

**Notice of Intent to Contract  
for  
Pharmacy Benefit Management Services**

**Office of Group Benefits (OGB)  
State of Louisiana**

January 5, 2004

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# **Request for Proposal for Pharmacy Benefit Management Services for the State of Louisiana Office of Group Benefits**

## **SECTION I – Purpose, Background, and General Information**

### **A. Purpose**

The State of Louisiana, through the Office of Group Benefits (herein referred to as “OGB” or “the OGB”), cordially invites proposals from selected Pharmacy Benefit Management organizations (herein referred to as “PBM” or “PBM’s”), and any other companies that meet all of the requirements outlined in this Notice of Intent to Contract (NIC).

This NIC is intended to assist the OGB and its staff (and any assigned consultants) in its (their) assessment of options with regard to contracting with a PBM and/or Company for outpatient prescription drug benefits. The successful proposer must be agreeable to adapting its existing operations to meet OGB's needs in managing a prescription drug program.

OGB seeks a contractual relationship with a PBM that agrees to act as a fiduciary for OGB. As such, the PBM shall place and hold the financial interests of OGB and its members above those of third parties.

**This NIC anticipates proposals from PBM’s that will pay OGB all rebates generated through the sale of prescription medicines to OGB members under this contract. Therefore, each proposer shall base its fee proposal on the fact that all rebates shall be passed on to OGB. Fees quoted by the proposers shall not anticipate the retention of any rebates by the PBM. All rebates shall be collected by the PBM on OGB’s behalf and the PBM shall make all efforts to collect and account for any rebates accrued and payable to OGB.**

**All fees related to administering the core PBM services, including, but not limited to maintenance of a network, maintenance of a POS payment system, development and supply of educational materials, accounting for, collection of and payment of rebates to OGB and other services should all be included in the fees proposed by the proposer.**

### **B. Background**

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

OGB has, for many years, provided a self-insured and self-administered indemnity type health and accident benefits plan. Since the 1980’s, OGB has also contracted with HMOs to offer services to plan participants as enrollment options. In the early 1990’s, OGB began direct contracting with health care providers to develop its own network which allowed OGB to add a component to its self-insured plan, now identified as a Preferred Provider Option (PPO).

### Specific to pharmacy benefits

Since 2001 the OGB has contracted with Advance PCS (herein referred to as “Advance” or “APCS)) to provide pharmacy benefit management services, administering all aspects of the outpatient prescription drug benefits.

OGB presently offers the outpatient drug benefit to supplement its medical plan offerings. OGB offers the following selections to employees/retirees:

- HMO – OGB makes HMO coverage available to members on a fully-insured basis. **Persons who elect HMO coverage are not the subject of PBM services sought under this NIC.**
- EPO – Exclusive Provider Option is offered to employees/retirees. OGB funds the EPO. Presently, OGB administers the EPO for all state regions, except Region 6 (zip codes beginning with 707 and 708. Region 6 EPO is administered by a contracted TPA. **Members enrolled in the EPO are subject to the PBM services sought under this NIC.**
- PPO – Preferred Provider Organization is offered to employees/retirees. The PPO is funded and administered by OGB. **Members enrolled in the PPO are subject to the PBM services sought under this NIC.**
- MCO – Managed Care Option. The MCO is funded by OGB and TPA administered. **Members enrolled in the MCO are subject to the PBM services sought under this NIC.**

The basic structure of prescription benefits plans for all is quite similar. The exception is the MCO. Because the MCO is a relative low cost option, it provides a network-only benefit for health benefits. In addition, the MCO mandates a generic drug choice when a generic is available as well as requiring prior approvals on more drugs than either the EPO or PPO.

An overview of OGB’s pharmacy benefits history can be found in Exhibit 1 of this NIC.

Additional OGB contracts about which you should be aware include: (1) Utilization management (UM) services including pre-certification and continued stay review as well as case management provided by a UM firm; and (2) Managed mental health & substance abuse (MHSA) treatment services provided and administered by a behavioral health firm. This is important for you to know because information about each of the contractors is currently on OGB’s plan participants’ identification cards and will need to continue to be placed on the card. **Card printing and mailing is the responsibility of the PBM.**

In addition to the foregoing contracts, the OGB is currently selecting a vendor to provide disease management services to its members. The carved out chronic diseases that will be managed by the eventual vendor are (1) cardiovascular, (2) pulmonary, and (3) diabetes. Information provided and sought elsewhere in this NIC regarding disease management is for informational purposes. However, a proposer’s disease management capabilities and offerings may provide a basis for enhanced scoring.

**C. OGB Enrollment**

During the month of November, 2003, enrollment of OGB was as follows:

<b>Table of Enrollment</b>		
<b>Plan Type</b>	<b>Employees/Retirees</b>	<b>Enrollees w/ Dependents</b>
EPO	6,500	12,500
PPO	62,000	106,500
HMO'S	31,500	69,000
MCO	29,000	61,500
<b>TOTAL</b>	<b>129,000</b>	<b>249,500</b>

Detailed enrollment and census information is included in Exhibit 2 of this NIC.

**D. OGB Experience Information – Particular to Pharmacy Claims**

OGB experience and utilization data from July 1, 2002 through June 30, 2003 is provided in Exhibit 3 of this NIC.

**E. OGB Plan Documents**

A copy of OGB's Plan Documents which contains the eligibility and coverage provisions, including exclusions for the drug benefits are provided in Exhibit 4 of this NIC.

Current reimbursement and fee structure is provided in Exhibit 5 of this NIC.

**F. OGB Information Technology Architecture**

The OGB IT Architecture consists of Dell 450 Workstations running Windows 2000. LAN is a 10/100 Ethernet using Cisco switches. Servers are Window servers and AIX UNIX servers. WAN is frame relay using Cisco routers, switches, and firewalls. In addition, Scan Optics scanners, Mark Read Scanners and various laser printers.

OGB computer applications include Impact (for claims adjudication, customer services, provider contracting, and eligibility processes), MedStat (Oracle based data warehousing program), Discoverer (Oracle report writer), MS Office, MS Exchange, and FileNet (Oracle based imaging and document management system). OGB uses Oracle Databases as corporate standard.

OGB will be using eTrust, a single-sign-on and centralized security system by Q103.

**G. Eligibility Data**

The eligibility file is currently transferred daily via FTP after encryption using PGP tools. The OGB IT system and systems staff are flexible with regard to eligibility record/data layout.

**H. State Statute Regarding Mail Order Drug Program**

The OGB’s prescription drug program must comply with the provisions of La.R.S. 22:226, regarding mail order prescription service. A copy of the statute is included as Exhibit 10 of this NIC.

**I. State Statute Regarding Unfair Methods of Competition**

All proposers must comply with the provisions of La.R.S. 22:1214 regarding unfair methods of competition or unfair or deceptive acts or practices. Specifically, paragraph 15(a) of the statute concerns pharmacies. A copy of the statute is included as Exhibit 11 of this NIC.

**J. Current Prescription Drug Plan**

The schedule included as Exhibit 6 of this NIC details the current prescription drug benefits for OGB. In general, the plan of outpatient drug benefits is as follows:

High-Level Overview of Current Retail Pharmacy Benefits  
State of Louisiana Office of Group Benefits

Eligible members are responsible for a coinsurance payment of 50% of the total cost of the prescription, such member coinsurance payment not exceeding \$50. In addition, the member has a \$1,200 annual Out of Pocket (OOP) maximum, after which a \$15 copayment is due on branded medications and a \$0 copayment is due on generic medication. Members also can avail themselves of a plan convenience feature that allows them to fill multiple months (up to three months) of drugs for corresponding and appropriate coinsurance payments.

**K. Licensing Requirement**

The PBM and Company must be licensed as required by Louisiana law to offer the services requested in this NIC. A PBM and/or Company should communicate directly with the office of the Louisiana Commissioner of Insurance regarding licensing requirements. It is the responsibility of each PBM to remain in compliance with existing Louisiana Law regarding PBM licensure at the beginning of the selection process and over the course of the contract.



## **SECTION II – Scope of Services**

### **A. Basic Services**

At a minimum, OGB is requesting that the selected PBM and/or Company provide the following services:

1. Administer an effective program for providing and maintaining an adequate network of pharmacies from which OGB members can procure outpatient prescription medication.
2. Collect, account for, and distribute manufacturer rebates to OGB. Manufacturer rebates due the OGB must be accounted for by the PBM. (It is anticipated that all rebates will be payable to OGB on a periodic quarterly basis).

Contracting with OGB will obligate the PBM to remit all rebates to the OGB.

3. Have and maintain a computer-terminal-based point-of-sale system at a network of retail pharmacies.
4. Provide access to a data reporting system to allow OGB and its consultants and auditors to review OGB claims information. Both OGB and its consultants must have the ability to generate reports from this system. The PBM and/or Company will be responsible for conducting training relative to the reporting system for OGB. The fee for this service must be incorporated into the PBM or Company's proposed pricing.
5. Administer a comprehensive Drug Utilization Review (DUR) Program.
6. Administer "paper claim" transactions.
7. Offer and administer a mail-order program.
8. Provide all requested reports identified in subsection J of this section II.
9. Maintain and staff a customer service call center (toll free) for members, medical providers, OGB staff and pharmacists.
10. Must exhibit and maintain organizational stability.

### **B. Prior Authorization Services**

Advance PCS, OGB's the current PBM, requires (with OGB's approval) prior authorization on several drugs and medications. The list of drugs currently requiring prior authorization is attached with the plan of prescription benefits. (Exhibit 6).

The proposing PBM and/or Company should assume continuation of the prior authorization services for the drugs currently on the list and should include the cost for these services in its fees. If, during the term of the contract, OGB determines that additional drugs are to be subject to prior authorization, the cost for these services should also be included in the quoted fees. The PBM and/or Company will not be able to "renegotiate" its contract with OGB or charge additional fees for adding drugs to or deleting drugs from a prior-authorization status.

**A. Lifetime Maximum Accumulators**

OGB (or the current PBM) will transfer current participant maximum accumulation data to the selected PBM and/or Company. Thereafter, the PBM and/or Company shall be responsible for transferring updated maximum accumulation information to OGB on each covered member at a frequency to be specified by OGB.

**B. Electronic On-line Interface**

OGB requires direct on-line access to the PBM or Company's system for the purpose of updating eligibility and member enrollment verification by terminal connection via modem. The PBM and/or Company must provide the installation of one (1) computer (including hardware and software) for use at OGB. Both the software and hardware must be compatible with OGB's current equipment. Training on the system must be provided by the PBM and/or Company at OGB's office. All associated costs for the CRT interface are to be included in the PBM or Company's quoted fees.

OGB and its consultants also seek access through PC based software to access OGB claims experience and obtain reports through a query system. This access will be at no charge to OGB or to its consultants, and training by the PBM and/or Company will be provided to OGB and consultants' personnel.

**C. Plan Member Communication Materials – Prior Approval**

The PBM and/or Company shall submit copies of all plan member communication materials and promotional materials to OGB. All such materials shall be approved in writing by OGB prior to their use in promoting the features of the drug plan to eligible enrollees. Prior approval applies to ID Cards as well as other materials.

The cost of preparation and distribution of any plan member communication materials must be included in the PBM or Company's quoted fees.

**D. Member I.D. Cards**

The PBM and/or Company shall produce and distribute durable plastic member I.D. cards that include applicable information relative to the prescription drug plan, as well as the medical plan, mental health & substance abuse carve-out plan, out-of-area PPO plan, and utilization management services. A copy of OGB current member identification card, which identifies the required data elements, is included in Exhibit 7 of this NIC. At a minimum, the successful proposer shall produce and issue ID Cards for the PPO plan. MCO, HMO and Region 6 EPO administrators currently produce and distribute cards for their respective plans.

The cost of the member I.D. card, including mailing cost to issue initial I.D. cards as well as any replacement and/or additional cards directly to plan members is to be included in the PBM or Company's quoted fees. Any employee with dependent coverage is to receive two (2) I.D. cards, with additional I.D. cards for family members issued upon request. It is anticipated that cards will be mailed and in members' mailboxes at least ten days prior to the effective date of a plan year.

## **E. Telephone Services**

1. The PBM and/or Company must provide a toll-free customer service phone number, the cost of which must be included in its quoted fees. Toll-free telephone service should be available at a minimum from 8:00 a.m. to 6:00 p.m. CST, Monday-Friday.

The PBM and/or Company shall also maintain an after-hours answering system capable of collecting caller information.

3. An electronic phone system capable of tracking call volume and abandonment rates is required. Members/providers should not be placed on hold for longer than 30 seconds without a reoccurring recorded message letting the person know that their call will be acknowledged. The maximum period of time a call may be placed on hold should not exceed three (3) minutes, and the average abandonment rate should be no greater than 3%. If the number of calls placed on hold, the abandonment rate is high, (*i.e.*, over 3%) or the waiting time is excessive, the PBM and/or Company will be required to add additional personnel and phone lines, as necessary, to meet the required standards.
4. Member/Provider Service Staff responding to incoming calls must have on-line, instant access to member eligibility and the patient's drug history.

## **F. Account Executive Services**

The PBM and/or Company shall provide an experienced Account Executive and at least one (1) back-up staff member to handle the overall responsibility of the OGB program. The individual who serves as Account Executive must be experienced in working with large accounts (15,000+ employees). Additionally, this representative must assist with program implementation and ongoing account support and must not be an Account Executive to more than 2 employer accounts (15,000+ employees) including OGB (ie. the Account Executive can only represent one other account in addition to OGB). The Account Executive does not need to have a clinical background, however, access to a clinical pharmacist must be apparent in the team you organize for OGB.

## **G. Attendance at Meetings**

The Account Executive for the PBM and/or Company shall be available for monthly management meetings with OGB staff. These meetings are sometimes on an ad-hoc basis with short notice, and the Account Executive and PBM and/or Company need to be aware of this. **Attendance by the Account Executive or back-up PBM and/or Company personnel at OGB Policy and Planning Board meetings (9-10 per year) is mandatory.** At Board meetings, the Account Executive and/or back-up staff member should be prepared to discuss any aspect of its PBM and/or Company or OGB's pharmacy program. Discussions may include an in-depth review of management reports and suggestions for program changes.

## **H. Reporting Services**

1. The Program will require a number of regular monthly, quarterly and annual claim reports. All reports should show data separately for actives, retirees and in total.

The required reports and their frequency are noted below:

- (a) A monthly paid claims summary for all benefit payments made during the month.

The summary should show separately for employees and dependents the eligible charges submitted, amount paid during the month, and the number of claims paid. (i.e., the number of checks or drafts issued).

- (b) Monthly in-network and out-of-network utilization showing data noted above (a).
- (c) Monthly Ingredient Cost Savings report by individual claimant, listing the NDC #, submitted charge, allowable charge, zip code and Tax Identification # of the prescribing physician.
- (d) A monthly communication piece identifying new drugs approved by the FDA. This communication piece must include the following components:
  - Drug Name (including brand name and generic name);
  - Therapeutic Class;
  - FDA approval date;
  - Manufacturer name;
  - Available strength(s);
  - Date of availability;
  - Comparative costs (including drug name, dosage, and cost (AWP));
  - Recommended dose;
  - Indication(s) and Contraindications/Warnings;
  - Description of the drugs clinical effectiveness;
  - Description of the Side Effects/Drug Interactions;
  - Your PBM or Company's opinions of the drug (ie. effectiveness, determination of coverage under your formulary and identification of which tier would it reside.);
  - Your PBM or Company's recommendation on how employers should cover this drug and why;
  - Prevalance factors you can apply to this drug (if applicable)
- (e) Gross submitted charge amounts, amounts determined to be ineligible, amounts applied to copayments and coinsurance. This report is required quarterly.
- (f) Claims paid by therapeutic category showing total number of claims, eligible charges and claim payments for each category. This report is required quarterly.
- (g) Annual report of high amount claimants.
- (h) Number of prescriptions submitted by single source brand, multisource brand and generic drugs, including average cost per prescription and average days supply, by month.
- (i) Average discounted ingredient cost per prescription for the top 100 drugs dispensed (sorted by total benefits paid). This report is required annually.
- (j) Quarterly Drug Utilization Review activity and savings report by type of edit.
- (k) Annual report listing the gross claims and payment made to each pharmacy. Chain outlets should be shown separately and in total for the chain.
- (l) Annual report on non-network claims processing turnaround time showing total

number of claims processed and number of claims processed within 10 working days as measured by date on which claim is received, according to date stamp, versus date check is issued.

- (m) Annual claims report showing total number of network claims processed and number of claims processed with network providers for which there was a payment error. Payment errors include payments made for ineligible expenses, payments on ineligible plan members, incorrect copayments collected at point-of-sale, and payment errors with regard to ingredient cost or dispensing fee.
- (n) Semi-annual plan member access reports prepared based on OGB census as of June 30 and December 31 of each contract year. (At OGBs discretion, this report may be requested annually.)
- (o) A rebate report must be delivered monthly to OGB and must include the following: rebates collected by PBM and/or Company from manufacturer by drug claim. The report should also include the number of prescriptions filled, and the dollar amount of rebates received for each drug on the formulary, with an annual reconciliation/report of all activity for each contract year.

2. All reports are due as follows:

- (a) Monthly reports are due no later than 10 days following month end.
- (b) Quarterly reports are due no later than 45 days following the end of the quarter.
- (c) Annual reports are due 60 days following the end of the contract year.

Ad hoc reports may be required from time to time and shall be in a format with a due date agreed upon by OGB and the PBM and/or Company.

### **SECTION III - Contractual Terms and Conditions**

The following provisions are applicable to this NIC and to any ensuing contract:

#### **A. Acceptance of NIC Content**

The contents of this NIC and of the successful proposal will become contractual obligations if a contract ensues.

#### **B. Term of Contract**

The maximum term of the Contract will be three (3) years, commencing at 12:01 a.m. on July 1, 2004 and ending at 12:00 a.m. on July 1, 2007.

#### **C. Performance Bond**

The PBM and/or Company shall furnish a performance bond in the amount of three (3) months Administrative Fees to assure performance under the Contract. The amount of the performance bond shall be determined using the number of enrolled employees and retirees on July 1, 2004, multiplied

by the monthly fee, multiplied by three.

**D. Governing Law**

This NIC and any ensuing contract shall be construed in accordance with and governed by the laws of the State of Louisiana, and the exclusive venue of any action brought in connection with the NIC and/or contract will be the 19<sup>th</sup> Judicial District Court, in and for the Parish of East Baton Rouge, State of Louisiana.

**E. Indemnification**

The PBM and/or Company agrees to protect, defend, indemnify and hold harmless OGB, the State of Louisiana, all State Departments, Agencies, Boards and Commissions, their respective officers, directors, agents, servants and employees, including volunteers (each a State Affiliated Indemnified Party), from and against any and all claims, demands, expense and liability arising out of or in any way growing out of any act or omission of the PBM and/or Company, its agents, servants, and employees, together with any and all costs, expenses and/or attorney fees reasonably incurred as a result of any such claim, demands, and/or causes of action except those claims, demands and/or causes of action arising out of the act or omission of OGB, the State of Louisiana, State Departments, Agencies, Boards, Commission, their officers, directors, agents, servants and/or employees. The PBM and/or Company agrees to investigate, handle, respond to, provide defense for and defend any such claims, demand, or suit at its sole expense, even if it (claims, etc.) is groundless, false or fraudulent, provided that (a) the State Affiliated Indemnified Party has given reasonable notice to the PBM and/or Company of the claim or cause of action, and (b) no State Affiliated Indemnified Party has, by act or failure to act, compromised the PBM or Company's position with respect to the resolution or defense of the claim or cause of action.

**F. Insurance; Certificates**

The PBM and/or Company shall procure and maintain for the duration of the agreement liability insurance with a combined single limit liability of not less than Ten Million (\$10,000,000.00) Dollars. The State of Louisiana, Division of Administration, OGB must be named as a loss payee.

The PBM and/or Company shall, on request, furnish OGB with certificate(s) of insurance affecting coverage required by this Contract. The certificate(s) for each insurance policy is to be signed by a person authorized by that insurer to bind coverage on its behalf. OGB reserves the right to require complete, certified copies of all required insurance policies, at any time.

**G. Termination Without Cause**

If at any time OGB determines that it is no longer in its best interest for the Contract to continue, OGB may terminate the Contract by giving written notice to the PBM and/or Company of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination.

**H. Termination for Cause**

If either party fails to fulfill in a timely and proper manner its material obligations under the contract, or if either violates any of the material covenants, agreement, or stipulations of the contract, the aggrieved party shall thereupon have the right to terminate the Contract by giving written notice to the other party of such termination and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination, during which time the breaching party shall have the right to cure the said breach. If the breach is not cured during the said period, the agreement shall

then be deemed terminated.

**I. Fiscal Funding**

The continuation of the Contract is contingent upon the appropriation of funds to fulfill the requirements of the contract by the legislature of the State of Louisiana. If the legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

**J. Incurred Claims**

The PBM and/or Company shall process all drug claims which are incurred during the length of its contract. No additional fees may be charged to OGB by the PBM and/or Company to administer the run-out of any claims incurred while the contract was in effect, but paid after the termination of the PBM and/or Company contract.

**K. Acknowledgement of Priority Position**

The PBM and/or Company acknowledges that OGB is a primary responsibility of the organization, and that such acknowledgement places the Louisiana OGB in a high priority position relative to other clients of the organization.

**I. Assignment**

The PBM and/or Company shall not assign any interest in the Contract and shall not transfer any interest in same (whether by assignment or novation), without prior written consent of OGB, provided however, that claims for money due or to become due to the PBM and/or Company from OGB may be assigned to a bank, trust company, or other financial institution without such prior written consent. Notice of any such assignment or transfer shall be furnished promptly to OGB.

**J. Right to Audit**

The PBM and/or Company hereby grants to the Legislative Auditor of the State of Louisiana and/or the Office of the Governor, Division of Administration Auditors, and/or the OGB's Quality Assurance Division, or any third party designated by OGB and approved by the PBM and/or Company, which approval will not be unreasonably withheld, the option of auditing all records of the PBM and/or Company pertinent to the Contract. Such audit or audits shall be performed in a manner so as not to interfere unreasonably with the PBM or Company's obligations and shall be performed at OGB's expense upon adequate prior written notice, at reasonable intervals, and during regular business hours.

Upon the request of the Legislative Auditor, the PBM and/or Company shall provide copies of its internal audits and quality assurance reports and shall obtain and provide an annual report on controls placed in operation and tests of operating effectiveness from an independent audit conducted pursuant to Statement on Auditing Standards (SAS) 70, service organizations. In addition, the PBM and/or Company must perform audits of individual pharmacies requested by OGB for the purpose of determining pharmacy accuracy and adherence to the PBM and/or Company contract. These audits must be conducted and the results reported to OGB within 60 days.

**K. Record Retention**

The PBM and/or Company agrees to retain all books, records, and other documents relevant to the Contract and the funds expended hereunder for at least four (4) years after final payment or as described in 45 CFR 74.21(B), whichever is longer.

**L. Confidentiality**

The PBM and/or Company agrees to sign and adhere to a HIPAA Business Associates Addendum and maintain the security and privacy of all confidential or privileged information and materials which have or will come into its possession or knowledge in connection with the performance of services pursuant to the Contract and will not release, use, or disclose any such information without OGB's prior written consent.

**M. Reproduction, Publication and Use of Material**

Subject to the confidentiality obligations as set forth in Section II (Article 16) above, OGB shall have unrestricted authority to reproduce, publish, distribute, and otherwise use, in whole or in part, any reports, data, studies, or surveys prepared by the PBM and/or Company for OGB in connection with this Contract or in the performance hereof.

**N. Patent, Copyright, and Trade Secret Indemnity**

The PBM and/or Company warrants that all materials and/or products produced by the PBM and/or Company hereunder will not infringe upon or violate any patent, copyright, or trade secret right of any third party. In the event of any such claim by any third party against OGB, OGB shall promptly notify the PBM and/or Company, and the PBM and/or Company shall defend such claim, in OGB's name, but at the PBM or Company's expense, and shall indemnify OGB against any loss, expense, or liability arising out of such claim, whether or not such claim is successful.

**O. Causes Beyond Control**

Neither party shall be responsible for delays or failure in performance resulting from acts beyond the control of such party. Such acts shall include but not be limited to acts of God, strikes, riots, lockouts, acts of war, epidemics, governmental regulations superimposed after the fact, fire, communication line failures, power failure, earthquakes, or other disasters, or by reason of judgment, ruling, or order of any court or agency of competent jurisdiction.

**P. Security**

The PBM and/or Company and the PBM or Company's personnel will at all times comply with all security requirements in effect at OGB's facilities which are made known in writing by OGB to the PBM and/or Company. Materials belonging to OGB will be safeguarded by the PBM and/or Company to at least the same extent as the PBM or Company safeguards proprietary information relating to its own business.

**Q. Equal Opportunity**

The PBM and/or Company agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era



Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1972, and the PBM and/or Company agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

The PBM and/or Company agrees not to discriminate in its employment practices, and will render services under the Contract without regard to race, color, religion, sex, national origin, veteran status, political affiliation, disabilities, or because of an individual's sexual orientation.

**R. Ineligible Expenditures**

Expenditures under the Contract which are ineligible for reimbursement and are determined by audit or review to be ineligible for reimbursement and for which payment has been made to the PBM and/or Company, shall be refunded to OGB by the PBM and/or Company.

**S. Payment of Taxes**

The PBM and/or Company agrees that the responsibility for payment of taxes from the funds thus received under the Contract and/or legislative appropriation shall be the PBM and/or Company's obligation and shall provide its Federal Tax Identification Number upon request.

**T. Independent Contractor Relationship**

No provision of the Contract is intended to create nor shall it be deemed or construed to create any relationship between the PBM and/or Company and OGB other than that of independent entities contracting with each other hereunder solely for the purpose of effecting the provisions of the Contract. This includes both entities and includes the following: all officers, directors, agents, employees or servants of each party.

**U. Notice**

Any notice, demand, communication or payment required under this Contract shall be deemed effectively given when personally delivered or mailed, postage prepaid, as designated in the contract.

**V. Board Resolution**

The PBM and/or Company, if a corporation, shall secure and attach to the contract a formal, dated Board resolution indicating the Signatory is a corporate representative and authorized to sign said contract.

**W. All Amendments in Writing**

No amendment to the Contract shall be effective unless in writing and signed by duly authorized representatives of both parties and approved as required by statutes and regulations of the State of Louisiana.

**X. Sole Agreement**

The Contract, together with the attached and referenced Exhibits, constitute the sole agreement between the parties regarding pharmacy benefits management services, and that no other representations, either oral or written, are binding upon either party.

**Y. Waiver of Breach**

The waiver by either party of a breach or violation of any provision of the Contract shall not operate as, or be construed to be, a waiver of any subsequent breach of the Contract.

**Z. Severability**

The invalidity or unenforceability of any terms or conditions of the Contract shall in no way effect the validity or enforceability of any other terms or provisions. Any provision of the contract is severable if it is determined by the parties or by a court or agency of competent jurisdiction to be in violation of the laws of the State of Louisiana or of the United States or of rules or regulations promulgated pursuant to law, or if such provision becomes inoperative due to changes in state or federal law, or applicable state or federal rules or regulations.

**AA. Approval of Contract**

Notwithstanding any other provision of the Contract, the Contract shall not become effective until approved as required by statutes and regulations of the State of Louisiana.

**BB. Order of Precedence**

In the event of any inconsistent or incompatible provisions, this signed Contract (excluding the NIC and the PBM and/or Company's proposal) shall take precedence, followed by the provisions of the NIC, and then by the terms of the PBM and/or Company's proposal.

**CC. Remedies**

Any claims or controversy arising out of this Contract shall be resolved in accordance with the provisions of La R.S. 39:1524 and 1525.

**FF.** PBM is a fiduciary of the Office of Group Benefits and performs services in the best interest of the Office of Group Benefits. The PBM's business conduct shall be such that it places those interests of the OGB and its members ahead of the interest of third parties.

## SECTION IV – PBM/Company Performance Standards

### A. Performance Standards and Penalties

Each PBM and/or Company must agree to abide by the Performance Standards specified on the following tables. The OGB reserves the right to reduce or waive any performance penalties if, in OGB's sole discretion, the failure of the PBM and/or Company to meet a performance standard was due to extraordinary circumstances.

<b>a. Identification cards</b>	95% of identification cards will be produced and mailed within 10 days of receipt of complete and accurate eligibility information.
Dollar Amount of Penalty and Method of Measurement	OGB will assess a penalty of \$1,000 per day for each day beyond which the standard is not achieved.
<b>b. Client Agreement</b>	Agreement will be provided to OGB at least 60 Days prior to the effective date.
Dollar Amount of Penalty and Method of Measurement	OGB will assess a penalty of \$1,000 per day for each day beyond which the standard is not achieved.
<b>c. Satisfaction Survey</b>	Satisfactory result of at least 95% from Annual Member Satisfaction Survey.
Dollar Amount of Penalty and Method of Measurement	To be measured by results of OGB's Member Satisfaction Surveys completed annually. For each full percentage point below the desired standard, the PBM and/or Company organization will be assessed a penalty of \$5,000.
<b>d. Call Answering Time</b>	At least 95% of all eligible persons' calls received will be answered within 30 seconds.
Dollar Amount of Penalty and Method of Measurement	To be measured based on OGB-specific Member Service Call Answer statistics to be reported quarterly to OGB. For each full percentage point below the standard, the PBM and/or Company will be assessed a fee of \$10,000 per quarter.
<b>e. Call Abandonment Rate</b>	Not more than 3% of all eligible persons' calls will be abandoned.
Dollar Amount of Penalty and Method of Measurement	To be measured based on OGB-specific Abandonment statistics to be reported quarterly to OGB. For each full percentage point below the standard, the PBM and/or Company will be assessed a fee of \$10,000 per quarter.
<b>f. Eligibility Posting</b>	98% of electronically transmitted eligibility updates posted within two (2) business days after receipt in specified format and 100% posted within five (5) business days.
Dollar Amount of Penalty and Method of Measurement	To be determined at the end of each contract year. For each full percentage point below the desired standard, the PBM and/or Company will be assessed a fee of \$1,000.
<b>g. Network Size</b>	PBM and/or Company must provide access to at least 93% of all plan members using the parameters of 2 pharmacies within 10 miles.
Dollar Amount of Penalty and Method of Measurement	To be measured by GeoAccess reports produced by the PBM and/or Company one month prior to implementation and twice annually for each contract year. For each full percentage point below the standard, the PBM and/or Company will be assessed a fee of \$10,000 per six-month period. The parameters used to prepare the GeoAccess report will be specified by OGB at the time of the

	request (at implementation and in subsequent contract years).
<b>h. Administration of Non-Network Claims</b>	PBM and/or Company must agree that at least 95% of "clean" Rx claims will be processed within 5 working days of receipt.
Dollar Penalty and Method of Measurement	Penalty calculated at end of each contract year based on the average claims turnaround time for the year. For each full day above the standard, PBM and/or Company will be assessed a fee of \$10,000 to be measured by claims turnaround reports produced by PBM and/or Company or independent audit by OGB or its designee.
<b>i. Reporting Requirements</b>	PBM and/or Company must agree to provide OGB all the reports specified in this NIC within the stated time periods. Additionally, PBM and/or Company must prepare a written summary analysis and orally present results to OGB annually.
Dollar Penalty and Method of Measurement	OGB will assess a penalty of \$300 per day per report for each day a report is more than five days late. OGB will assess a separate penalty of \$5,000 for failure to prepare and present the written and oral analysis.
<b>j. Point-of-Sale Network System Downtime</b>	PBM and/or Company must agree that system downtime will be no greater than 24 hours per incident; not to exceed two times per contract year.
Dollar Amount of Penalty and Method of Measurement	Penalty to be assessed at time of violation at a flat fee of \$15,000 per occurrence.
<b>k. Retail Point-of-Sale Claims Adjudication Accuracy</b>	PBM and/or Company must agree to a financial accuracy rate of at least 98% for all Rx claims processed at point-of-sale.
Dollar Amount of Penalty and Method of Measurement	To be determined at end of each contract year. For each full percentage point below standard, PBM and/or Company will be assessed a fee of \$10,000 to be measured by reports produced by PBM and/or Company or independent audit by OGB or its designee.
<b>l. Response to OGB regarding invoicing, fees and/or formulary rebates</b>	OGB shall submit any issues or questions regarding the accuracy of any invoice for claim reimbursement, fees and/or formulary rebates in writing to the PBM and/or Company. The PBM and/or Company shall have 10 working days to respond to OGB concerns.
Dollar Amount of Penalty and Method of Measurement	OGB will assess a penalty of \$500 per day for each day beyond 10 working days that the issues or questions remain unresolved.
<b>m. Communication Material Accuracy</b>	All member communication material must be accurate and pre-approved by OGB in writing.
Dollar Amount of Penalty and Method of Measurement	OGB will assess a penalty of \$1,000 per instance for failure to obtain written approval prior to sending out inaccurate communication material (OGB approval does not attest to communication accuracy).

## SECTION V – Proposal Format, Fee Quotations

### A. Instructions on Proposal Format

#### Guidelines and Assumptions

This NIC anticipates proposals from PBM's that will pay OGB all rebates generated through the sale of prescription medicines to OGB members under this contract. Therefore, each proposer shall base its fee proposal on the fact that all rebates shall be passed on to OGB. Fees quoted by the proposers shall not anticipate the retention of any rebates by the PBM. All rebates shall be collected by the PBM on OGB's behalf and the PBM shall make all efforts to collect and account for any rebates accrued and payable to OGB.

All fees related to administering the core PBM services, including, but not limited to maintenance of a network, maintenance of a POS payment system, development and supply of educational materials, accounting for, collection of and payment of rebates to OGB and other services should all be included in the fees proposed by the proposer.

#### Assumptions:

- Drug data provided for the year July '02 through June '03 correctly details the drug utilization and costs of OGB for the time period. Further assume that drug utilization will be exactly as indicated for the three year period beginning July '04 through June '07. Estimated costs, fees, rebates, etc. should be based on the provided utilization data and multiplied by three to arrive at your proposed numbers for (1) ingredient costs, (2) dispensing fees, (3) rebates, and (4) administrative fees.
- Use no time value of money adjustments in your quotes and estimates. Make no adjustments for cost of living, inflation, interest or other factors. Administrative fees should be quoted on a flat rate for the three year period. The rate for administrative fees should be expressed as a per claim charge (list fees for paper, electronic, and mail claims separately).

#### Proposer Instructions

Proposers should respond thoroughly, clearly and concisely to all of the points and questions set forth in the NIC. Your answers should specifically address your current capabilities separately from anticipated capabilities. *Please do not include voluminous amounts of marketing and promotional material or brochures about your company; your responses to the questions asked in the NIC are more important. Please remember to respond to each question clearly and concisely.*

1. Please submit the one (1) original together with five (5) copies of your proposal. Each copy should be complete, with all attachments. Please clearly identify the original, number the copies 1-5, and place each in a separate three-ring binder.
2. Use a tab to divide all sections and each attachment. The tab should extend beyond the right margin of the paper so that it can be read from the side and is not buried within the document.
3. Requested Order of Presentation:

- Section 1.) Cover letter
- Section 2.) Executive Summary\*
- Section 3.) Mandatory Signature Page
- Section 4.) A complete copy of the PBM/Company Information and References
- Section 5.) A completed copy of the Minimum Requirements Checklist
- Section 6.) A completed copy of the Questionnaire
- Section 7.) A completed copy of the PBM/Company Performance Standards
- Section 8.) Attachments/Exhibits

*\*Please provide a brief 2-3 page Executive Summary outlining your NIC response.*

- 4. Submit one (1) original and five (5) copies of the Fee Quotation Forms and Total Plan Cost Worksheets in a separate, sealed envelope clearly marked “Pharmacy NIC Fee Forms and Total Plan Cost Worksheets” on the outside of such envelope.
- 5. Answer questions directly. Where you do not want to provide an answer, indicate so (e.g. not applicable, no response.). A response to a narrative question should not, as a general rule, be more than three hundred words.

Do not answer a question by referring to the answer of a previous question. Restate it or copy the previous 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 labeling the document as an attachment/exhibit number, letter or heading.

Please state the question and then provide the answer. Do not number answers without providing the question.

**B. Fee Quotation Requirements**

The PBM and/or Company must complete the Fee Quotation Forms and Total Cost Worksheets provided in this NIC.

The basis for your fees should be as follows:

- 1. Commissions or finders fees are not payable under this contract.
- 2. Your fees must be guaranteed for the three-year period of the contract. In no event, will add-ons or changes be permitted during the term of the contract, except in the event of benefit modifications which would materially affect the contractor's responsibilities.
- 4. Your fees must include your cost to develop, print and disseminate to all employees, retirees and providers, communication materials necessary to effectively implement and manage the drug program for OGB. This communication material shall be subject to OGB's advance approval. Your fees must also include your cost to produce and mail member I.D. cards and any replacement cards directly to plan members.

## SECTION VI - Schedule of Events

### A. Schedule of Events

NIC Issued	January 5, 2004
Deadline To Receive Written Questions on the NIC	January 13, 2004
Proposers' Conference ( <u>MANDATORY</u> )	January 19, 2004
Proposals Due	February 4, 2004
Interviews/Discussions	February 25, 2004
Contract Award [Tentative]	TBA
Effective Date of Contract [Tentative]	TBA

### B. Written Questions on the NIC

Written questions regarding the NIC are to be submitted and received in the Office of the Chief Executive Officer for the Office of Group Benefits on or before 4:30 p.m. on the date noted above. This will allow OGB staff and consultants the opportunity to provide the appropriate responses to your questions and hopefully have them completed prior to the Proposers' Conference. Questions, also, may be faxed to:

Office of Group Benefits  
Attention: A. Kip Wall, Chief Executive Officer  
225-925-4721

### C. Mandatory Proposers' Conference

The Proposers' Conference will be held in the Board Room of the Office of Group Benefits at 5825 Florida Boulevard in Baton Rouge, Louisiana at 10:00 a.m. on the date set forth in the Schedule of Events above.

A representative of your organization must be present, in person, for the Proposers' Conference. OGB staff and consultants will be available to discuss the proposal specifications with you and answer any questions you may have. The Proposers' Conference is considered an integral part of the NIC process. **Any PBM and/or Company which does not have a representative attending the Proposers' Conference shall 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 organization.

### D. Proposal Due Date

One (1) original and five (5) copies of your response to the NIC must be delivered to the Office of Chief Executive Officer, Office of Group Benefits on or before 4:30 p.m. on the date noted in the "Schedule of Events." All proposals should be clearly marked: "Pharmacy Services for OGB."

## **SECTION VII - Proposal Evaluation and Criteria**

### **A. Proposal Evaluation**

Proposals will be evaluated by a Selection Committee comprised of OGB staff. The evaluation will be reported to the CEO, who will have the ultimate responsibility for final selection of the PBM and/or Company. Each proposal will be evaluated to insure all requirements and criteria set forth in the NIC have been met. Failure to meet all of the minimum requirements or mandatory features will result in rejection of the proposal.

An initial evaluation of all responses will be conducted by the Selection Committee. After initial review, the Selection Committee may invite those PBMs and/or Companies whose proposals are deemed reasonably susceptible of being selected for award to participate in interviews at OGB's offices in Baton Rouge, Louisiana. The interviews will allow the Selection Committee to substantiate and clarify representations contained in the written proposals, evaluate the capabilities of each PBM and/or Company and discuss the understanding of OGB's needs. The results of the interview, if held, may be incorporated into the final scoring for each participating PBM and/or Company. Site visits may be done.

Following interviews, scoring will be finalized in compliance with the mandatory requirements and evaluation criteria below. The proposal receiving the highest total score will be recommended to the CEO of OGB for contract award.

### **B. Evaluation Criteria**

After determining that a proposal satisfies the minimum requirements, an assessment of the benefits and deficiencies of each proposal will be conducted in accordance with the following criteria:

#### **1. Financial Analysis (Maximum Points – 500)**

- a. Ingredient Cost
- b. Dispensing Fees
- c. Rebates
- d. Administrative Fees

Using the OGB's historical claims experience, the total impact of each of the financial factors over the maximum three-year term of the contract will be estimated. Based upon these estimates, the most favorable proposal in each category will be awarded the maximum points for that factor. Points will be awarded to the other proposals by proportionate comparison to the most favorable.

#### **2. Qualitative Analysis (Maximum Points – 500)**

- a. Member Access  
Percent of OGB population with access to network pharmacies; 24-hour pharmacy access
- b. Clinical Quality  
Scope and effectiveness of systems edits; quality control, and clinical management



- c. Administrative Issues  
Claims payment services and guarantees; overall capabilities; responsiveness to OGB issues; promptness of rebate payments
- d. Data Reporting  
Meaningful comparisons to prior periods; benchmark data; national, regional, and peer plan trends; ability to validate reported discounts and savings
- e. Implementation  
Ability to meet established time lines for systems, eligibility, ID cards, and communications
- e. Organizational Stability Years of experience, references, financial solvency

Point awards within each category will be rounded to the nearest whole point. Fractional points of .5 or greater will be rounded up.

## **SECTION VIII - Minimum Requirements Checklist**

### **A. Instructions for Completion of the Minimum Requirements Checklist**

1. ***DO NOT RETYPE THE QUESTIONS IN THIS SECTION!*** Questions should be photocopied. Answers are to be written ***ON*** the questionnaire form.
2. Please proof your answers before submitting your response to ensure completeness.
3. The PBM and/or Company will be held accountable for the accuracy/validity of all answers. You may also be asked to substantiate any response during the interview, on-site visit or through a formal audit process.
4. Please note that your proposal will become part of the contract between OGB and the PBM and/or Company, if and when the proposal is accepted and accompanied by a separate formal written contract document.
5. Failure to enclose a completed copy of the Minimum Requirements Checklist in a PBM and/or Company proposal, or failure to meet any of the minimum requirement criteria will result in disqualification of the proposal.

Name of PBM/Company \_\_\_\_\_

Minimum Requirements Checklist	Indicate "Yes" or "No"
1. Does your organization have a minimum of five (5) years experience in performing pharmacy benefit management services?	
2. Are you currently providing pharmacy benefit management services to at least two groups, each of which has at least 25,000 covered employees and/or retirees (not counting dependents); at least one client must be a single employer (corporate or government)?	
3. Do you agree to provide pharmacy benefit management services, as specified in this NIC, recognizing the unique benefit plan design of OGB's program?	
4. Do you have the ability and are you willing to customize your pharmacy benefit management services to meet the needs/desires of the OGB?	
5. Do you agree to meet all Program Requirements set forth in Section II of this NIC?	
6. Do you agree to meet all the General Contractual Requirements set forth in Section III of this NIC?	
7. Have you submitted a completed copy of the PBM/Company Performance Standards in accordance with Section III of this NIC including all financial minimum requirements and penalties outlined?	
8. Have you submitted a complete response to all questions set forth in the Questionnaire Section of this NIC ?	
9. Have you included all of the attachments requested throughout this NIC(outlined in Section X) in your proposal?	
10. Have you submitted a completed copy of the PBM/Company Information and Mandatory Signature Pages?	
11. Have you submitted, in a separate sealed envelope, a completed Fee Quotation Form?	
12. Do you maintain a computer system capable of accommodating the requirements of this contract and the volume of plan participants?	
13. Do you meet minimum network access standard of 85% of the plan members being within ten (10) miles of one existing network pharmacy as of the date your proposal is submitted?	
14. Are you willing to commit to minimum network access standard as of the effective date of the contract of 90% of plan members being within ten (10) miles of two (2) network pharmacies?	
15. Are you willing to remit all rebates to OGB?	
16. Are you willing to operate as an OGB fiduciary – performing in OGB's best interests?	

## SECTION IX - Questionnaire

**ALL proposers must complete this section. Please respond to all questions outlined in this section. Each question must be answered specifically. Reference should not be made to a prior response.**

### A. General Background

1. Please complete the following information:

PBM or Company Name	
Name of Parent Company	
Ownership Structure	
Operational Date	
Street Address	
City	
State	
Zip Code	
Web Address	
Contact for This Proposal	
Title	
Telephone #	
Facsimile #	
Year Network(s) Established.	
Which Network Is Being Proposed for OGB? <i>(Please provide the name of the network.)</i>	
Covered Lives (including all networks) <ul style="list-style-type: none"> <li>- 3 Years Prior (average monthly)</li> <li>- 1 Year Prior (average monthly)</li> <li>- Current</li> </ul>	
Number of Group Plans Currently Administered	
Number of Group Plans Terminated in past 24 months	

Number of Groups Plans Currently Administering in Louisiana		
Number of Groups Plans Terminated in past 24 months in Louisiana		

2. Please identify any anticipated changes in ownership or business developments, including but not limited to mergers, stock issues, and the acquisition of new venture capital.

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3. Please list any pharmaceutical manufacturers with which you are aligned (not including rebate arrangements) and the nature of your relationship.

Manufacturer	Relationship

4. Please list any companies to which you subcontract services.

Subcontractor	Response	Subcontractor	Response
Claims Processing	Yes or No	Claim Auditing	Yes or No
Utilization Review	Yes or No	Mail Order Services	Yes or No
Disease Management	Yes or No	Pharmacy On-Site Auditing	Yes or No
Credentialing/Re-credentialing	Yes or No	List Other:	Yes
Pharmacy Auditing	Yes or No	List Other:	Yes

5. Please provide the total number employed by the PBM or Company in each of the following categories:

	# Employed by PBM or Company ( <i>Retail</i> )	# Employed by PBM or Company ( <i>Mail Service</i> )
Pharmacists		
Pharmacy Technicians		
Member Service Representatives		
Account Service Representatives		
Sales Representatives		

6. Report on your entire book of business

Employer Size	# of Accounts	# of Lives	Total Claim Dollars
100 - 500			\$
500 – 1,000			\$
1,000 - 5,000			\$
5,000+			\$

7. What amount of professional liability insurance do you maintain?

<b>Liability Insurance</b>	\$
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8. Does your professional liability coverage protect all clients against liability arising from your activities?

Yes, No, or NA

9. Amount of E&O liability insurance maintained for PBM or Company operations:

<b>E&amp;O Liability Ins.</b>	\$
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10. Provide your company's most recent financial rating or filing (identify date) from each of the following:

Rating Agency	Rating	Date
A.M. Best		
Moody's		
Duff & Phelps		
Standard & Poors		

11. Indicate if your rating has changed within the past 12 months for any of the rating agencies:

Rating Agency	Rating	Date
A.M. Best		
Moody's		
Duff & Phelps		
Standard & Poors		

12. Please describe any past or pending litigation proceedings with contingent liability over \$500,000 and judgments or settlements involving your firm's prescription drug retail and/or mail order services.

13. Please describe the process available to members who need to file an appeal or grievance against your company.

14. Please provide one copy of your company's most recent Annual Report. **Label Attachment 3.**

15. Please provide one copy of the most recent audited financial statement of your PBM or Company. Do not provide financial statements of your parent company. If audited statements are not available, provide other information demonstrating the financial stability of your PBM or Company. **Label Attachment 4.**

**B. Retail Network**

1. Your pharmacy selection criteria include:

	Retail			Mail Service
	Yes	No	NA	
Hours of availability	Yes	No	NA	
24-hour stores	Yes	No	NA	
Delivery	Yes	No	NA	
Fax numbers	Yes	No	NA	
Special services such as patient counseling	Yes	No	NA	
Other	Yes	No	NA	

2. Your network contracting procedures comply with all state and federal laws.

Retail			Mail Service
Yes	No	NA	

3. All network providers are required by contract to meet all state and federal licensing requirements.

Retail			Mail Service
Yes	No	NA	

4. All pharmacies are required by contract to maintain adequate professional liability coverage to cover all risks associated with dispensing errors, patient counseling, and quality assurance activities.

Retail			Mail Service
Yes	No	NA	

5. All pharmacies are required by contract to submit claims electronically via point-of-sale devices.

Retail			Mail Service
Yes	No	NA	

6. The pharmacy must make an effort to collect DEA number or other provider identifier and submit it to support DUR.

Retail			Mail Service
Yes	No	NA	

7. All funds billed to the client for retail drug costs are paid to network retail pharmacies (i.e., no funds are withheld by your PBM or Company).

Retail			Mail Service
Yes	No	NA	

8. All pharmacies are required by contract to accept “lessor of” pricing – the lower of U&C, MAC or network reimbursement rate.

Retail			Mail Service
Yes	No	NA	

9. Your AWP file is updated weekly.

Retail			Mail Service

10. All pharmacies are required by contract to review concurrent DUR messages and take action as appropriate.

Yes	No	NA	
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Retail			Mail Service
Yes	No	NA	

12. All pharmacies are required by contract to actively encourage generic substitution.

Retail			Mail Service
Yes	No	NA	

12. All pharmacies are required by contract to support formulary programs by informing patients when a non-formulary drug has been prescribed and contact the physician.

Retail			Mail Service
Yes	No	NA	

13. All pharmacies are required by contract to cooperate in health management/ disease management programs offered through the network.

Retail			Mail Service
Yes	No	NA	

14. All pharmacies are required by contract to dispense generic drugs whenever possible and abide by the pricing of the MAC program.

Retail			Mail Service
Yes	No	NA	

15. All pharmacies are required by contract to hold employees harmless in the event of an overcharge.

Retail			Mail Service
Yes	No	NA	

16. All pharmacies are required by contract to counsel patients about their medications and their compliance with therapy.

Retail			Mail Service
Yes	No	NA	

17. You will add a pharmacy where access does not meet OGB standards.

Retail			Mail Service
Yes	No	NA	

18. You have the ability to offer multiple networks for OGB.

Retail			Mail Service
Yes	No	NA	

19. You perform quarterly statistical audits of all pharmacies.

Retail			Mail Service
Yes	No	NA	

20. You perform on-site audits of 5% or more of your pharmacies and any pharmacy submitting 5% or more of your total claims on an annual basis.

Retail			Mail Service
Yes	No	NA	

21. All audit recoveries will be returned to OGB.

Retail			Mail Service
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Yes	No	NA	
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If you retain a percentage of the recoveries to cover your administrative costs, what is the %?

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22. Each of the following factors are included in your on-site audits:

	Retail			Mail Service
	Yes	No	NA	
Physician Dispense as Written (DAW) use	Yes	No	NA	
Concurrent DUR intervention	Yes	No	NA	
Package size submitted	Yes	No	NA	
Usual and Customary pricing	Yes	No	NA	
Generic dispensing	Yes	No	NA	
Controlled substance dispensing	Yes	No	NA	
Compound dispensing	Yes	No	NA	
Days supply	Yes	No	NA	
Return to stock	Yes	No	NA	
Claim cost	Yes	No	NA	
Claim volume	Yes	No	NA	
Refill Rate	Yes	No	NA	
Units per claim	Yes	No	NA	
DEA (physician ID) submission	Yes	No	NA	
Historical audit results	Yes	No	NA	

23. If OGB identifies a pharmacy with questionable claims, you will perform an on-site audit.

Retail			Mail Service
Yes	No	NA	

24. Your pharmacy relations department will provide on behalf of OGB:

	Retail			Mail Service
	Yes	No	NA	
Ongoing newsletter communication	Yes	No	NA	
Pharmacy help-desk toll-free number	Yes	No	NA	
Local continuing education programs	Yes	No	NA	
Written continuing education programs	Yes	No	NA	

25. To identify a local pharmacy in your network, the following tools are available to OGB employees at no charge:

	Retail			Mail Service
	Yes	No	NA	
Directories	Yes	No	NA	
Toll-free customer service line	Yes	No	NA	
Internet look up via zip code	Yes	No	NA	

26. You have a pharmacy report card available for OGB that shows in detail the performance of specific pharmacies.

Retail			Mail Service
Yes	No	NA	

27. You pay your pharmacies from reserve funds and then replace the funds with OGB invoicing (rather than waiting to receive the funds from OGB before paying the pharmacies).

Retail			Mail Service
Yes	No	NA	

28. Please provide a copy of the survey questionnaire, documentation of the survey methodology, and the results of the most recent network pharmacy satisfaction survey. *Label Attachment 5.*

29. How many contracted pharmacies were terminated during the first six months of 2003 because of unacceptable audit or performance results?

# Terminated

30. During the last six months of 2003, what percentage of claims was paid below the contracted AWP?

Claims Paid Below

31. During the last six months of 2003, what percentage of total brand name drug costs were saved through discounted AWP pricing?

Savings - AWP

32. During the last six months of 2003, what percentage of total generic drug costs was saved through MAC pricing?

Savings - MAC

33. What percentage of retail prescriptions was dispensed with generic drugs over each of the last two-(2) years?

2002
2003

34. Pharmacies are paid:

Weekly	
Bi-weekly	
Twice Monthly	
Monthly	
Varies By Client	
Other	

35. What percent of contracted retail pharmacies have on-site audits conducted annually? Desktop audits?

Onsite	
Desktop	

36. Please complete the following chart for your two most commonly offered networks:

<b>Restricted</b>	<b>AWP Discount</b>	<b>Lower of U&amp;C (Y/N)</b>	<b>Lower of MAC (Y/N)</b>	<b>Dispensing Fee</b>
Brand				
Generic				
<b>Broad</b>	<b>AWP Discount</b>	<b>Lower of U&amp;C (Y/N)</b>	<b>Lower of MAC (Y/N)</b>	<b>Dispensing Fee</b>
Brand				
Generic				

37. What is the total number of pharmacies included in your:

<b>Restricted Network</b>	
<b>Broad Network</b>	

### **C. Rebate Issues/Handling**

Describe in detail your procedures for the following activities:

1) Accounting for the accrual of rebates due a plan,

--

2) Collections of accrued rebates (with aging estimates)

--

3) Payments of rebates to plans.

--

**D. Mail Service**

1. Your mail order dispensing fee includes postage.

Retail	Mail Service		
	Yes	No	NA

2. Your mail service facilities meet all state and federal pharmacy licensing requirements.

Retail	Mail Service		
	Yes	No	NA

3. All pharmacists, pharmacy technicians and other applicable employees meet state and federal licensing requirements.

Retail	Mail Service		
	Yes	No	NA

4. Your policies prevent you from dispensing any prescriptions using medication within 120 days of the medication’s expiration date.

Retail	Mail Service		
	Yes	No	NA

5. You dispense only “AB”-rated generic drugs as approved by the FDA and documented in the Orange Book.

Retail	Mail Service		
	Yes	No	NA

6. During the last six months of 2003, at least 90 percent of all your mail service prescriptions were dispensed and mailed within 48 hours of the prescription’s arrival at the facility.

Retail	Mail Service		
	Yes	No	NA

7. Your mail service dispensing error rate during the last six months of 2003 was less than 0.5 percent.

Retail	Mail Service		
	Yes	No	NA

8. You allow mail service prescription refills by telephone using a credit card.

Retail	Mail Service		
	Yes	No	NA

9. You allow mail service prescriptions refills by the Internet using a credit card.

Retail	Mail Service		
	Yes	No	NA

10. The following mechanisms are available to notify participants of their next refill date:

	Retail	Mail Service		
At time of initial fill		Yes	No	NA
Through proactive phone call		Yes	No	NA
Internet email		Yes	No	NA

Post card/letter		Yes	No	NA
Other (elaborate in Explain.doc)		Yes	No	NA

11. If a patient reports that a prescription drug is lost in the delivery process, you will replace the drug at no cost to the payer.

Retail	Mail Service		
	Yes	No	NA

12. You use MAC pricing for generics in your mail service pharmacy.

Retail	Mail Service		
	Yes	No	NA

13. OGB employees can purchase, at their expense through your mail service facility:

	Retail	Mail Service		
OTCs		Yes	No	NA
Vitamins		Yes	No	NA
Nutritional supplements		Yes	No	NA
DME		Yes	No	NA

14. For mail service AWP pricing, you use actual package NDC number.

Retail	Mail Service		
	Yes	No	NA

15. When auditing your mail service facilities, your audit criteria are more stringent and detailed than the retail audit criteria.

Retail	Mail Service		
	Yes	No	NA

16. You have a disaster recovery plan, which would be used in the event of a mail service facility closure.

Retail	Mail Service		
	Yes	No	NA

17. Please provide copies of all materials mailed to members receiving mail service prescriptions. *Label Attachment 6.*

18. Provide your drug mix over the past three years separately for mail and retail. Provide number of single source brands, multi-source brands, and generic. Please provide numbers and percentages.

**Drug Mix Percentage for 2002, 2003**

	Single Source Brands		Multi-Source Brands		Generic	
<b>Retail 2002</b>	#	%	#	%	#	%
<b>Mail Service 2002</b>	#	%	#	%	#	%
<b>Retail 2003</b>	#	%	#	%	#	%
<b>Mail Service 2003</b>	#	%	#	%	#	%

19. What percentage of mail service prescriptions were filled with generics in each of the last three years?

<b>2002</b>	
<b>2003</b>	

20. What percentage of mail service multi-source brand prescriptions were switched to generics during the first six months of 2003?

<b>Brand to Generic</b>	
-------------------------	--

21. During the first six months of 2003, what percentage of total claim costs were saved through generic substitution?

<b>Claim Cost Saved</b>	
-------------------------	--

22. Please provide the following information about your mail service capabilities:

<b>Number of facilities operated</b>	
<b>Total monthly mail service dispensing capacity</b>	
<b>Total prescriptions dispensed in the most recent month</b>	

23. Indicate the location of each mail order facility (including any new facilities expected to be operational during the term of the proposed contract and the current percent of capacity at each. In the location column, please indicate which facility will be used for OGB business with an asterisk(\*).

<b>Location (City, State)</b>	<b>Operational (O) or Planned (P)</b>	<b>Percent Capacity</b>

24. What standards do you have for timeliness of filling original and refill mail order prescriptions?

--

25. Provide the staffing information requested in the table below:

<b>Staffing</b>	<b>Current Employees</b>				<b>2003</b>
	<b>Number Full Time</b>		<b>Number Part Time</b>		<b>Turnover Rate (%)</b>
<b>Managerial</b>	#	%	#	%	%
<b>RPhs</b>	#	%	#	%	%
<b>Pharmacy Technicians</b>	#	%	#	%	%
<b>Customer Service</b>	#	%	#	%	%
<b>Clerical</b>	#	%	#	%	%
<b>Other</b>	#	%	#	%	%

26. List current business in terms of volume by:

<b>New Rxs a week</b>	
<b>Refill Rxs a week</b>	

<b>Total Rxs a week</b>	
-------------------------	--

27. Please outline the procedure for tracking prescriptions sent to patients that are reported lost or stolen.

**E. Clinical Programs**

**1. General Information**

		<b>Check One</b>		
a.	You provide emergency access to a registered pharmacist 24 hours a day.	Yes	No	NA
b.	Your standard allowable dispensing dosage for retail is a 30-34 day supply.	Yes	No	NA
c.	Your maximum recommended dispensing dosage for mail order is 90-day supply.	Yes	No	NA
d.	You provide educational information to members with asthma, diabetes, circulatory problems, and cardiac problems.	Yes	No	NA
e.	Your registered pharmacists consult directly with prescribing physicians.	Yes	No	NA

**2. MAC**

a. Your MAC pricing is reviewed and updated on a monthly basis.

<b>Retail</b>			<b>Mail Service</b>		
Yes	No	NA	Yes	No	NA

b. Drugs added to your MAC list within 3 months after patent expiration.

<b>Retail</b>			<b>Mail Service</b>		
Yes	No	NA	Yes	No	NA

c. What is the approximate MAC discount off of AWP?

<b>MAC Discount</b>	
---------------------	--

d. Please complete the table in the worksheet entitled "Generic Drugs" related to your MAC list. If the product is not on your MAC list, indicate by NA.

**3. Drug Utilization Review**

a. Your concurrent DUR program includes edits for:

	<b>Retail</b>			<b>Mail Service</b>		
Duplicate claim	Yes	No	NA	Yes	No	NA
Early refill	Yes	No	NA	Yes	No	NA
Drug-drug interaction	Yes	No	NA	Yes	No	NA
Duplicate therapy	Yes	No	NA	Yes	No	NA
Late refill	Yes	No	NA	Yes	No	NA
Drug age	Yes	No	NA	Yes	No	NA
Drug gender	Yes	No	NA	Yes	No	NA

Drug pregnancy	Yes	No	NA	Yes	No	NA
High dose	Yes	No	NA	Yes	No	NA
Low dose	Yes	No	NA	Yes	No	NA
Maximum duration	Yes	No	NA	Yes	No	NA
Drug disease	Yes	No	NA	Yes	No	NA
Others (elaborate in Explain.doc)	Yes	No	NA	Yes	No	NA

b. Your concurrent DUR program incorporates data about:

	Retail			Mail Service		
Allergies	Yes	No	NA	Yes	No	NA
Medical conditions	Yes	No	NA	Yes	No	NA

c. You perform a daily audit of transactions and contact the pharmacist and/or physician if potentially life-threatening therapies are identified.

Check One		
Yes	No	NA

d. Your concurrent DUR program was developed using a commercially available program and modified to meet your clinical standards.

Check One		
Yes	No	NA

e. Retrospective DUR is done for each individual client and not by consolidating multiple employers into one group.

Check One		
Yes	No	NA

f. Provide an example of DUR for SSRIs including physician letter, clinical information, and rule set. **Label Attachment 7.**

g. How do you substantiate DUR savings? Provide the specific DUR savings report. **Label Attachment 8.**

h. During the last six months of 2003, what percentage of total drug costs was saved as a result of concurrent DUR?

Concurrent DUR

i. During the last six months of 2003, what percentage of total drug costs was saved as a result of retrospective DUR?

Retrospective DUR

j. Your DUR system requires RPh. input in order to bypass DUR messaging. (i.e., "active participation").

Retail			Mail Service		
Yes	No	NA	Yes	No	NA

k. There is system flexibility to set some edits as hard edits, such as therapeutic duplication.

Retail			Mail Service		
Yes	No	NA	Yes	No	NA



1. Identify the number of targeted DURs done annually for a client.

<b>Targeted DURs</b>	<b>**Insert # here**</b>
----------------------	--------------------------

m. What are your criteria for denying claims for early refill and duplicate claim?

--

**4. Formulary**

a. Your **standard** formulary is open and has no patient penalties.

<b>Check One</b>		
Yes	No	NA

b. Your P&T committee meets:

<b>Check One</b>		
<b>Quarterly</b>	<b>Monthly</b>	<b>Annually</b>

c. You can administer an:

	<b>Check One</b>		
Open formulary	Yes	No	NA
Closed formulary	Yes	No	NA
Restrictive formulary (top 5-10 categories closed)	Yes	No	NA
Incentive-based formulary using copay differentials	Yes	No	NA

d. Your formulary is developed in-house rather than being a private label of another PBM or Company.

<b>Check One</b>		
Yes	No	NA

e. You communicate formulary charges to MDs, PTs, and RPhs via:

	<b>Check One</b>		
Online messaging to RPhs	Yes	No	NA
Physician newsletter quarterly	Yes	No	NA
DUR communication	Yes	No	NA
Academic detailing	Yes	No	NA
Patient newsletters	Yes	No	NA
Fliers in mail services deliveries	Yes	No	NA
Others (elaborate in Explain.doc)	Yes	No	NA

	<b>Check One</b>		
You will disclose the specific discounts by manufacturer upon signing the PBM or Company contract.	Yes	No	NA
Your rebate contracts are available for financial auditing if requested.	Yes	No	NA

OGB is requesting a rebate guarantee. Will your organization provide a rebate guarantee per (all) claims?	Yes	No	NA
There are brand drugs on your formulary for which no rebates are given but are included because they are clinically superior to other options.	Yes	No	NA
You offer a separate formulary program for Seniors/Retirees/Medicare.	Yes	No	NA
You are willing to guarantee a reduced administrative fee or deeper discounts for retail and mail service in lieu of a rebate.	Yes	No	NA

f. Your formulary is supported through:

	Check One		
Physician call program for therapeutic substitution at mail service	Yes	No	NA
Patient education	Yes	No	NA
Retail therapeutic substitution program	Yes	No	NA
Performance based network	Yes	No	NA
Other (elaborate in Explain.doc)	Yes	No	NA

g. Provide a copy of your formulary. Please utilize the Excel, Ascii, delimited format requested in a previous question in this NIC. **Label Attachment 9.**

h. During the first six months of 2003, what percentage of mail order-based total claim costs was saved through therapeutic substitution.

<b>Mail Order Savings</b>	
---------------------------	--

i. How will the customer be able to verify that rebate information is being accurately reported?

	Check One		
Reporting by manufacturer	Yes	No	NA
Reporting by product line	Yes	No	NA
Reporting by NDC	Yes	No	NA
Auditing	Yes	No	NA

j. Who is on your P&T committee? Please elaborate on whom the "Others" are in the Explain.doc.

<b># of MDs</b>	<b>**Insert # here**</b>
<b># of Pharmacists</b>	<b>**Insert # here**</b>
<b># of Other</b>	<b>**Insert # here**</b>

k. If OGB were to request quarterly P&T meetings, which of the following services will you provide as part of the formulary administrative fees?

	Check One		
Clinical RPh to attend meetings	Yes	No	NA
Drug monographs	Yes	No	NA
National P&T meeting recommendations	Yes	No	NA
Financial/rebate modeling	Yes	No	NA

Others (elaborate in Explain.doc)	Yes	No	NA
-----------------------------------	-----	----	----

l. How many different manufacturers do you have rebate contracts with?

<b># of Manufacturers</b>	
---------------------------	--

m. Are members of the P&T Committee compensated?

<b>Check One</b>		
Yes	No	NA

How are they compensated:

Salary (if employees)

Yes	No	NA
-----	----	----

Company stock

Yes	No	NA
-----	----	----

Consulting fees

Yes	No	NA
-----	----	----

Expenses

Yes	No	NA
-----	----	----

Honorarium per meeting

Yes	No	NA
-----	----	----

## 5. Prior Authorization

a. You have the capability to provide prior authorization for select drugs.

<b>Retail</b>			<b>Mail Service</b>		
Yes	No	NA	Yes	No	NA

b. Your standard for responding to prior authorization requests is less than two hours.

<b>Retail</b>			<b>Mail Service</b>		
Yes	No	NA	Yes	No	NA

c. Your system can handle step therapy protocols on-line rather than requiring the use of PA? Example: failure on NSAIDs before use of COX-2

<b>Retail</b>			<b>Mail Service</b>		
Yes	No	NA	Yes	No	NA

## 6. Disease Management (DM)

a. You have active DM programs in the following areas:

Arthritis

<b>Check One</b>		
Yes	No	NA

Asthma

Yes	No	NA
-----	----	----

BPH

Yes	No	NA
-----	----	----

Congestive Heart Failure

Yes	No	NA
-----	----	----

Depression

Yes	No	NA
-----	----	----

Diabetes

Yes	No	NA
-----	----	----

Hepatitis C

Yes	No	NA
-----	----	----

Hyperlipidemia

Yes	No	NA
-----	----	----

Hypertension

Yes	No	NA
-----	----	----

Lower Back Pain

Yes	No	NA
-----	----	----

Multiple Sclerosis

Yes	No	NA
-----	----	----

Ulcer/Digestive disorders

Yes	No	NA
-----	----	----

b. Your disease management programs are developed using multi-disciplined approach with MDs, RNs, RPhs, and other health care professionals.

Check One		
Yes	No	NA

c. You partner with pharmaceutical manufacturers for DM programs.

Check One		
Yes	No	NA

d. Your DM programs include the following elements:

Written patient education

Check One		
Yes	No	NA

Written MD communication

Yes	No	NA
-----	----	----

Videotaped materials

Yes	No	NA
-----	----	----

1-800 help line

Yes	No	NA
-----	----	----

Nurse initiated contacts

Yes	No	NA
-----	----	----

On-site educational meetings

Yes	No	NA
-----	----	----

Clinical treatment guidelines

Yes	No	NA
-----	----	----

e. Your disease management programs have clearly identified measurements included in the program including cost saving measurements.

Check One		
Yes	No	NA

f. Is the information you provide to members with asthma, diabetes, circulatory problems and cardiac problems produced by your organization? (As opposed to pharmaceutical manufacturers.)

Check One		
Yes	No	NA

## F. Reporting

1. You will provide semi-annual written evaluations of cost and utilization with recommendations for improvement.

Check One		
Yes	No	NA

2. Customized reports are available at the request of OGB.

Yes	No	NA
-----	----	----

3. You will provide OGB with a comparison of financial data to your book of business and/or similar industry clients.

Yes	No	NA
-----	----	----

4. OGB and its consultants will have access through PC based software to access OGB claims experience. This access will be at no charge to OGB or to its consultants, and training by the PBM and/or Company will be provided to OGB and consultants' personnel.

<b>OGB:</b>	Yes	No	NA
<b>Consultants:</b>	Yes	No	NA

5. At what cost/hr is your customized ad-hoc reporting?

<b>Customized Cost/Hr</b>	
---------------------------	--

6. You provide your reports on the following applications:

- Magnetic tape
- Paper
- Floppy disk/CDROM
- On-line access

<b>Check One</b>		
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA

## G. Member Services

1. Member satisfaction surveys are conducted annually.

<b>Retail</b>			<b>Mail Service</b>		
Yes	No	NA	Yes	No	NA

2. There is a single, toll-free member service telephone number for addressing claims payment, general questions, and any appeals.

3. The toll-free member service telephone number is operational 24 hours a day.

4. Your member service unit is the same for mail and retail.

<b>Check One</b>		
Yes	No	NA
Yes	No	NA
Yes	No	NA

5. The following information is available to member service representatives at all times:

- Claim history
- Pharmacy location
- Claim status
- Benefit design
- Explanation of benefits
- Identification card status
- Eligibility
- Drug Information

<b>Check One</b>		
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA

6. Claims submitted via point-of-sale are available to member service representatives within 24 hours of being processed.

<b>Check One</b>		
Yes	No	NA

7. At least 90 percent of member service calls in the first six months of 2003 were answered by a representative in 20 seconds or less.
8. Your call abandonment rate was 3 percent or less during the first six months of 2003.
9. No more than 3 percent of calls received a busy signal during the first six months of 2003.
10. You maintain a dedicated individual or staff responsible for resolving claim disputes or other issues.
11. During the first six months of 2003, at least 98 percent of new members received their identification cards by the effective date of coverage.
12. Member identification cards will be issued within 48 hours of receiving eligibility information.
13. Please include a copy of your member satisfaction survey and the results of your most recent company-wide survey.  
**Label Attachment 10.**
14. Where are your member service units located?

Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA

Location (City, State)

15. How large do you require an employer to be in order to warrant a dedicated member service staff?

<b>Employer Size</b>	
----------------------	--

**H. Claim Administration/Eligibility**

1. Mail order and retail claims are processed through an integrated claim processing system prior to being dispensed.
2. Your system will allow OGB on-line access to employee information.
3. Your system maintains on-line eligibility files that are updated on a real-time or nightly batching basis.
4. Your system captures dependent-specific claim and eligibility information.

Check One		
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA

5. You can administer the following plan provisions:

- Annual individual deductible
- Annual family deductible
- Flat dollar copayment
- Triple tiered copay based on gen/msb/ssb status
- Triple tiered copay based on formulary status
- Percentage coinsurance

Check One		
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA

Individual maximum out-of-pocket amounts

Yes	No	NA
Yes	No	NA
Yes	No	NA

Family maximum out-of-pocket amounts

Annual benefit maximums

- 6. You have available a mechanism for online input of individual eligibility records or, alternatively, the immediate processing of claims (within 15 minutes) for individuals not on the eligibility file.
- 7. You can accept other electronic transfer of eligibility (e.g. tape transfer).

Check One		
Yes	No	NA
Yes	No	NA

8. You provide the following mechanisms allowing the customer to audit eligibility records:

Internet

Tape transfer

Electronic feed via a modem

Paper

Check One		
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA

- 9. All charges associated with the eligibility transfer and updates (initially or subsequent) are included in your fees.
- 10. You have the capability to administer a coordination of benefits (COB) plan provision.
- 11. You can administer the COB by rejecting a claim and referring patient to other insurance.
- 12. You can administer COB retrospectively by providing reports/invoices that can be sent to patients or other insurers.
- 13. You have a current client administering a COB program with measured savings.
- 14. You have the capability to interface with a medical plan for purposes of utilization reporting.
- 15. Your system allows for full file eligibility loads if required.

Check One		
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA

- 16. Will members using network pharmacies ever need to submit claim forms?
- 17. Does your system require manual intervention at any point during the claim process?
- 18. Will a member's termination be in your system within 24 hours of notification?
- 19. If a full file of eligibility is received at noon on a Friday, it will be loaded on:

Check One		
Yes	No	NA
Yes	No	NA
Yes	No	NA
Yes	No	NA

**I. Communications**

- 1. Identification cards, EOBs, and enrollment forms can be customized.
- 2. You are willing to include OGB's logo on customized materials at no additional cost.
- 3. Booklets/certificates will be provided within 60 days of the effective date.

Check One		
Yes	No	NA
Yes	No	NA
Yes	No	NA

4. You will supply written language and review drafts of SPD material prepared by or on behalf of OGB. 

Yes	No	NA
-----	----	----

5. Are there additional costs for customization of communications?

Check One		
Yes	No	NA

If Yes:

Billed at time/cost? 

Yes	No	NA
-----	----	----

Billed at 10% above time/cost? 

Yes	No	NA
-----	----	----

**J. Pharmacy Network Within the State of Louisiana**

- For purposes of this NIC, OGB has established nine major service areas which are defined by the first three digits of the zip codes. The nine major service areas are as follows:

Major Service Areas	Three Digit Zip Code
1. New Orleans	700 - 701
2. Houma/Thibodaux	703
3. Hammond	704
4. Lafayette	705
5. Lake Charles	706
6. Baton Rouge	707 - 708
7. Alexandria	713 - 714
8. Shreveport	710 - 711
9. Monroe	712

Based on these nine service areas, complete Table 1 on the following page with regard to the pharmacy network you are proposing for OGB.



**Table 1 – YOUR PROPOSED PHARMACY NETWORK**

Complete Table 1 based on the pharmacy network you are proposing for OGB

<b>Major Service Areas</b>	<b>Total # of Independent Network Pharmacies</b>	<b>Total # of Chain Network Pharmacies</b>	<b>Total # of Pharmacies w/24 Hour Access</b>
1. New Orleans			
2. Houma/Thibodaux			
3. Hammond			
4. Lafayette			
5. Lake Charles			
6. Baton Rouge			
7. Alexandria			
8. Shreveport			
9. Monroe			
Total State of Louisiana			

*Indicate N/A where not applicable (ie. you are only quoting one network)*

Please Provide Geo-Access or similar data supporting the following :

- A. A network pharmacy within 10 miles of 85% of OGB plan members on the date of proposal submission, and
- B. Two network pharmacies within 10 miles of 90% of OGB members on the expected date of contract initiation (July 1, 2004).

**K. Disease Management**

- 1. Please provide a listing of your organization’s Disease Management Programs:

Description and Name of Your Program	What Conditions/ Illnesses Are Managed	Cost of Your Program on a PEPM Basis	Will This Program Be Included in Your Proposed Admin. Fee for OGB (“Yes” or “No”)
a.			
b.			
c.			
d.			
e.			
f.			
g.			
h.			
i.			
j.			

2. Please describe in detail each Disease Management Program noted above. Please attach sample member mailings associated with each Program. ***Label as Attachment 18.***

3. Describe your outcome measurement program methodology and how it is used? Identify what levels of expertise and resources are dedicated to outcome management.

## SECTION X - Attachments to Proposal Response

Please provide the following:

1. Sample Rebate Reports. **Label as Attachment #1.**
2. Report of how company intends to report phone access information. **Label as Attachment #2.**
3. Copy of your company’s most recent Annual Report. **Label as Attachment #3.**
4. Audited financial statements for the most recent two fiscal years. **Label as Attachment #4.**
5. Copy of survey questionnaire, survey methodology and results of recent network pharmacy satisfaction survey. **Label as Attachment #5.**
6. Copy of all materials mailed to members receiving mail service prescriptions. **Label as Attachment #6.**
7. Provide an example of DUR for SSRIs including physicians letter, clinical information and rule set. **Label as Attachment #7.**
8. Provide the specific DUR savings report substantiating DUR savings. **Label as Attachment #8.**
9. Copy of your formulary you are proposing to use for the OGB – Provide this in Excel, Ascii, delimited Text Format on diskette. **Label as Attachment #9.**
10. Copy of your member satisfaction survey and the results of your most recent company-wide survey. **Label as Attachment #10.**
11. Exhibit 2 of this NIC provides information and instructions for obtaining detailed census information via FTP. The PBM and/or Company should combine the active employee and retiree zip code information and conduct an analysis of the match between OGB populations combined, and your current pharmacy networks. The exact parameters for the information requested is noted below:

a. **Network Accessibility Summary Reports**

♦ **Plan Member Groups**

- Employees and retirees with zip codes within the State of Louisiana;
- Employees and retirees with zip codes outside of the State of Louisiana; and
- All employees zip codes

♦ **Access Standards** (for each of the above groups)

- One (1) pharmacy within ten (10) miles using your most limited network and broadest network; and
- Two (2) pharmacies within ten (10) miles using your most limited network and broadest network

*Please note that if you are quoting on a “restricted network” and “broad network,” you will be providing 24 Accessibility Reports in total. Your Accessibility Reports must include Summary Pages as well as all back-up documentation (including zip codes where a match does not occur).*

b. **Once your reports are run and you have the percentage totals, please complete the charts below:**

**OGB Populations With Access**

Plan Member Groups	Parameters	
	1 pharmacy within 10 miles	2 pharmacies with 10 miles
Employees/Retirees within Louisiana		
Employees/Retirees outside Louisiana		
All Employees		

Indicate N/A where not applicable (ie. you are only quoting one network)

**OGB Populations Without Access**

Plan Member Groups	Parameters		Parameters	
	1 pharmacy within 10 miles		2 pharmacies with 10 miles	
Employees/Retirees within Louisiana		%		%
Employees/Retirees outside Louisiana		%		%
All Employees		%		%

Indicate N/A where not applicable (ie. you are only quoting one network)

**Note: The report names and terminology utilized above are representative of the GeoAccess program. If you utilize a program other than GeoAccess, your response must identify the number and percentage of employees meeting and not meeting the desired access standard. Label your GeoAccess Reports as Attachment 11.**

12. Provide a proposed implementation plan and timetable, beginning with the award of business to effective date of coverage, including:
  - a. Steps required to implement the program
  - b. Role played by the plan sponsor
  - c. Transfer of eligibility and lifetime maximum accumulators
  - d. Production and distribution of member identification cards, directories and other employee materials
  - e. Contacts and personnel assigned to each step of the implementation process
  - f. Establishment of on-line plan information/CRT interface

Label as **Attachment 12**

13. Résumés of your organization's key management staff and account management team which would be responsible for servicing the OGB. **Label as Attachment 13.**
14. Sample of educational material provided to plan members, prescribing physicians, and network pharmacies. **Label as Attachment 14.**
15. Sample of communications material available to plan sponsors and plan participants with regard to network enrollment, network utilization, incentive formulary, I.D. card, etc. **Label as Attachment 15.**
16. A Directory of your proposed retail pharmacy network(s). Please specify “Restricted” or “Broad.” **Label as Attachment 16.**
17. Samples of all forms that would be used in the administration of this plan (e.g. claim form, completed EOB) that are included in your quoted fees. **Label as Attachment 17.**
18. Disease Management Member Mailings. **Label as Attachment 18.**
19. Provide a copy of your eligibility record/data layouts. **Label as Attachment 19.**

**SECTION XI - Pharmacy Benefit Management (PBM) or Company Information and Mandatory Signature Page**

**A. PBM or Company Information**

Organization Name \_\_\_\_\_

Date Founded \_\_\_\_\_

Contact Person's Name \_\_\_\_\_

Title \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip Code \_\_\_\_\_

Telephone Number  
(with extension) \_\_\_\_\_

Fax Number \_\_\_\_\_

E-mail Address \_\_\_\_\_

**B. PBM or Company Client References**

Please provide three (3) references for your organization’s three largest existing clients that utilize both your retail and mail services. Two of the 3 existing references must be for clients with at least 25,000 or more covered employees and retirees (not counting dependents).

**Existing Reference #1**

Company Name	
Industry	
Contact Person(s)/Title	
Address/City/State/Zip Code	
Telephone	
Facsimile	
Your Organization’s Account Manager Assigned to this Account	
How Long Has This Account Been With Your Organization?	<i>(Provide # of years)</i>

Which Network Is This Account Using?	<i>Please provide the name of the network.</i>
Total # of Employees and Total # of Members	
Plan Design Currently in Place	<i>(Include copayments, deductibles, Rx exclusions, limits, drugs on prior-authorization, etc.)</i>
Disease Management Programs in place, and the reported savings to date or potential savings	<i>(Provide the name(s) of the program(s) in place and the savings in \$'s)</i>

**Existing Reference #2**

Company Name	
Industry	
Contact Person(s)/Title(s)	
Address/City/State/Zip Code	
Telephone	
Facsimile	
Your Organization's Account Manager Assigned to this Account	
How Long Has This Account Been With Your Organization?	<i>(Provide # of years)</i>
Which Network Is This Account Using?	<i>Please provide the name of the network.</i>
Total # of Employees and Total # of Members	
Plan Design Currently in Place	<i>(Include copayments, deductibles, Rx exclusions, limits, drugs on prior-authorization, etc.)</i>
Disease Management Programs in place, and the reported savings to date or potential savings	<i>(Provide the name(s) of the program(s) in place and the savings in \$'s)</i>

**Existing Reference #3**

Company Name	
Industry	
Contact Person(s)/Title(s)	
Address/City/State/Zip Code	
Telephone	
Facsimile	

Your Organization's Account Manager Assigned to this Account	
How Long Has This Account Been With Your Organization?	<i>(Provide # of years)</i>
Which Network Is This Account Using?	<i>Please provide the name of the network.</i>
Total # of Employees and Total # of Members	
Plan Design Currently in Place	<i>(Include copayments, deductibles, Rx exclusions, limits, drugs on prior-authorization, etc.)</i>
Disease Management Programs in place, and the reported savings to date or potential savings	<i>(Provide the name(s) of the program(s) in place and the savings in \$'s)</i>

Please provide two (3) references that left your organization in 2003. Please state the reason(s) why.

**Terminated Reference #1**

Company Name	
Industry	
Contact Person(s)/Title(s)	
Address/City/State/Zip Code	
Telephone	
Facsimile	
Your Organization's Account Manager Assigned to this Account	
How Long Was This Client With Your Organization?	<i>(Provide # of years)</i>
What Network Was This Account Using?	
Total # of Employees and Total # of Members	
Why Did This Client Leave?	

**Terminated Reference #2**

Company Name	
Industry	
Contact Person(s)/Title(s)	

Address/City/State/Zip Code	
Telephone	
Facsimile	
Your Organization's Account Manager Assigned to this Account	
How Long Was This Client With Your Organization?	<i>(Provide # of years)</i>
What Network Was This Account Using?	
Total # of Employees and Total # of Members	
Why Did This Client Leave?	

**Terminated Reference #3**

Company Name	
Industry	
Contact Person(s)/Title(s)	
Address/City/State/Zip Code	
Telephone	
Facsimile	
Your Organization's Account Manager Assigned to this Account	
How Long Was This Client With Your Organization?	<i>(Provide # of years)</i>
What Network Was This Account Using?	
Total # of Employees and Total # of Members	
Why Did This Client Leave?	



**C. Mandatory Signature Page**

**STATE OF LOUISIANA  
Office of Group Benefits  
Pharmacy Benefit Management Service**

This proposal complies with all mandatory requirements of the NIC. In the event of any ambiguity or unclarity, the response is intended to be in compliance.

\_\_\_\_\_ certifies that this proposal was not prepared or developed using assistance or information illegally obtained.

\_\_\_\_\_ is solely responsible for this proposal meeting the requirements of the NIC.  
(Exceptions are not allowed.)

\_\_\_\_\_ is solely responsible for its compliance with all applicable laws and regulations to the preparation, submission and contents of this proposal.

\_\_\_\_\_ agrees that the information as contained in this NIC is true and accurate.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_

## SECTION XII - FEE QUOTATION FORMS

The term “contract” as used throughout this NIC is defined as any class of coverage in which a plan member is enrolled, whether single, two-party, or family; therefore, a contract includes the employee or retiree and all associated dependents.

### GUIDELINES AND INSTRUCTIONS

The pharmacy claims data provided by OGB shall serve as the basis for this Fee Quotation. Fee quotation for each category below (Retail, Mail, and Paper) is expressed in terms of (1) Ingredient Cost, (2) Dispensing Fee, (3) Rebate Accrual in favor of OGB, and (4) Administrative Fee.

OGB shall pay costs and fees and receive rebates based on the number of claims actually adjudicated by the PBM. Therefore all costs, fees and rebates should ultimately be expressed in terms of a per claim dollar amount. Please fill out all categories expressing values “as if” your PBM adjudicated claims based your PBM’s pricing and rebate contracts in effect on a December 31, 2003 fill date.

Rebates accrued and payable to OGB represents the minimum guaranteed rebate amount.

CATEGORY	ANNUAL TOTAL		PER CLAIM	
RETAIL	Ingredient Cost		Ingredient Cost	
	Dispensing Fee		Dispensing Fee	
	Minimum Rebate		Minimum Rebate	
	Admin. Fee		Admin. Fee	
	Total Cost		Total Cost	
MAIL	Ingredient Cost		Ingredient Cost	
	Dispensing Fee		Dispensing Fee	
	Minimum Rebate		Minimum Rebate	
	Admin. Fee		Admin. Fee	
	Total Cost		Total Cost	
PAPER	Ingredient Cost		Ingredient Cost	
	Dispensing Fee		Dispensing Fee	
	Minimum Rebate		Minimum Rebate	
	Admin Fee		Admin Fee	
	Total Cost		Total Cost	
<b>ANNUAL GRAND TOTAL</b>				

Total Category cost equals Ingredient cost plus Dispensing fee minus rebate plus Admin Fee.

**Fee Quotation – Continued**

**AWP Discount upon which your costs are based (Retail) \$ \_\_\_\_\_**

**AWP Discount upon which your costs are based (Mail) \$ \_\_\_\_\_**

**\*Annual Grand Total Above times three years = \$ \_\_\_\_\_**

**\*This amount reflects the total estimated contract total.**

**Certification**

**The undersigned certifies that the figures stated above are based upon an application of the proposer's current (as of January 1, 2004) contracts with pharmacies, suppliers, manufacturers, and any other relevant parties to the utilization data supplied by the Office of Group Benefits.**

**Further, it is certified that the proposer believes that the figures stated above fairly represent the estimated prescription drug cost to OGB with identical annual utilization.**

\_\_\_\_\_  
**Printed Name**

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Title**

### **SECTION XIII - Exhibits**

Exhibit 1 – Historical Overview of OGB’s Drug Benefits

Exhibit 2 – Census and Enrollment Data

Exhibit 3 – OGB Claims Experience

Exhibit 4 – Plan Documents

Exhibit 5 – Reimbursement Matrix

Exhibit 6 – Chart of Drug Benefits of Various Options

Exhibit 7 – OGB Program I. D. Card Samples

Exhibit 8 –

Exhibit 9 – La.R.S. 22:226, Mail-order Drug Statute

Exhibit 10 – La.R.S. 22:1214, Unfair Methods of Competition and Unfair or Deceptive Acts or Practices

## EXHIBIT 1 - Historical Overview of OGB Coverage for Prescription Drugs

July 1, 2000	<p>The Board of Trustees approved the implementation of a three-tier copayments for the EPO and PPO plans, eliminated coverage for drug therapy for treatment of impotence, and eliminated the single co-pay for a 90-day supply of maintenance drugs, all effective July 1, 2000. The copayments are:</p> <p>EPO - \$6 generic, \$20 preferred brand, \$30 non-preferred; PPO - \$8 generic, \$25 preferred brand, \$40 non-preferred.</p>
July 1, 2003	<p>OGB (the Program) is now paying for the prescription drug sales tax –formerly paid by the member.</p>
July 1, 2003	<p>OGB developed and Exclusive Provider Organization (EPO) plan, in addition to the existing PPO plan, in most areas of the state of Louisiana. OGB developed this second network option for its employees which utilizes copayments (similar to HMOs). The pharmacy copayments were as follows:</p> <p>EPO - \$6-generic; \$16-brand; PPO - \$8-generic; \$22-brand.</p>
May 19, 2002	<p>Limit coverage for FDA approved impotency drugs, including Viagra, to five dosages per month for males age 30 and older.</p>
September 1, 1997	<p>Cover insulin and insulin supplies, e.g., lancets and syringes, subject to a single minimum copay, when purchased together. Previously each item was subject to a separate copay.</p>
July 1, 1997	<p>Discontinued the mandatory generic reimbursement policy.</p> <p>Implemented a \$12 minimum copay for brand name drugs.</p>
January 7, 1997	<p>Added coverage for Depo Provera.</p>
January 1, 1997	<p>Excluded coverage for fertility drugs, smoking deterrents and amphetamines, except when used for treatment of Attention Deficit Disorder.</p>
January 1, 1996 to June 30, 1997	<p>Implemented Merck-Medco (formerly Medco) drug card plan with \$150 per person calendar year deductible.</p> <p>\$3.00 per script minimum copayment, after which plan pays at 90% at network pharmacies, 50% at in-state non-network pharmacies and 80% at out-of-state non-network pharmacies.</p> <p>Continued mandatory generic pricing for multisource drugs.</p> <p>Added coverage for potassium chloride.</p>

	Removed prescription drugs from the \$750,000 lifetime maximum and implemented a separate lifetime maximum for outpatient prescription drugs of \$250,000 per person.
July 1, 1995 to December 31, 1995	<p>Prescription drugs no longer subject to comprehensive calendar year deductible.</p> <p>Prescription drug deductible increased to \$150.</p> <p>Excluded charges for prescription drugs from \$5,000 eligible expense maximum and from 100% coinsurance.</p> <p>90% paid at PPO pharmacies, 50% paid at non-PPO pharmacies, 80% at out-of-area pharmacies.</p> <p>Mandatory generic pricing for multisource drugs.</p>
July 1, 1993 to June 30, 1995	<p>\$300 per person (limit 3 per family) comprehensive calendar year deductible in addition to and prior to \$100 per person prescription drug deductible.</p> <p>90% at PPO pharmacies, 70% at in-area non-PPO pharmacies; 80% at out-of-area pharmacies.</p> <p>Excluded charges for prescription from \$5,000 eligible expense maximum and from being covered at 100%.</p> <p>Mandatory generic pricing for multisource drugs.</p> <p>Added coverage for birth control pills, for whatever reason used or prescribed.</p>
Prior to July 1, 1993	<p>\$300 per person (limit 3 per family) comprehensive calendar year deductible.</p> <p>90% at PPO pharmacy, 80% at non-PPO pharmacy.</p> <p>After \$5,000 of eligible medical expenses are incurred, prescription drugs reimbursed at 100% for balance of calendar year.</p>

**EXHIBIT 2 – Current Census/Enrollment Data**

**To be provided on electronic media at Mandatory Proposers Conference**

**EXHIBIT 3 – OGB Claims Experience**

SUMMARY OF PAID CLAIMS: JANUARY 2003 - JUNE 2000

To be provided on electronic media at Mandatory Proposers Conference



**EXHIBIT 4 – OGB Plan Documents**

To be provided at Mandatory Proposers Conference

**EXHIBIT 5 – Reimbursement Structure**

**(1/1/96 to Current)**

	<b>Retail</b>	<b>Mail Order</b>
Ingredient Cost		
Brand	The lower of U&C or AWP - 13%	AWP - 22%
Generic	The lower of U&C, MAC Pricing	AWP – 50%
Dispensing Fee		
Brand	\$2.00	\$0.00
Generic	\$2.50	\$0.00
Administrative Fee (Monthly Per Contract)		
1996		\$0.64
1997		\$0.68
2002		\$0.72
Current		\$0.00
Formulary (Open Voluntary) Guaranteed Rebate	<b>No Rebates are being passed back to OGB.</b>	
Special Guarantee	Effective Retail ingredient cost discount of 23.5	

**Current Administrative Fee Components:**

Retrospective Drug Utilization	No charge
Physician Profiling (Employer Version)	No charge
Managed Prior Authorization (Interferon and Growth Hormones)	No charge
Merck-Medco EXPERxT System (Decision Support for Reporting & Claims Analysis)	No charge
Concurrent Drug Utilization	No charge
High Utilization Level I and II	No charge

**EXHIBIT 6 – Comparison Chart of Drug Benefits**

**To be provided at Mandatory Proposers Conference**

**EXHIBIT 7 – I. D. Card Samples**

**Exhibit 8**

**EXHIBIT 9 - State Statute Regarding Mail Order Drug Program La.R.S. 22:226**

**EXHIBIT 10 - State Statute Regarding Unfair Methods of Competition and Unfair or Deceptive Acts or Practices La.R.S. 22:1214**