



Addendum # 1

STATE OF LOUISIANA DIVISION OF ADMINISTRATION OFFICE OF GROUP BENEFITS (OGB)

NOTICE OF INTENT TO CONTRACT (NIC)

FOR

PHARMACY BENEFIT MANAGEMENT (PBM) SERVICES

ISSUED

December 3, 2009

SECTION I
GENERAL INFORMATION AND
INSTRUCTIONS OF PROPOSAL FORMAT

G. Instructions on Proposal Format

Proposers should respond thoroughly, clearly and concisely to all of the points and questions set forth in the Notice of Intent to Contract (NIC). Answers should specifically address current capabilities separately from anticipated capabilities.

1. Submit an original (clearly marked "original") and eight (8) copies of a completed, numbered proposal placing each in a three-ring binder. **Note the requirement set forth in Subsection G, Paragraph 4 (below) that you also provide a redacted version of your proposal, omitting those responses and attachments (or portions thereof) that you determine are within the scope of the exception to the Louisiana Public Records Law.** In addition, provide 2 CDs of your proposal.
2. Use tabs to divide each section and each attachment. The tabs should extend beyond the right margin of the paper so that they can be read from the side and are not buried within the document.
3. Order of presentation:

Cover Letter & Executive Summary:

Your Executive Summary should not exceed three (3) pages. Please highlight in your Executive Summary what sets you apart from your competitors and state the reason(s) you believe you are qualified to partner with OGB.

Section IV

Tab 6 – Proposal - Checklist Completed

Section V

Tab 1 - Proposer Information/Qualifications/Experience (Page 25).

Section VI

Tab 2 - Mandatory Signature Page (Page 65).

Section VII - Cost Quotation Proposal Form - Submit an original and eight (8) numbered copies and two (2) CDs, in a separate, (do not include in three ring binder) **sealed envelope** clearly marked, "PBM NIC Cost Proposals" on the outside of such envelope. Proposal must be

received on or before 4:00 pm CST on the date listed in the Schedule of Events.

Section VIII

(See Exhibits 5, 6, 7 which will be prior to the Proposer's Conference)

Tab 3 - Top 100 Brand Drugs by utilization (Excel Spread Sheet)

Tab 4 - Top 200 Generic Drugs by utilization (Excel Spread Sheet)

Tab 5 - Specialty Drug Pricing (Excel Spread Sheet)

4. Answer questions directly. Where you can not provide an answer, indicate not applicable or no response.
5. Do not answer a question by referring to the answer of a previous question; restate the answer or recopy the answer under the new question. If however, the question asks you to provide a copy of something; you may indicate where this copy can be found by an attachment/exhibit number, letter or heading. You are to state the question, then answer the question. Do not number answers without providing the question.
6. **Proposers must submit their Best and Final offer. OGB will not negotiate contract terms or fees outside of this NIC and no consideration will be given to revised quotes.**

SECTION IV

PROPOSER REQUIREMENTS/CHECKLIST

A. Proposer's Requirements

To be eligible for consideration, a Proposer must confirm agreement to each of the following requirements:

Requirements - Questions	Yes	No
1. Do you have a minimum of five (5) years of operation experience in providing PBM Services to a client organization with a group size of twenty-five thousand (25,000) or more covered employees/retirees (not counting dependents)?		
2. Did a representative of your organization attend the Mandatory Proposer's Conference?		
3. Have you submitted (within your response to this NIC) your firm's audited financial statements for your most recent fiscal year and copy of your organization's most recent Annual Report?		
4. Are you able to submit the required reporting information?		
5. Do you agree to provide pharmacy benefit management services, as specified in this NIC, recognizing the unique benefit plan design of OGB's program including, but not limited to, lifetime maximum accumulators, a mail order program, point-of-sale adjudication system that can handle OGB's claim volume, a specialty drug program, and the ability to administer "paper claim" transactions?		
6. Do you agree to 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?		
7. Will you provide OGB direct on-line access to your system for the purpose of instantly updating eligibility and real time member enrollment verification as well as training on the system at OGB's office?		
8. As the proposing PBM and/or Company do you agree to assume continuation of the clinical services and include the cost for these services in your fees? If, during the term of the contract, OGB determines that additional drugs are to be		

Requirements - Questions	Yes	No
<p>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.</p>		
<p>9. Do you agree to 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.</p>		
<p>10. Will the executive account manager for the PBM and/or Company be available for monthly management meetings with OGB staff? These meetings are sometimes on an ad-hoc basis with short notice, and the executive account manager and PBM and/or Company need to be aware of this.</p> <p>Do you agree to meet with OGB’s benefits staff in-person on a quarterly basis to review program results, trend metrics, and benefit strategy recommendations?</p> <p>Attendance by the executive account manager 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 executive account manager 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.</p>		
<p>11. Do you agree that the contents of this NIC and of the successful proposal will become contractual obligations if a contract ensues?</p>		
<p>12. Do you agree to be bound by its proposal from the date submitted until the effective date of the contract, during which time OGB may request clarification or correction of the proposal for the purpose of evaluation? Amendments or clarifications shall affect only that portion of the proposal so amended or clarified.</p>		
<p>13. Do you agree that upon notification of a contract award, an agreement to provide the services requested herein must be fully executed before work can begin? Do you agree to work</p>		

Requirements - Questions	Yes	No
collaboratively with OGB to complete and approve the contractual agreement prior to the contract effective date.		
14. Do you agree that OGB assumes no responsibility or liability for any costs you may incur in responding to this NIC, including attending meetings or site visits that any costs incurred in preparing or submitting proposals are your sole responsibility and that you will not be reimbursed for these costs?		
15. Do you agree that any contact with an OGB employee or contractor, other than the individual(s) designated to receive proposal copies in Section II regarding this NIC or the evaluation of proposals prior to completion of the procurement is prohibited and is grounds for disqualification?		
16. Do you agree that you are solely responsible for ensuring that all pertinent and required information is included in your proposal, that failure to adhere to the described format and to include the required information could result in disqualification or a low evaluation of your proposal, and that OGB reserves the sole right to determine if a proposal is incomplete or non-responsive.?		
17. Do you agree that your processes, systems and reporting will be in full compliance with federal and state requirements, including changes related to the Health Information Portability & Accountability Act (HIPAA), throughout the term of the agreement and that any fines or penalties related to non-compliance will be your sole responsibility?		
18. Do you agree that your organization and its subcontracted Vendors will comply with all HIPAA regulations throughout the term of the agreement with respect to member services, complaints, appeals determinations, notification of rights, and confidentiality?		
19. Do you agree that the contract (the "Agreement") begins on the effective date (July 1, 2010) and will expire one year from that date, unless terminated earlier pursuant to this Agreement? The contract may be extended for up to two additional years. If marketplace dynamics change, OGB has the right to review current contract terms and pricing at the end of each 12 month period, subject to more favorable contract terms for OGB. At the Term's end (regardless of cause): (a) a Party will not be relieved of any remaining unfulfilled obligations; (b) you will perform claim run-off obligations; and (c) all warranties, indemnifications, and other		

Requirements - Questions	Yes	No
provisions will survive and be enforceable to the extent necessary to protect the Party in whose favor they run.		
20. Do you agree a Party may terminate the Agreement upon notice to the other Party if the other Party: (a) is bankrupt or insolvent; or (b) breaches any of its obligations and fails to cure that breach within 30 days after written notice thereof? In addition, the Agreement will terminate if: (a) the Plan terminates; or (b) the Parties agree in writing to terminate the Agreement.		
21. Do you agree that OGB may terminate the Agreement without cause with at least 30 days written notice?		
22. Do you agree that upon termination of this Agreement, you will continue to process run-off claims for Plan benefits that were incurred prior to but not processed as of the termination date which are received by you not more than 12 months following the termination date; provided, however, that at OGB's request the handling of such benefits may be transitioned to a successor agent appointed by OGB; and further provided, that during any run-off period you shall cooperate in the transitioning of services to any successor agent appointed by OGB? The procedures and obligations described in the Agreement, to the extent applicable, shall survive the termination of the Agreement and remain in effect with respect to run-off claims. Benefit payments processed by you with respect to such claims which are pended or disputed will be handled to their conclusion by you except as otherwise provided herein, and the procedures and obligations described in the Agreement, to the extent applicable, shall survive the expiration of the 12 month period. Requests for benefit payments received after such 12 month period will be returned to OGB or, upon its direction, to a successor administrator.		
23. Do you acknowledge and agree that in providing the claims administration services, you are acting as fiduciary in the Summary Plan Description? OGB delegates full and final authority and discretion over all claims and appeals determinations made under the Plan, and to interpret and construe the provisions of the Plan, as necessary. In addition to any other indemnification provided under this Agreement, you will defend, indemnify and hold harmless the Plan and their trusts, OGB, the Plan Administrator, the Employer, and its employees, directors and officers acting within the scope of their employment and not as Plan		

Requirements - Questions	Yes	No
<p>participants, with respect to any demands, causes of action, litigation, decrees, judgments, awards, expenses and/or associated legal fees which result from or arise out of any fiduciary duty which you will specifically assume under the Agreement.</p>		
<p>24. Do you agree that if it is determined that any payment has been made by you to or on behalf of an ineligible person or, if it is determined that more than the appropriate amount has been paid or an amount to which the recipient is not entitled under the Plan has been paid, you shall undertake good faith efforts to recover the erroneous payment and, regardless of the success of its recovery effort, and will be liable to OGB and Plan for any such overpayment?</p>		
<p>25. Do you agree that during the term of the Agreement, and for up to one year after termination of the Agreement, OGB (including 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) shall have the right, upon reasonable prior written notice and during regular business hours, to audit your books, records, electronic data, co-payments, rebates and other evidence related to services provided, claims paid, ingredient costs and fees charged, to determine compliance with financial terms; other items as outlined by OGB? You shall fully cooperate with OGB in the conduct of such audit and shall provide OGB with access to the items within the scope of the audit. You shall allow OGB unrestricted audit rights using any reasonable method of audit selected by OGB and its auditors. OGB reserves the right to use external auditors to conduct the audits.</p>		
<p>26. Do you agree, upon the request of the Legislative Auditor, the PBM and/or Company to provide copies of your internal audits and quality assurance reports and 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 II, service organizations? In addition, do you agree to 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.</p>		
<p>27. Do you agree that all documents, records and data relating to the payment of claims shall be the property of the Plan and</p>		

Requirements - Questions	Yes	No
<p>OGB, except that such property interest shall not extend to your data processing systems (but shall extend to any claim or payment data recorded for, or otherwise integrated into such systems), information which you reasonably deems to be proprietary in nature, or information which you reasonably believe you cannot divulge due to applicable law? All data and records shall be maintained for the same period of time, but in no event less than 7 years or as described in 45 CFR 74.21(B), whichever is longer, and subject to the same privacy and confidentiality safeguards, unless a more restrictive or protective standard is required by the Agreement (in which case such standard shall apply), as similar data maintained in connection with its own business.</p>		
<p>28. Does the PBM and/or Company agree to procure and maintain, at its own expense, for the duration of the agreement: (a) liability insurance with a combined single limit liability of not less than Ten Million (\$10,000,000.00) Dollars (b) commercial general liability insurance (including contractual liability) of at least \$2,000,000 per occurrence; (c) if available for the type of service you are providing, professional liability insurance (including errors and omissions coverage) of at least \$2,000,000 per occurrence; (d) worker's compensation insurance that meets statutory requirements or satisfactory evidence that you are authorized to self-insure; and (e) employer's liability insurance of at least \$500,000 per occurrence? The State of Louisiana, Division of Administration, OGB must be named as a loss payee and each insurance policy must provide that it cannot be cancelled or changed without 30 days' prior written notice to OGB.</p> <p>Do you agree to furnish, on request, OGB with certificate(s) of insurance affecting coverage specified above. 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.</p>		
<p>29. Do you agree that, except with OGB's prior written consent in each instance, you will not assign or transfer any of its rights or obligations under the Agreement, including any subcontracting of any services to another party or any transfer of at least fifty percent (50%) of your assets or ownership? OGB reserves the right to require each approved subcontractor to enter into a contract substantially similar to</p>		

Requirements - Questions	Yes	No
the Agreement and you will remain fully liable for its obligations under the Agreement.		
30. Do you agree to maintain a documented internal quality control process, including pertinent system information, to ensure accurate administration of OGB's pharmacy benefit program? In addition, you must maintain an ongoing issues log and document all benefit and systems programming changes, subject to OGB's review and approval.		
31. Do you acknowledge and agree that OGB reserves the right to contract with an outside third party for specialty/biotech pharmacy services at any time during the contract period without penalty?		
32. Do you agree, if applicable, to transfer all open mail order and specialty drug refills, prior authorization approvals, and at least six (6) months of historical claims data at no additional cost to OGB during the implementation process if at such a time OGB terminates its relationship with your organization?		
33. Do you agree to provide account management representation on-site, if desired by OGB, as of the effective date of the contract and a reasonable time thereafter to assist OGB staff with member inquiries?		
<p>34. Do you agree to provide a dedicated account management team, including a daily operational account manager supported by an executive account director, eligibility specialist, member services manager, implementation manager and clinical manager, subject to OGB review and approval?</p> <p>Will the executive account manager have at least one (1) back-up staff member to handle the overall responsibility of the OGB program?</p> <p>Does the executive account manager have experience in working with large public sector accounts (50,000+ employees)?</p> <p>Will this representative assist with program implementation and ongoing account support?</p> <p>Will the Account Executive represent no more than one account in addition to OGB?</p>		
35. Do you agree to provide a dedicated clinical pharmacist (licensed and in good standing with national/state Boards of		

Requirements - Questions	Yes	No
Pharmacy) to interact with OGB's benefits staff and local physicians and pharmacists in key geographic areas, as appropriate?		
36. Do you agree to offer a key personnel clause, which requires a minimum of 60 days advance notice of any changes to OGB's account team, a description of training requirements for new team members, and a clause that would allow OGB the right to refuse any proposed account management team changes? Reasonable exceptions would apply in situations beyond your control (e.g., resignation/termination with less than 60 day notice).		
37. Do you agree that all customer service centers (e.g., member service center, provider support for technical or administrative issues) will be located in the United States?		
38. Do you agree to keep OGB informed of any class action lawsuits related to covered prescription drugs? In addition, you will provide claims data and reporting to use in filing for refunds and judgments at no additional cost?		
39. Do you agree to allow OGB to review and approve all standard communication materials before distribution to plan members? All production costs, including postage, for any plan member communications must be provided at no additional cost.		
40. Do you agree to provide administrative support for OGB's Medicare Part D drug program, including, but not limited to, eligibility maintenance and reconciliation, drug cost reporting and submission to CMS, preparing and distributing letters of creditable coverage, and ensuring compliance with all CMS and Retiree Drug Subsidy (RDS) requirements?		
41. Do you agree to arrange and pay for a short-term retail supply of a delayed mail order prescription that you caused? In addition, do you agree that neither OGB nor its members will be charged for expedited shipping costs as a result of such delays?		
42. Do you agree to provide operational performance guarantees on a client-specific basis and report OGB's results on a quarterly basis? OGB shall have the ability to re-allocate the penalty dollars at the beginning of each contract year with no more than 20% of the total amount at risk assigned to any one guarantee. All guarantees must be reconciled annually and any penalties owed to OGB shall be paid within 90 days		

Requirements - Questions	Yes	No
after the end of the year.		
43. Do you agree to coordinate and share data with OGB's other health care vendors as needed for health plan operations, and at no additional cost?		
44. Will you warrant that all Personnel performing any obligations under the Agreement will have employment authorization that complies with all applicable laws? Will you warrant that no Personnel performing any obligations under the Agreement is on the U.S. government's "Restricted Parties Lists," which are: (a) the Commerce Department's Entity List, Denied Persons List, and Unverified List; (b) Treasury Department Specially Designated Nationals & Blocked Persons List; and (c) State Department Debarred Parties List?		
45. Does the PBM and/or Company agree 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 <u>except</u> 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? Does the PBM and/or Company agree 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?		
46. Do you agree that claims payments shall be processed through an account or accounts owned by you?		
47. Does your mail service facilities, and your pharmacists, pharmacy technicians and other applicable employees meet		

Requirements - Questions	Yes	No
all state and federal pharmacy licensing requirements?		
48. Do you also require all your contracted network pharmacies to meet all state and federal pharmacy licensing requirements?		
49. Do you dispense only "AB" rated generic drugs, as approved by the FDA and documented in the Orange Book?		
50. Do you agree to 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, 2010, multiplied by the monthly fee, multiplied by three.		
51. Do you agree 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 th Judicial District Court, in and for the Parish of East Baton Rouge, State of Louisiana?		
52. Do you agree 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.		
53. Do you acknowledge 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?		
54. Do you agree that subject to the confidentiality obligations as set forth in the Contract, 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?		

Requirements - Questions	Yes	No
<p>55. Do you warrant 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.</p>		
<p>56. Do you agree that 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>		
<p>57. Do you agree that 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? Do you agree that 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?</p>		
<p>58. Do you agree 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?</p> <p>Do you agree 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?</p>		
<p>59. Do you agree that expenditures under the Contract which are</p>		

Requirements - Questions	Yes	No
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 in full to OGB by the PBM and/or Company?		