- C = Maximum points for Network Repricing Cost (200)
- D = Number of Network Repricing Cost points scored for that particular proposal

### 3.4 **SCORING OF COST FROM OFFICIAL PRICE SHEET**

- A. The State **shall** allocate the maximum amount of cost points for the Official Bid Price Sheet cost (200) to the vendor with the lowest One Year Grand Total of Tables A, B, and C on the Official Bid Price Sheet.
- B. The State **shall** allocate the amount of cost points given to the remaining vendors for Official Price Sheet cost by using the following formula:

$$(A/B)*(C) =D$$

- A = Lowest Three Year Grand Total Cost
- B = Second (third, fourth, etc,) Lowest Three Year Grand Total Cost
- C = Maximum Points for Lowest Three Year Grand Total Cost
- D = Total Cost Points Received for the Official Price Sheet

### 3.5 **OVERALL TOTAL SCORE**

The Technical Score, Network Repricing Score, and Official Bid Price Sheet Score will be added together to determine the Overall Total Score for the vendor. The vendor with the highest Overall Total Score will be selected as the apparent successful vendor. See *Award Process*.

	Maximum Points Possible
Technical Proposal	600
Network Repricing Cost	200
Cost from Official Bid Price Sheet	200
<b>Maximum Possible Overall Total Score</b>	<b>1,000</b>

**3.6 VENDOR ACCEPTANCE OF EVALUATION TECHNIQUE**

- A. Vendor **must** agree to all evaluation processes and procedures as defined in this solicitation.
- B. The submission of a *Technical Proposal Packet* **shall** signify the vendor's understanding and agreement that subjective judgments **shall** be made during the evaluation and scoring of the Technical Proposals.

## **SECTION 4 – GENERAL CONTRACTUAL REQUIREMENTS**

- **Do not provide responses to items in this section.**

### **4.1 PAYMENT AND INVOICE PROVISIONS**

- A. All invoices **shall** be forwarded to:

Arkansas State Police  
Attn: Sherry Woods  
1 State Police Plaza Drive  
Little Rock, AR 72209

- B. Payment will be made in accordance with applicable State of Arkansas accounting procedures upon acceptance goods and services by the agency.
- C. The State **shall not** be invoiced in advance of delivery and acceptance of any goods or services.
- D. Payment will be made only after the vendor has successfully satisfied the agency as to the reliability and effectiveness of the goods or services purchased as a whole.
- E. The vendor should invoice the agency by an itemized list of charges. The agency's Purchase Order Number and/or the Contract Number should be referenced on each invoice.
- F. Other sections of this *Bid Solicitation* may contain additional Requirements for invoicing.
- G. The selected vendor **must** be registered to receive payment and future *Bid Solicitation* notifications. Vendors may register on-line at <https://www.ark.org/vendor/index.html>.
- H. The vendor **shall** provide separate invoice and paid claims details for Active (including COBRA), Retirees, and Medicare-Primary retirees on a schedule and in a format defined by ASP.
- I. The vendor **shall** provide separate administration invoices and claims invoices. The vendor **shall** provide administration invoices on a monthly basis and **shall** provide claims invoices on a weekly basis. The timeline for submitting the invoices as well as the invoice format will be determined by ASP during the Implementation Period.
- J. The vendor **shall** provide invoices on vendor letterhead.
- K. At minimum, the vendor **shall** include the following information on invoices:
1. Date
  2. Name and contact information for the vendor.
  3. Payment instructions including bank routing number and account number
- L. The vendor **shall** pay all contracted pharmacies (whether payment is by check or EFT/ACH).

### **4.2 GENERAL INFORMATION**

- A. The State **shall not** lease any equipment or software for a period of time which continues past the end of a fiscal year unless the contract allows for cancellation by the State Procurement Official upon a 30 day written notice to the vendor/lessor in the event funds are not appropriated.
- B. The State **shall not** contract with another party to indemnify and defend that party for any liability and damages.
- C. The State **shall not** pay damages, legal expenses or other costs and expenses of any other party.
- D. The State **shall not** continue a contract once any equipment has been repossessed.
- E. Any litigation involving the State **must** take place in Pulaski County, Arkansas.

- F. The State **shall not** agree to any provision of a contract which violates the laws or constitution of the State of Arkansas.
- G. The State **shall not** enter a contract which grants to another party any remedies other than the following:
- The right to possession.
  - The right to accrued payments.
  - The right to expenses of deinstallation.
  - The right to expenses of repair to return the equipment to normal working order, normal wear and tear excluded.
  - The right to recover only amounts due at the time of repossession and any unamortized nonrecurring cost as allowed by Arkansas Law.
- H. The laws of the State of Arkansas **shall** govern this contract.
- I. A contract **shall not** be effective prior to award being made by a State Procurement Official.
- J. In a contract with another party, the State will accept the risk of loss of the equipment or software and pay for any destruction, loss or damage of the equipment or software while the State has such risk, when:
- The extent of liability for such risk is based upon the purchase price of the equipment or software at the time of any loss, and
  - The contract has required the State to carry insurance for such risk.

#### 4.3 **CONDITIONS OF CONTRACT**

- A. The vendor **shall** at all times observe and comply with federal and State of Arkansas laws, local laws, ordinances, orders, and regulations existing at the time of, or enacted subsequent to the execution of a resulting contract which in any manner affect the completion of the work.
- B. The vendor **shall** indemnify and save harmless the agency and all its officers, representatives, agents, and employees against any claim or liability arising from or based upon the violation of any such law, ordinance, regulation, order or decree by an employee, representative, or subcontractor of the vendor.

#### 4.4 **STATEMENT OF LIABILITY**

- A. The State will demonstrate reasonable care but will not be liable in the event of loss, destruction or theft of vendor-owned equipment or software and technical and business or operations literature to be delivered or to be used in the installation of deliverables and services. The vendor **shall** retain total liability for equipment, software and technical and business or operations literature. The State **shall** not at any time be responsible for or accept liability for any vendor-owned items.
- B. The vendor's liability for damages to the State **shall** be limited to the value of the Contract or \$5,000,000, whichever is higher. The foregoing limitation of liability **shall not** apply to claims for infringement of United States patent, copyright, trademarks or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the vendor; to claims covered by other specific provisions of the Contract calling for damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract. The vendor and the State **shall not** be liable to each other, regardless of the form of action, for consequential, incidental, indirect, or special damages. This limitation of liability **shall not** apply to claims for infringement of United States patent, copyright, trademark or trade secrets; to claims for personal injury or damage to property caused by the gross negligence or willful misconduct of the vendor; to claims covered by other specific provisions of the Contract calling for damages; or to court costs or attorney's fees awarded by a court in addition to damages after litigation based on the Contract.
- C. Language in these terms and conditions **shall not** be construed or deemed as the State's waiver of its right of sovereign immunity. The vendor agrees that any claims against the State, whether sounding in tort or in contract, **shall** be brought before the Arkansas Claims Commission as provided by Arkansas law, and **shall** be governed accordingly.



**4.5 RECORD RETENTION**

- A. The vendor **shall** maintain all pertinent financial and accounting records and evidence pertaining to the contract in accordance with generally accepted principles of accounting and as specified by the State of Arkansas Law. Upon request, access **shall** be granted to State or Federal Government entities or any of their duly authorized representatives.
- B. Financial and accounting records **shall** be made available, upon request, to the State of Arkansas's designee(s) at any time during the contract period and any extension thereof, and for five (5) years from expiration date and final payment on the contract or extension thereof.
- C. Other sections of this *Bid Solicitation* may contain additional Requirements regarding record retention.

**4.6 PRICE ESCALATION**

- A. Price increases will be considered at the time of contract renewal.
- B. The vendor **must** provide to OSP a written request for the price increase. The request **must** include supporting documentation demonstrating that the increase in contract price is based on an increase in market price. OSP **shall** have the right to require additional information pertaining to the requested increase.
- C. Increases **shall not** be considered to increase profit or margins.
- D. OSP **shall** have the right to approve or deny the request.

**4.7 CONFIDENTIALITY**

- A. The vendor, vendor's subsidiaries, and vendor's employees **shall** be bound to all laws and to all Requirements set forth in this *Bid Solicitation* concerning the confidentiality and secure handling of information of which they may become aware of during the course of providing services under a resulting contract.
- B. Consistent and/or uncorrected breaches of confidentiality may constitute grounds for cancellation of a resulting contract, and the State **shall** have the right to cancel the contract on these grounds.
- C. Previous sections of this *Bid Solicitation* may contain additional confidentiality Requirements.

**4.8 CONTRACT INTERPRETATION**

Should the State and vendor interpret specifications differently, either party may request clarification. However if an agreement cannot be reached, the determination of the State **shall** be final and controlling.

**4.9 CANCELLATION**

- A. In the event the State no longer needs the service or commodity specified in the contract or purchase order due to program changes, changes in laws, rules, or regulations, relocation of offices, or lack of appropriated funding. The State **shall** give the vendor written notice of cancellation, specifying the terms and the effective date of contract termination. The effective date of termination **shall** be 30 days from the date of notification, unless a longer timeframe is specified in the notification.
- B. Upon default of a vendor, the State **shall** agree to pay only sums due for goods and services received and accepted up to cancellation of the contract.

**4.10 SEVERABILITY**

If any provision of the contract, including items incorporated by reference, is declared or found to be illegal, unenforceable, or void, then both the agency and the vendor **shall** be relieved of all obligations arising under such provision. If the remainder of the contract is capable of performance, it **shall not** be affected by such declaration or finding and **shall** be fully performed.

## **SECTION 5 – STANDARD TERMS AND CONDITIONS**

- **Do not provide responses to items in this section.**

1. **GENERAL:** Any special terms and conditions included in this solicitation **shall** override these Standard Terms and Conditions. The Standard Terms and Conditions and any special terms and conditions **shall** become part of any contract entered into if any or all parts of the bid are accepted by the State of Arkansas.
2. **ACCEPTANCE AND REJECTION:** The State **shall** have the right to accept or reject all or any part of a bid or any and all bids, to waive minor technicalities, and to award the bid to best serve the interest of the State.
3. **BID SUBMISSION:** Original Proposal Packets **must** be submitted to the Office of State Procurement on or before the date and time specified for bid opening. The Proposal Packet **must** contain all documents, information, and attachments as specifically and expressly required in the *Bid Solicitation*. The bid **must** be typed or printed in ink. The signature **must** be in ink. Unsigned bids **shall** be disqualified. The person signing the bid should show title or authority to bind his firm in a contract. Multiple proposals **must** be placed in separate packages and should be completely and properly identified. Late bids **shall not** be considered under any circumstances.
4. **PRICES:** Bid unit price F.O.B. destination. In case of errors in extension, unit prices **shall** govern. Prices **shall** be firm and **shall not** be subject to escalation unless otherwise specified in the *Bid Solicitation*. Unless otherwise specified, the bid **must** be firm for acceptance for thirty days from the bid opening date. "Discount from list" bids are not acceptable unless requested in the *Bid Solicitation*.
5. **QUANTITIES:** Quantities stated in a *Bid Solicitation* for term contracts are estimates only, and are not guaranteed. Vendor **must** bid unit price on the estimated quantity and unit of measure specified. The State may order more or less than the estimated quantity on term contracts. Quantities stated on firm contracts are actual Requirements of the ordering agency.
6. **BRAND NAME REFERENCES:** Unless otherwise specified in the *Bid Solicitation*, any catalog brand name or manufacturer reference used in the *Bid Solicitation* is descriptive only, not restrictive, and used to indicate the type and quality desired. Bids on brands of like nature and quality will be considered. If bidding on other than referenced specifications, the bid **must** show the manufacturer, brand or trade name, and other descriptions, and should include the manufacturer's illustrations and complete descriptions of the product offered. The State **shall** have the right to determine whether a substitute offered is equivalent to and meets the standards of the item specified, and the State may require the vendor to supply additional descriptive material. The vendor **shall** guarantee that the product offered will meet or exceed specifications identified in this *Bid Solicitation*. Vendors not bidding an alternate to the referenced brand name or manufacturer **shall** be required to furnish the product according to brand names, numbers, etc., as specified in the solicitation.
7. **GUARANTY:** All items bid **shall** be newly manufactured, in first-class condition, latest model and design, including, where applicable, containers suitable for shipment and storage, unless otherwise indicated in the *Bid Solicitation*. The vendor hereby guarantees that everything furnished hereunder **shall** be free from defects in design, workmanship and material, that if sold by drawing, sample or specification, it **shall** conform thereto and **shall** serve the function for which it was furnished. The vendor **shall** further guarantee that if the items furnished hereunder are to be installed by the vendor, such items **shall** function properly when installed. The vendor **shall** guarantee that all applicable laws have been complied with relating to construction, packaging, labeling and registration. The vendor's obligations under this paragraph **shall** survive for a period of one year from the date of delivery, unless otherwise specified herein.
8. **SAMPLES:** Samples or demonstrators, when requested, **must** be furnished free of expense to the State. Each sample should be marked with the vendor's name and address, bid or contract number and item number. If requested, samples that are not destroyed during reasonable examination will be returned at vendor's expense. After reasonable examination, all demonstrators will be returned at vendor's expense.
9. **TESTING PROCEDURES FOR SPECIFICATIONS COMPLIANCE:** Tests may be performed on samples or demonstrators submitted with the bid or on samples taken from the regular shipment. In the event products tested fail to meet or exceed all conditions and Requirements of the specifications, the cost of the sample used and the reasonable cost of the testing **shall** be borne by the vendor.
10. **AMENDMENTS:** Vendor's proposals cannot be altered or amended after the bid opening except as permitted by regulation.
11. **TAXES AND TRADE DISCOUNTS:** Do not include State or local sales taxes in the bid price. Trade discounts should be deducted from the unit price and the net price should be shown in the bid.
12. **AWARD:** Term Contract: A contract award will be issued to the successful vendor. It results in a binding obligation without further action by either party. This award does not authorize shipment. Shipment is authorized by the receipt of a purchase order from the ordering agency. Firm Contract: A written State purchase order authorizing shipment will be furnished to the successful vendor.
13. **DELIVERY ON FIRM CONTRACTS:** This solicitation shows the number of days to place a commodity in the ordering agency's designated location under normal conditions. If the vendor cannot meet the stated delivery, alternate delivery schedules may become a factor in an award. The Office of State Procurement **shall** have the right to extend delivery if reasons appear valid. If the date is not acceptable, the agency may buy elsewhere and any additional cost **shall** be borne by the vendor.

14. **DELIVERY REQUIREMENTS:** No substitutions or cancellations are permitted without written approval of the Office of State Procurement. Delivery **shall** be made during agency work hours only 8:00 a.m. to 4:30 p.m. Central Time, unless prior approval for other delivery has been obtained from the agency. Packing memoranda **shall** be enclosed with each shipment.
15. **STORAGE:** The ordering agency is responsible for storage if the contractor delivers within the time required and the agency cannot accept delivery.
16. **DEFAULT:** All commodities furnished **shall** be subject to inspection and acceptance of the ordering agency after delivery. Back orders, default in promised delivery, or failure to meet specifications **shall** authorize the Office of State Procurement to cancel this contract or any portion of it and reasonably purchase commodities elsewhere and charge full increase, if any, in cost and handling to the defaulting contractor. The contractor **must** give written notice to the Office of State Procurement and ordering agency of the reason and the expected delivery date. Consistent failure to meet delivery without a valid reason may cause removal from the vendors list or suspension of eligibility for award.
17. **VARIATION IN QUANTITY:** The State assumes no liability for commodities produced, processed or shipped in excess of the amount specified on the agency's purchase order.
18. **INVOICING:** The contractor **shall** be paid upon the completion of all of the following: (1) submission of an original and the specified number of copies of a properly itemized invoice showing the bid and purchase order numbers, where itemized in the *Bid Solicitation*, (2) delivery and acceptance of the commodities and (3) proper and legal processing of the invoice by all necessary State agencies. Invoices **must** be sent to the "Invoice To" point shown on the purchase order.
19. **STATE PROPERTY:** Any specifications, drawings, technical information, dies, cuts, negatives, positives, data or any other commodity furnished to the contractor hereunder or in contemplation hereof or developed by the contractor for use hereunder **shall** remain property of the State, **shall** be kept confidential, **shall** be used only as expressly authorized, and **shall** be returned at the contractor's expense to the F.O.B. point provided by the agency or by OSP. Vendor **shall** properly identify items being returned.
20. **PATENTS OR COPYRIGHTS:** The contractor **must** agree to indemnify and hold the State harmless from all claims, damages and costs including attorneys' fees, arising from infringement of patents or copyrights.
21. **ASSIGNMENT:** Any contract entered into pursuant to this solicitation **shall not** be assignable nor the duties thereunder delegable by either party without the written consent of the other party of the contract.
22. **CLAIMS:** Any claims the Contractor may assert under this Agreement shall be brought before the Arkansas State Claims Commission ("Commission"), which shall have exclusive jurisdiction over any and all claims that the Contractor may have arising from or in connection with this Agreement. Unless the Contractor's obligations to perform are terminated by the State, the Contractor shall continue to provide the Services under this Agreement even in the event that the Contractor has a claim pending before the Commission.
23. **CANCELLATION:** In the event, the State no longer needs the commodities or services specified for any reason, (e.g., program changes; changes in laws, rules or regulations; relocation of offices; lack of appropriated funding, etc.), the State **shall** have the right to cancel the contract or purchase order by giving the vendor written notice of such cancellation thirty (30) days prior to the date of cancellation.

Any delivered but unpaid for goods will be returned in normal condition to the contractor by the State. If the State is unable to return the commodities in normal condition and there are no funds legally available to pay for the goods, the contractor may file a claim with the Arkansas Claims Commission under the laws and regulations governing the filing of such claims. If upon cancellation the contractor has provided services which the State has accepted, the contractor may file a claim. **NOTHING IN THIS CONTRACT SHALL BE DEEMED A WAIVER OF THE STATE'S RIGHT TO SOVEREIGN IMMUNITY.**
24. **DISCRIMINATION:** In order to comply with the provision of Act 954 of 1977, relating to unfair employment practices, the vendor agrees that: (a) the vendor **shall not** discriminate against any employee or applicant for employment because of race, sex, color, age, religion, handicap, or national origin; (b) in all solicitations or advertisements for employees, the vendor **shall** state that all qualified applicants **shall** receive consideration without regard to race, color, sex, age, religion, handicap, or national origin; (c) the vendor will furnish such relevant information and reports as requested by the Human Resources Commission for the purpose of determining compliance with the statute; (d) failure of the vendor to comply with the statute, the rules and regulations promulgated thereunder and this nondiscrimination clause **shall** be deemed a breach of contract and it may be cancelled, terminated or suspended in whole or in part; (e) the vendor **shall** include the provisions of above items (a) through (d) in every subcontract so that such provisions **shall** be binding upon such subcontractor or vendor.
25. **CONTINGENT FEE:** The vendor guarantees that he has not retained a person to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except for retention of bona fide employees or bona fide established commercial selling agencies maintained by the vendor for the purpose of securing business.
26. **ANTITRUST ASSIGNMENT:** As part of the consideration for entering into any contract pursuant to this solicitation, the vendor named on the *Proposal Signature Page* for this solicitation, acting herein by the authorized individual or its duly authorized agent, hereby assigns, sells and transfers to the State of Arkansas all rights, title and interest in and to all causes of action it may have under the antitrust laws of the United States or this State for price fixing, which causes of action have accrued prior to the date of this assignment and which relate solely to the particular goods or services purchased or produced by this State pursuant to this contract.
27. **DISCLOSURE:** Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that order, **shall** be a material breach of the terms of this contract. Any contractor,

whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy **shall** be subject to all legal remedies available to the agency.