



**STATE OF LOUISIANA
DIVISION OF ADMINISTRATION**

THE OFFICE OF GROUP BENEFITS (OGB)

REQUEST FOR PROPOSALS (RFP)

FOR

**PHARMACEUTICAL BUSINESS
MANAGER (PBM) AUDIT SERVICES**

Issued December 10, 2003



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SECTION I

GENERAL INFORMATION AND INSTRUCTIONS OF PROPOSAL FORMAT

A. Introduction

The State of Louisiana, Office of Group Benefits (hereinafter called “OGB”) requests proposals from any Proposer (hereinafter called “PBM Auditor”) to provide the following services:

Audit of OGB's Pharmaceutical Business Manager (PBM) Services.

The OGB envisions engaging the PBM Auditor to conduct audits of PBM compliance and performance in quarterly intervals. Audit assignments may be assigned immediately following the completion of a calendar quarter or may be assigned after a considerable passage of time after the completion of a calendar quarter. Additionally, audit scopes may be periods greater than a quarter, but will usually be in three-month (or quarterly) multiples.

****All costs and fees should be quoted in units of a quarterly audit.**

B. Background

The State of Louisiana through, OGB is authorized by statute to provide health and accident benefits and life insurance to state employees, retirees and their dependents. Plan member eligibility includes employees of state agencies, institutions of higher education, local school boards that elect to participate, and certain political subdivisions. Eligibility does not include local government entities, parishes, or municipalities.

OGB manages self-insured and self-administered health and accident benefit plans for approximately 136,000 covered contracts (approximately 97,000 of which are self insured health policies). The term, “covered contract”, as used in this RFP, is defined as any class of coverage in which a plan member is enrolled, whether single, two-party or family. Therefore, a covered contract includes the employee or retiree and any covered dependents.¹

The health self-insured benefit plans available to plan participants are: Preferred Provider Option (PPO), administered by OGB; Exclusive Provider

¹ Total membership including dependents is approximately 255,000 lives.



Option (EPO) which is an HMO-like benefit design with out-of-network benefits administered by OGB except for Region 6 (Baton Rouge Area). Region 6 EPO is administered by United HealthCare, Inc. The final self-insured plan is a Managed Care Option (MCO) (HMO-like benefit design, no out-of-network benefits) administered by FARA Benefit Services, Inc.

The OGB also contracts with fully-insured HMOs. Ochsner Health Plan HMO is offered statewide except for Region 9 (Monroe Area) which is offered by Vantage Health Plan. Approximately 30,000 covered contacts are fully insured on a capitated basis with HMOs.

Basic and supplemental life insurance is provided through Prudential Insurance Company.

Pharmacy claims processed per quarter average over 900,000. Services sought under this agreement anticipate the PBM Auditor performing an electronic review of not less than 50% of previously adjudicated claims pharmacy claims for (a) particular quarter(s). (Such review may be hereinafter referred to "re-adjudication").

C. Scope of Services/Deliverables

The successful proposer will provide PBM performance audits to the OGB that include the following elements:

- 1) A complete analysis of OGB's PBM's adherence to OGB's Plan of Benefits as it refers to prescription drug coverage.
- 2) A complete analysis of OGB's PBM's performance as that performance relates to the following measures:
 - The PBM's adherence to the contractually designated discount off AWP.
 - The PBM's adherence to the contract insofar as unit-based deliverables by the PBM including such items as ID Cards, educational materials, and other such items that may be mandated by the contract between the PBM and the OGB.
 - The PBM's performance in administering agreed-upon controls such as those to relating to time/volume, drug to drug interactions, individual pharmacy audits and other customary controls.
 - An analysis of the PBM's efforts in detecting and deterring fraudulent and abusive prescribing and dispensing patterns.
- 3) A complete analysis of the PBM's rebate remittances and statements to OGB for compliance with contractual agreements.

All audits shall have a scope of no less than a calendar quarter (90 days or three months) unless otherwise agreed upon in writing by the OGB and the contractor.



D. Standard Contract Provisions

It is expected that a multi-year contract will be awarded with the contract terms provided in Appendix 1. Any deviation sought by a Proposer from these contract terms should be included in the Proposal. The provisions of the RFP and the winning proposal will be incorporated by reference into the contract. Any additional clauses or provisions, required by the Federal or State law or regulation in effect at the time of execution of the contract, will be included.

E. Instructions on Proposal Format

Proposers should respond thoroughly, clearly and concisely to all of the points and questions set forth in the Request for Proposals (RFP). Answers should specifically address current capabilities separately from anticipated capabilities.

1. Submit an original and (5) copies of a completed, numbered proposal placing each in a three-ring binder.
2. Use tabs to divide each section and each attachment. The tabs should extend beyond the right margin of the paper so that they can be read from the side and are not buried within the document.
3. Order of presentation:
 - Cover letter (Optional)
 - Tab 1. Contracting Parties
 - Tab 2. Minimum Proposer Requirements
 - Tab 3. Qualifications and Experience of Proposer
 - Tab 4. Qualifications and Experience of Assigned Staff
 - Tab 5. Administrative Management and Coordination Strategy
 - Tab 6. Signature Page
4. Submit an original and five (5) numbered copies of the Fee Proposal Form, in a separate, **sealed** envelope clearly marked, "PBM Audit Services RFP" on the outside of such envelope.
5. Answer questions **directly**. Where you do not want to provide an answer, indicate not applicable or no response.

Do not answer a question by referring to the answer of a previous question, restate it or recopy the answer under the new question. If however, the question asks you to provide a copy of something; you may indicate where this copy can be found by an attachment/exhibit number, letter or heading.



You are to state the question, then answer the question. Do not number answers without providing the question.

F. Ownership, Public Release and Costs of Proposals.

1. All proposals submitted in response to this RFP become the property of the OGB and will not be returned to the Proposers.
2. After award of the Contract, all proposals will be considered public record and will be available for public inspection during regular working hours.
3. Costs of preparation, development and submission of the response to this RFP are entirely the responsibility of the proposer and will not be reimbursed in any manner.

G. Proposer Requirements

In order for your proposal to be considered, your firm/organization must have attended the mandatory proposers conference and:

1. Have a minimum of five (5) years experience providing the type services requested in this RFP.
2. Have at least one current client with 20,000 or more covered employees and/or retirees (not counting covered dependents).
3. Be able to provide qualified personnel to perform the services requested in this RFP.
4. Possess and utilize a high-level of skill and expertise in the type of services requested in this RFP. Electronic review capability of previously adjudicated claims is a requirement.
5. Be able to provide documentation of your financial condition by financial statements for the two most recent complete fiscal years or by prospectus. Statements need not be audited, but must provide evidence of going concern status of the proposer.
6. Must accept all terms, conditions, and requirements of this RFP as Contractual obligations.

NOTE: Only those proposals meeting these requirements will be considered for evaluation.



SECTION II

SCHEDULE OF EVENTS

A. Time Line

Public notice by advertising in the official journal of the State	December 10, 2003
RFP mailed or available to prospective Proposers	December 10, 2003
Deadline to receive written questions	December 22, 2003
Mandatory Proposers Conference	January 7, 2004
Issue answers to written questions	January 7, 2004
Proposals due	January 21, 2004
Finalist's interviews/site visits	TBD
Probable selection and notification of award	TBD
Contract initiation	TBD

NOTE: The OGB reserves the right to deviate from this schedule.

B. Written Questions on the RFP

Written question regarding the RFP are to be submitted to and received in the office of the Chief Executive Officer of the OGB on or before 4:30 p.m. on the date listed in the Schedule of Events. Written questions should be directed to:

A. Kip Wall
Chief Executive Officer
Office of Group Benefits
P.O. Box 44036
Baton Rouge, LA 70804
Fax Number (225) 925-4721
or
5825 Florida Blvd., (2nd floor)
Baton Rouge, LA 70806



C. Mandatory Proposers Conference

The Proposers Conference will be held in the boardroom of the Office of Group Benefits at 5825 Florida Boulevard, Second Floor, in Baton Rouge, LA.

A representative of your organization must attend the Proposers Conference scheduled for 10:00 a.m. on the date listed in the Schedule of Events. OGB staff will be available to discuss the proposal specifications with you and answer any questions you may have in regards to submitted questions. The Proposers Conference is considered an integral part of the RFP process. **Any Proposer which does not have a representative attend the Proposers Conference will not be eligible to submit a proposal.** Attendance by a subcontractor is welcome, but will not be an acceptable substitute for a representative of the primary proposing firm/organization.

D. Proposal Due Date

The original proposal must be signed by an authorized representative of your firm/organization and delivered, together with five (5) numbered copies, between the hours of 8:00 a.m. and 4:30 p.m. on the date listed in the schedule of events to:

A. Kip Wall
Chief Executive Officer
Office of Group Benefits
Post Office Box 44036
Baton Rouge, Louisiana 70804
Fax Number (225) 925-4721
or
5825 Florida Blvd., (2nd floor)
Baton Rouge, LA 70806



SECTION III

PROPOSAL EVALUATION

A. Proposal Evaluation

All proposals will be reviewed to determine compliance with administrative and mandatory requirements as specified in the RFP. Proposals found not to be in compliance will be rejected from further consideration. The Selection Committee will evaluate the compliant proposals using the Selection Criteria below. Following the initial evaluation, the Selection Committee may invite those Proposers whose proposals are deemed reasonably susceptible of being selected for award for interviews and/or site visits at the OGB's offices in Baton Rouge, Louisiana, or the Committee may make site visits to the Proposer's offices and conduct interviews on site. The interviews and/or site visits will allow the Committee to substantiate and clarify representations contained in the Proposers written proposals, evaluate the capabilities of each Proposer and score each Proposal according to the criteria below. The scores will clarify the initial evaluation scoring to reach a final scoring to determine the highest scoring proposal. The proposal receiving the highest total score will be recommended for contract award.

B. Evaluation Criteria

After determining that a proposal satisfies the Proposer Requirements stated in the RFP, an assessment of the relative benefits and deficiencies of each proposal, including information obtained from references, interviews and discussions and/or site visits, if held, shall be made using the following criteria:

1.	Qualifications and Experience of the Consulting Firm	200 points
2.	Qualifications and Experience of Assigned Staff	200 points
3.	Administrative Management and Coordination Strategy	200 points
4.	Cost of Services (Quoted in quarterly units)	400 points
	Maximum Points	1,000



C. Cost Evaluation

The Proposer that provides the **lowest contract amount** will be awarded the full points for cost of services.

All expenses (personnel compensation, travel, office supplies, copies, communications and etc.) should be included in the proposed total cost. In addition, any projected increases for delivery of services for the entire contract period should be anticipated and included in the proposed cost. A detail of the proposed costs should be attached to the Fee Proposal Form to determine if the total cost is reasonable.

Evaluation of Cost:

The total contract charge shall be quoted on The Fee Proposal Form (Attachment IV) of this RFP.

A maximum of 400 points shall be given to the proposal with the lowest total cost/contract amount.

Points for the other proposals shall be awarded using the following formula:

$$\frac{(x)}{N} \times 400 = Z$$

Where:

x = lowest computed cost for any proposal

N = actual computed cost awarded to the proposal

Z = awarded points



TAB 1

CONTRACTING PARTIES

A. PRIMARY PROPOSER

Name of Organization _____

Address _____

Principals: _____

Date Founded _____

B. PARENT COMPANY

Name of Organization _____

Address _____

Principals: _____

Date Founded _____



C. SUBSIDIARIES/AFFILIATES TO PERFORM SIGNIFICANT SERVICES
(Provide the requested information for each such subsidiary or affiliate.)

Name of Organization _____

Address _____

Principals: _____

Date Founded _____

D. RFP COORDINATOR/CONTACT

Name _____

Title _____

Address _____

City/State _____

Telephone Number
(with extension) _____

Fax Number _____



TAB 2

PROPOSER REQUIREMENTS

1. Confirm that your firm/organization has a minimum of five (5) year's experience providing the type of services requested in the Request for Proposal (RFP).
2. Have at least one client with 20,000 or more enrollees (not including dependents) for which you perform(ed) these services.
2. Identify and list the credentials of the personnel to be assigned to and whether they are staff or contracted personnel.
3. Identify and list the high-level of skill and expertise you possess in regards to the services requested in this RFP. Confirm that your firm has the capability to review previously adjudicated claims.
4. Provide documentation of your financial condition by financial statements for the two most recent complete fiscal years or by prospectus. Statements need not be audited but must provide evidence that proposer is a going concern.
5. Certify that you accept all terms, conditions, and requirements of this RFP as contractual obligations.

NOTE: Only those proposals meeting these requirements will be considered for evaluation.



TAB 3

QUALIFICATIONS AND EXPERIENCE OF PROPOSER

1. Please provide a **brief** summary of the background and history of your firm/organization and state why it is best qualified to provide the types of services requested in the RFP. Please include information regarding your firm's history, affiliation with any PBM or drug manufacturers (if any affiliations exist), experience handling complex audits, and other relevant information.
2. List two or more customers that you have provided similar services to during the last three years. For each customer, please provide the name, title, address, and telephone number of your principal contact and the effective dates of your contract. With reference to the RFP requested services please identify the same type of services that you have provided for each such plan during the previous three years.
3. List the clients for whom you previously provided services within the previous five years. For each such client please describe the nature and scope of the services which you provided, state the reason for termination, and provide the name, title, address, and telephone number of your principal contact.



TAB 4

QUALIFICATIONS AND EXPERIENCE OF ASSIGNED STAFF

Identify all persons who will be assigned any responsibility under the Contract, defining the role and providing credentials of each. With reference to the services requested in the (RFP), include in each resume' the individual's training and experience in providing these types of services. Identify clients for which such services have been performed.



TAB 5

ADMINISTRATIVE MANAGEMENT AND COORDINATION STRATEGY

1. Service approach: Detail the manner and form in which services will be provided. Designate the organizational structure and chain of command of the unit or group that will provide services pursuant to the Contract. Include detail of your electronic re-adjudication process.
2. Do you anticipate subcontracting any service or requirement of the Contract? If yes, please describe the services that will be subcontracted and how your firm will assure the continuing availability and control the quality of the services.
3. What are your requirements for continuing professional development of the staff who will provide services under the contract? Confirm that these requirements have been met during the past five years.
4. Describe your peer review (quality assurance) program.
5. Has your firm undergone any reorganization/restructuring within the past two years? If yes, explain.



TAB 6

SIGNATURE PAGE

OFFICE OF GROUP BENEFITS

This proposal, together with all attachments and the fee proposal form, is submitted on behalf of:

Proposer: (NAME OF PROPOSER)

I hereby certify that:

1. This proposal complies with all requirements of the RFP. In the event of any ambiguity or lack of clarity, the response is intended to be in compliance.
2. This proposal was not prepared or developed using assistance or information illegally or unethically obtained.
3. I am solely responsible for this proposal meeting the requirements of the RFP.
4. I am solely responsible for its compliance with all laws and regulations applicable to the preparation, submission and contents of this proposal.
5. All information contained in this proposal is true and accurate.

Date

Authorized Representative

Title



ATTACHMENT IV

FEE PROPOSAL FORM

(NAME OF PROPOSER)

Proposes to provide the services requested in this Request for Proposal (RFP) for the Office of Group Benefits in accordance with the requirements, terms, and conditions of the Request for Proposal (RFP).

Proposed Contract Amount \$ _____ *

*** It is understood that this contract amount is for an audit unit comprising three months (one calendar quarter). It is also understood that single audit scopes may be one or multiple quarterly units. It is also understood that the OGB may engage the PBM Auditor for a single and continuous audit lasting the the entire three year (12 unit quarters) term of this contract.**

It is also understood that, for each quarter audited, the PBM Auditor shall electronically re-adjudicate no less than 50% of pharmacy claims for that particular calendar quarter.

NOTE:

All expenses (personnel compensation, travel, office supplies, copies, communication and etc.) should be included in the proposed total cost. In addition, any projected increases for delivery of services for the entire contract period should be anticipated and included in the proposed cost. A detail of the proposed costs should be attached to the Fee Proposal Form to determine if the total cost is reasonable.

Date

Authorized Representative

Title

Note: The original and five (5) copies of this Fee Proposal Form are to be submitted in a separate, sealed envelope marked "PBM Audit Services" on the outside of such envelope. **Do not include this Fee Proposal Form in the three ring binder with the other required portions of your proposal.**



Appendix

Standard State Contract - To be distributed at Mandatory Proposers Conference

OGB Plan Document and Pharmacy Benefits Schedule. - To be distributed at Mandatory Proposers Conference

Disc containing one full year of medical and pharmacy claims. – To be provided