



**STATE OF GEORGIA**  
Department of Community Health  
The State Health Benefit Plan

**REQUEST FOR PROPOSALS**  
**For**  
**Pharmacy Benefit Manager**

**RFP NUMBER 41900-001-0000000047**

For all questions about this RFP contact:

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Georgia Department of Community Health  
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**RELEASED ON:**

**May 23, 2006**

**DUE ON:**

**June 26 2006 3:00 P.M. Eastern Time**

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## **1.0 INTRODUCTION**

### **1.1 Purpose of Procurement**

The Georgia Department of Community Health (hereinafter referred to as “DCH”), which sponsors the State Health Benefit Plan (hereinafter referred to as “SHBP”), is seeking a Pharmacy Benefit Manager (hereinafter referred to as “PBM” or “Offeror”), for the SHBP PPO/PPO Consumer Choice and Indemnity health plans. The Offeror will help to achieve the following goals and objectives.

A. Goals – The DCH desires to:

- a) improve the quality of health and disease management of those participants served by the SHBP PPO/PPO Consumer Choice and Indemnity health plans; and
- b) maximize the DCH healthcare expenditures by choosing a PBM that provides the best possible cost-effective and safe pharmaceutical care and understands the medical, financial and political landscape of Georgia.

B. Objectives - Specific objectives that are contemplated include to:

- a) manage prescription drug cost and utilization while recognizing the impact on total healthcare costs;
- b) improve patient health outcomes via appropriate and safe drug therapies;
- c) evaluate pharmacy program cost and utilization drivers;
- d) provide incentives and education for physicians to dispense high-quality, cost-effective drugs;
- e) improve patient adherence with treatment regimens, including member education programs;
- f) develop strategy for managing the use of pharmaceutical products characterized as improving quality of life rather than alleviating disease (i.e. lifestyle drugs); and
- g) develop a strong data-providing infrastructure across programmatic lines with value-added reporting.

### **1.2 Proposal Certification**

Pursuant to the provisions of the Official Code of Georgia Annotated 50-5-67(a), the Department of Community Health certifies the use of competitive sealed bidding will not be practical or advantageous to the State in completing the acquisition described in this RFP. Competitive sealed proposals will be submitted in response to this RFP in the same manner as competitive sealed

bids. All proposals submitted pursuant to this request will be made in accordance with the provisions of this RFP.

**1.3 Letter of Intent**

Offerors planning to submit a proposal must submit a letter of intent to the Department of Community Health within six (6) working days of issuance of this Request For Proposal (hereinafter referred to as “RFP”), expressing their intentions to participate in the RFP process. This letter will also ensure that Offerors interested will receive all correspondence concerning this RFP process. The letter of intent to participate is non-binding but is a mandatory requirement. The DCH must receive the letter of intent to participate by Wednesday, May 31, 2006 as indicated in the schedule chart below. The letter of intent may be mailed, e-mailed, or faxed to:

Marcine Sullivan, Procurement Division  
 Georgia Department of Community Health  
 2 Peachtree Street, NW  
 35<sup>th</sup> Floor  
 Atlanta, GA 30303-3159  
 Attn: RFP# 41900-001-0000000047  
 Phone Number: 404-656-0469  
 Fax Number: 404-657-0223  
 E-mail address: [msullivan@dch.ga.gov](mailto:msullivan@dch.ga.gov)

**1.4 Schedule of Events**

This Request for Proposals will be governed by the following schedule:

**DATES**

May 23, 2006	Release of RFP
May 31, 2006	Letter of Intent
June 6, 2006, 2006	Deadline for written questions
June 12, 2006	Answers to written questions posted on the DCH Website
June 26, 2006	Proposals due
TBD	Site Visits (if required)
July 26, 2006	Contract award (on or about)
August 14, 2006	Contractor begins work (on or about)
August - December 31, 2006	Implementation Period
January 1, 2007	Go-Live Date

**1.5 Restrictions on Communications with Staff**

From the issue date of this RFP until a contractor is selected and the selection is announced, Offerors are not allowed to communicate for any reason with any State staff except through the Issuing Officer named herein, or as provided by

existing work agreement(s). The State reserves the right to reject the proposal of any Offeror violating this provision. All questions concerning this RFP must be submitted in writing (fax or email may be used) to the Issuing Officer. No questions other than written will be accepted. No response other than written will be binding upon the State.

All questions about this RFP must be submitted in the following format:

Your Company Name

1. Question  
Citation of relevant section of the RFP
2. Question  
Citation of relevant section of the RFP

Questions must be directed in writing to the Issuing Officer:

Marcine Sullivan  
Procurement Division  
Georgia Department of Community Health  
2 Peachtree Street, NW  
35<sup>th</sup> Floor  
Atlanta, GA 30303-3159  
Attn: RFP# 41900-001-0000000047  
Phone Number: 404-656-0469  
Fax Number: 404-657-0223  
E-mail address: [msullivan@dch.ga.gov](mailto:msullivan@dch.ga.gov)

Questions must include the company name and the referenced RFP section.

## 1.6 Definition of Terms

**Agency** – office, agency, department, board, bureau, commission, institution, authority, or other entity of the State of Georgia

**Department of Community Health (DCH)** – the DCH is an agency of the State of Georgia (“State”) governed by the Board of DCH.

**Georgia Offeror Manual** – Information and instructions for conducting business with the State of Georgia located at:  
[http://statepurchasing.doas.georgia.gov/vgn/images/portal/cit\\_11783501/37106725Offerormanual.pdf](http://statepurchasing.doas.georgia.gov/vgn/images/portal/cit_11783501/37106725Offerormanual.pdf).

**Offeror** – Respondent to this Request for Proposals

**Request For Proposal (RFP)** – a solicitation used when discussions may be required prior to Contract Award; a document used for soliciting competitive proposals.

**State Health Benefit Plan (SHBP)** – the health plan administered by the DCH covering State employees, public school teachers, public school employees, their dependents, and retirees.

### **1.7 Contract Term**

The initial contract term is from the Agreement Effective Date through June 30, 2007, with (four) 4 additional (one) 1 year options to renew. Renewal periods will be based on the Fiscal Year period beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>. Renewal will depend upon funding, and Contractor performance. Contract award will be by the issuance of a Notice of Award document. Renewal will be accomplished through the issuance of Notice of Award Amendment.

### **1.8 Background**

#### **The Department of Community Health (DCH) and the State Health Benefit Plan (SHBP)**

The Governor and the Georgia General Assembly created the Department of Community Health (DCH) in 1999. The Department is responsible for insuring nearly two (2) million people, maximizing the State's healthcare purchasing power, planning coverage for Uninsured Georgians, and coordinating health planning for State agencies. The Board of Community Health sets policy and direction for the DCH.

The DCH sponsors the State Health Benefit Plan (SHBP) through the Division of Public Employee Health Benefits. The SHBP provides health insurance coverage to state employees, school system employees, retirees and their dependents. The SHBP spends more than \$2.1 billion annually for health care services for more than 643,000 members. The plan provides health care coverage to members residing in 159 counties in the State plus approximately 12,000 members outside the State including abroad.

The SHBP offers its members a PPO option as well as an indemnity plan and health maintenance organization (HMO) options. The SHBP also offers a Consumer Choice PPO option. This option offers members the same benefits as the standard PPO option, except members may nominate medical healthcare providers to the network as preferred providers.

Listed below are the health plan options offered by the SHBP to employees and retirees:

- PPO/PPO Consumer Choice
- Indemnity

- High Deductible Health Plan
- UnitedHealthcare HMO
- Cigna HMO
- Kaiser Permanente HMO
- BlueChoice HMO
- Tricare Supplement
- Consumer Driven Health Plan – pilot program with participation of nine (9) boards of educations

The State Health Benefit Plan Enrollment (May 1, 2006):

<b>Option</b>	<b>May 2006</b>
Indemnity	8,562
PPO	270,390
PPO CCO	10,904
BlueChoice	152,299
BlueChoice CCO	1,133
CIGNA	18,335
CIGNA CCO	309
Kaiser	43,008
Kaiser CCO	360
Kaiser Medicare Advantage	752
UnitedHealthcare	130,591
UnitedHealthcare CCO	1,402
Definity CDHP	624
Definity CDHP CCO	42
Lumenos	737
Lumenos CDHP CCO	25
Tricare	2,999
HDHP	1,042
HDHP CCO	27
<b>Total</b>	<b>643,541</b>

(This RFP is only for the SHBP plans (PPO/PPO Consumer Choice and Indemnity) shaded in yellow.)

The SHBP PPO/PPO Consumer Choice and Indemnity health plan options are self-insured. Currently, United Healthcare of Georgia administers the medical benefits and pays medical claims for the PPO/PPO Consumer Choice, as well as manages the Georgia and National PPO network. In addition, United Healthcare administers and manages the Indemnity plan options, as well as the High Deductible Option. Express Scripts is the PBM that administers the pharmacy benefit program for the PPO and Indemnity plans (includes paying pharmacy claims for members under these options). Effective January 1, 2006, the DCH decided to implement the “wrap around” option for Medicare Part D Prescription Drug Plan. The SHBP PPO/PPO Consumer Choice and Indemnity health plans coordinate the pharmacy benefit for retirees who enroll in Medicare Part D. This

RFP is only for the SHBP PPO/PPO Consumer Choice and Indemnity health plans.

The SHBP PPO/PPO Consumer Choice and Indemnity Facts:

Option	May 2006
Indemnity	8,562
PPO	270,390
PPO CCO	10,904
<b>Total</b>	<b>289,856</b>

\* As of May 1, 2006

Fiscal Year	Pharmacy Expenditures	Patients	Members	Expenditures / Patient	Expenditures / Member
FY2000	\$157,865,083.00	287,699	N/A	\$ 548.72	N/A
FY2001	\$198,324,700.00	299,004	N/A	\$ 663.28	N/A
FY2002	\$224,451,737.11	323,022	447,674	\$ 694.85	\$ 501.37
FY2003	\$276,449,228.40	337,539	450,214	\$ 819.01	\$ 614.04
FY2004	\$282,787,048.07	318,464	422,891	\$ 887.97	\$ 668.70
FY2005	\$283,718,285.63	288,158	376,455	\$ 984.59	\$ 753.66

\*Claims paid through 02/28/2006

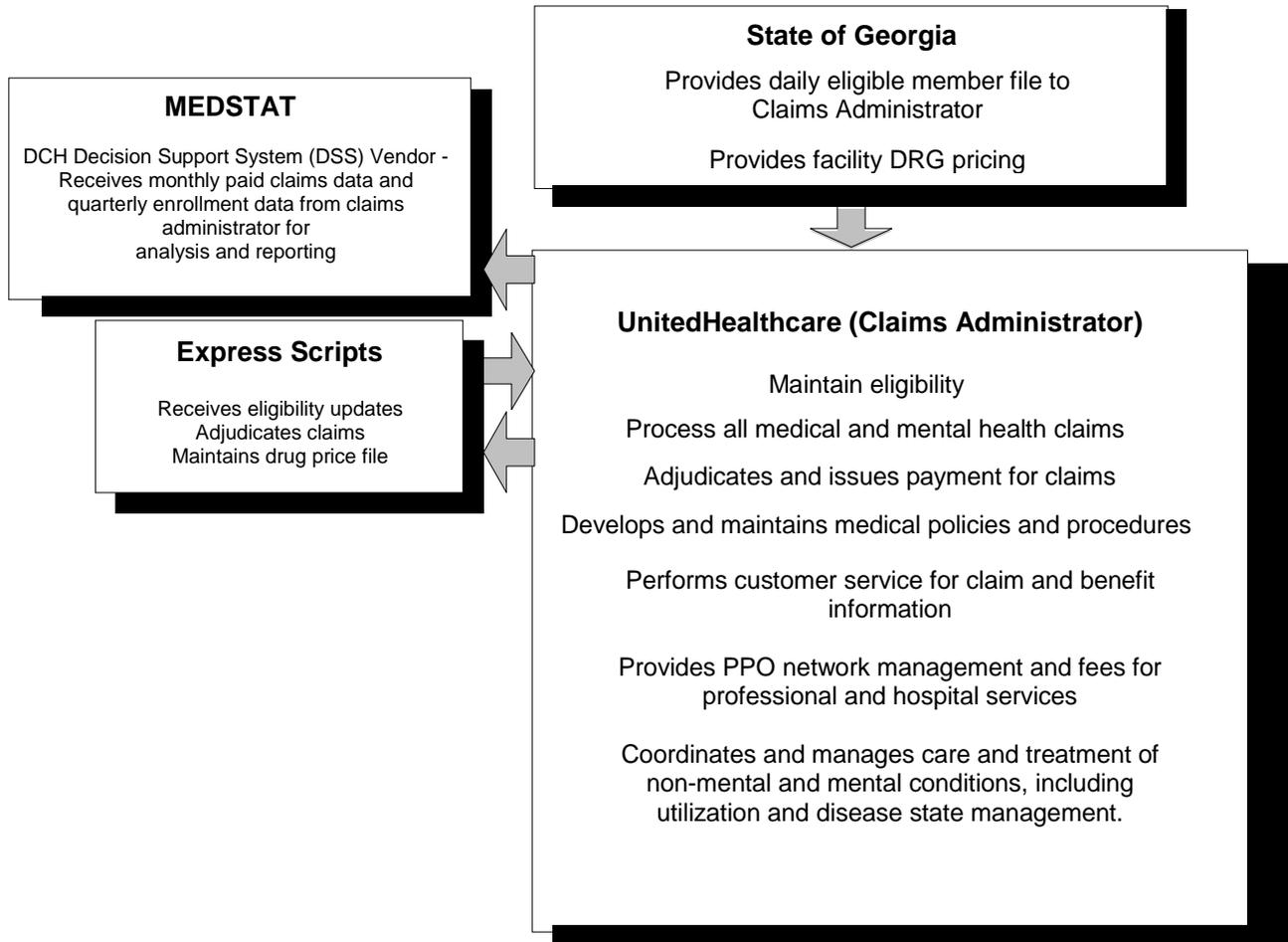
Current SHBP Vendors include:

1. United Healthcare of Georgia – PPO and Indemnity health plans Third Party Administrator (to include medical claims processing, PPO network, behavioral health, utilization review, disease state management and case management)
2. Express Scripts - PBM for PPO and Indemnity health plans
3. MEDSTAT- Decision Support System (DSS) - Claims Utilization Data
4. Public Consulting Group (PCG) - Third Party Liability Contractor
5. Blue Choice HMO - HMO network, claims processing, utilization review, behavioral health and pharmacy
6. United Healthcare HMO - HMO network, claims processing, utilization review, behavioral health and pharmacy
7. Cigna Healthcare HMO - HMO network, claims processing, utilization review, behavioral health and pharmacy
8. Kaiser Permanente - HMO network, claims processing, utilization review, behavioral health and pharmacy

Each of the HMOs has its own prescription management program and individual formulary, or drug list. The High Deductible Health Plan uses the same drug list as the United Healthcare HMO.

The SHBP benefit plan year is January 1<sup>st</sup> through December 31<sup>st</sup>. The SHBP utilizes a three-tier co-payment structure.

## Current Transaction Flow for the SHBP PPO and Indemnity Health Plans



## Current Pharmacy Benefit for the SHBP PPO and Indemnity Health Plans

<b>Generic Co-Payment</b>	<b>\$10</b>
<b>Preferred Brand Co-Payment</b>	<b>\$30</b>
<b>Non-Preferred brand Co-Payment</b>	<b>\$100</b>

- ❖ **Members are charged the co-payment or the usual and customary price; whichever is less, for a covered prescription.**
- ❖ **Retail Only Benefit (no Mail or Specialty)**

## 2.0 MANDATORY REQUIREMENTS

This section identifies all mandatory requirements which must be present in the proposal before further consideration will be given. Offeror must prepare and submit a **Guide to Mandatory Requirements** which references the page(s) of the Technical Questionnaire where satisfaction of the Mandatory Requirements is substantiated.

### 2.1 Offeror Qualification Requirements

- 2.1.1 The Offeror must have a minimum of five (5) years of experience in pharmacy benefits management. If a joint venture, no more than two (2) partners per venture, each partner must have three (3) years of commercial experience.
- 2.1.2 The Offeror must be financially viable, as evidenced by sustained bottom line profitability and no current areas of significant financial risk.
- 2.1.3 The DCH business must represent no more than a 30% increase over current volumes (measured by retail prescription volume).
- 2.1.4 All customer service functions provided by the Offeror including subcontractors and staff must be conducted by personnel, employees, workers, or agents residing in or incorporated, located, or based in the United States of America.

### 2.2 Business Requirements

The Offeror must have an online, Georgia-based network with at least (ninety-five) 95% of Georgia pharmacy providers included and an online national network with at least 50,000 participating pharmacies. Offeror shall provide an affidavit affirming fulfillment of this requirement. Additionally, the affidavit shall provide a website link to the Offeror's pharmacy network listings that fulfill this requirement.

The Offeror must provide written affirmation of understanding of "any willing provider" requirement in Georgia, and the Offeror attests to its ability to accept any willing provider for network participation.

- 2.2.1 The Offeror must currently operate a customer service call center handling call volumes for at least 1,000,000 covered lives with hours of operation, 24 hours a day, and 7 days a week with a Help Desk function for the DCH staff and guarantee staffing availability.
- 2.2.2 Offeror must agree to pass-through 100% of its retail network provider discounts, to Maximum Allowable Cost (MAC) rates and dispensing fees. Offeror will not be allowed to retain a

margin or “spread” on any of its retail pharmacy reimbursement contracts.

2.2.3 The Offeror must agree to provide unrestrictive operational and financial audit rights to SHBP, including appropriate access to MAC rates, manufacturer rebate agreements, and network provider contracts. Audits shall be performed by the DCH or a designated, independent third party under the terms of a signed confidentiality and non-disclosure agreement. The DCH requires the ability to conduct these audits at any time during the contract term upon (thirty) 30 days written notice to the Contractor. Offerors may not limit the time period of paid claims to be audited.

2.2.4 The Offeror must execute within (thirty) 30 days of the receipt of the Notice of Award, any and all contracts with subcontractor(s) if it is determined to be an apparent winning proposal.

2.2.5 Offeror must agree to the following Indemnification Language for the contract:

“Contractor hereby releases and agrees to indemnify and hold harmless DCH, the State of Georgia and its departments, agencies and instrumentalities (including the State Tort Claims Trust Fund, the State Authority Liability Trust Fund, The State Employee Board Form Liability Funds, the State Insurance and Hazard Reserve Fund, and other self-insured funds, all such funds hereinafter collectively referred to as the "Funds") from and against any and all claims, demands, liabilities, losses, costs or expenses, and attorneys' fees, caused by, growing out of, or arising from this Agreement, due to any act or omission on the part of Contractor, its agents, employees, customers, invitees, licensees or others working at the direction of Contractor or on its behalf, or due to any breach of this Agreement by Contractor, or due to the application or violation of any pertinent federal, State or local law, rule or regulation. This indemnification extends to the successors and assigns of Contractor, and this indemnification survives the termination of the Agreement and the dissolution or, to the extent allowed by the law, the bankruptcy of Contractor. “

2.2.6 The DCH reserves the right to specify additional measures or change performance measures or criteria within (sixty) 60 calendar days of prior written notification to the successful Offeror.

2.2.7 The Offeror must maintain a local office within a 50-mile radius of the DCH's offices housing an account management staff with decision-making authority.

2.2.8 The Offeror must work with any of the existing DCH third party

vendors, and if necessary, modify the Offeror's proposed system at no cost to the DCH to be able to interface with the existing third party vendors.

- 2.2.9 Have the ability and willingness to submit data and work with the DCH data warehouse vendor. Any data exchanged must be in a layout, medium and frequency defined by the DCH. Any costs associated with the development and exchange of data interfaces is the financial responsibility of the Offeror.

## **2.3 Submission Requirements**

- 2.3.1 The Offeror must submit the Guide to Mandatory Requirements with original signature (Appendix A).
- 2.3.2 The Offeror must submit the Proposal Certification with original signature (Appendix B).
- 2.3.3. The Offeror must submit a completed Small or Minority Business Form (Appendix C).
- 2.3.4. Any exceptions to the State's Sample Contract (Appendix E) must be clearly identified and submitted with the Offeror's Technical Questionnaire. Proposed exceptions must not conflict with or attempt to preempt mandatory requirements specified in Section 2.0.
- 2.3.5. The Offeror must submit a Technical Questionnaire detailing the proposed approach to performing all of the services requested under Section 3.0. The Offeror will submit one hard copy of the Technical Questionnaire with original signatures, ten (10) copies and six (6) CDs (in Microsoft Word/Excel). The Technical Questionnaire must not include any cost figures.
- 2.3.6. The Offeror must submit a completed Financial Proposal (Appendix F). The Offeror will submit one hard copy of the Financial Proposal with original signatures, three (3) copies and three (3) CDs (there must be separate CDs for Technical and Cost).
- 2.3.7. The Offeror must submit a Guide to Mandatory Requirements referencing the page(s) of the responses in the Technical Questionnaire where satisfaction of the Mandatory Requirements is substantiated.

NOTE: If there is a discrepancy between a hard copy submission and the companion CD submission, the CD will take precedence.

## **2.4 Technical Requirements**

The Offeror will be responsible for meeting the requirements listed in this section (2.4). Describe your approach to achieving each of the requirements in the Request For Proposal Technical Section beginning at 3.0. Supporting documentation should be included where and in the format that is requested.

### **2.4.1 Eligibility and Information Systems**

The Offeror must:

- a. provide the DCH with real-time, on-line, eligibility update capabilities and the DCH staff with training for on-line tool and support ;
- b. be able to accommodate eligibility data format as designated by the DCH;
- c. provide process for handling ineligible claims for terminated members;
- d. have processes for handling manual updates to eligibility files and auto terminations;
- e. provide process for retrieval of historical eligibility data;
- f. have processes for acceptance, validation, and discrepancy reporting of full files and replacement files (including weekends and holidays); and
- g. must be able to support the SHBP semi-annual eligibility auditing process..

### **2.4.2 Coordination of Benefits (COB) and Medicare Part D**

The Offeror must:

- a. provide comprehensive coordination of benefits (COB) functionality in its claims adjudication system, including at the point-of-sale (POS) non-Medicare COB and Medicare COB, as appropriate; and
- b. be able to administer the “wrap-around” option for Medicare Part D and support the DCH’s Medicare Part D COB processes in accordance with the Centers for Medicare & Medicaid Services (CMS).

### **2.4.3 Claims Adjudication**

The Offeror must:

- a. provide a Point-of-Sale (POS) system for the adjudication of pharmacy claims;
- b. adjudicate pharmacy claim transactions in an efficient, accurate and timely manner;
- c. guarantee the system's availability for claims processing;
- d. provide a copy of Offeror's policies and procedures for POS downtime;
- e. provide and maintain a current and accurate drug file that is updated in a timely manner;
- f. provide and maintain a disaster recovery manual that is executable;
- g. provide disaster recovery and turnover plans for the DCH to approve prior to implementation as well as updated versions annually;
- h. provide training and re-training as necessary to the DCH staff on all adjudication and associated systems and reporting tools utilized and available to DCH staff;
- i. provide the DCH with access to all adjudication and associated systems used in the adjudication of SHBP claims and requests; and
- j. allow providers to process compound claims electronically at an individual NDC-level of each component's NDC and price the claim accordingly.

#### **2.4.4 Paper Claims Processing**

The Offeror must:

- a. be able to accept, adjudicate and track paper member claims in a timely and efficient manner;
- b. be able to process foreign claims for the SHBP PPO/PPO Consumer Choice and Indemnity members;
- c. must be able to provide SHBP paper claims activity reports to the DCH monthly; and
- d. must have a fraud and abuse audit process for paper claim submission.

#### **2.4.5 Account Service and Account Management**

The Offeror must:

- a. maintain a local office within a 50 mile radius of the DCH's offices housing account management staff with decision-making authority;
- b. identify and provide account management and clinical

team members who are dedicated to the DCH for the SHBP account for purposes of this agreement. At a minimum these members will include the account manager (1 FTE) and clinical pharmacy program manager (1 FTE pharmacist);

- c. provide an organizational chart for the proposed implementation and maintenance of the DCH account;
- d. agree to conduct criminal background checks for each member of the Offeror's proposed account management and clinical team;
- e. agree to provide a minimum of thirty (30) calendar days advance written notice of any changes under Offeror's control to the proposed account management and clinical team;
- f. agree that the DCH will be given the right to refuse all proposed account management and clinical team changes;
- g. must support open enrollment activities and at the request of the DCH attend open enrollment meetings and/or benefit fairs.
- h. hold monthly, quarterly and annually on-site meetings in Atlanta, GA with the DCH for purposes of utilization and financial management, performance reporting and strategic planning at no cost to the DCH;
- i. conduct an annual client satisfaction survey of key DCH/SHBP personnel; and
- j. have a representative readily available to respond to questions and requests from DCH officials and Georgia legislators.

#### **2.4.6 Retail Pharmacy Services**

The Offeror must:

- a. have an online, Georgia-based network with at least (ninety-five) 95% of Georgia pharmacy providers included and an online national network with at least (fifty thousand) 50,000 participating pharmacies. Offeror shall provide an affidavit-affirming fulfillment of this requirement. Additionally, the affidavit shall provide a website link to the Offeror's pharmacy network listings that fulfill this requirement;
- b. provide written affirmation of understanding of "any willing provider" requirement in Georgia, and the

- Offeror attests to its ability to accept any willing provider for network participation;
- c. agree to pass-through (one hundred) 100% of its retail network provider discounts, to Maximum Allowable Cost (MAC) rates and dispensing fees, and not retain a margin or “spread” on any of its retail pharmacy reimbursement contracts; and
  - d. produce, update, provide and communicate provider billing manuals and instructions.

#### **2.4.7 Maximum Allowable Cost (MAC) Features**

The Offeror must:

- a. provide a MAC listing for use by the SHBP PPO/PPO Consumer Choice and Indemnity health plans that is current and updated on a routine and timely basis; and
- b. audit the MAC list utilized for the SHBP PPO/PPO Consumer Choice and Indemnity health plans on a routine basis and provide timely resolution to errors.

#### **2.4.8 Member Customer Services/Member Communication**

The Offeror must:

- a. provide timely and accurate responses to both telephonic and written inquiries submitted to any unit within the Offeror’s organization regarding SHBP account;
- b. have all customer service functions provided by the Offeror for the DCH conducted by employees, workers, agents, locations and offices (including subcontractors and staff) located and residing in the United States of America;
- c. currently operate a customer service center handling call volumes for at least 1,000,000 covered lives’
- d. have a customer service call tracking, recording and reporting system;
- e. make provisions for multi-lingual (i.e. Spanish, Vietnamese, etc.) as well as hearing and visually impaired callers;
- f. provide an SHBP designated and dedicated core team and dedicated toll-free telephone numbers for SHBP members, providers and the DCH staff;
- g. minimize the turnover rate of dedicated core team members supporting the customer call center;

- h. conduct and report the results of an annual customer satisfaction survey of members and providers;
- i. guarantee privacy, confidentiality and security of all DCH/SHBP data;
- j. must comply with all HIPAA standards, including but limited to transaction, common identifier and privacy and security standards, by the effective date of those rules;
- k. support prior authorization requests and appeals through the customer service call center;
- l. handle initial prior authorization requests within twenty-four (24) hours of receipt; and
- m. must provide Explanation of Benefits (EOB) for members upon request;
- n. develop communications for members and physicians including notifying the SHBP plan members and providers of approved program and Preferred Drug List changes;
- o. respond to inquiries from SHBP stakeholders regarding the pharmacy benefit program and utilization statistics upon the request of DCH/SHBP within (two) 2 business days; and
- p. make the most current drug lists available through the web for the SHBP account.

#### **2.4.9 Clinical Programs/Utilization Management (UM)**

The Offeror must:

- a. deliver a POS system that provides client-customized concurrent drug utilization review edits;
- b. provide clinical strategies, guidance and support for the DCH and the SHBP PPO/PPO Consumer Choice health plans to maximize cost-effective utilization;
- c. guarantee access to a Medical Director for the purposes of DCH questions and consultations;
- d. provide a client-specific, customizable retrospective drug utilization review program;
- e. provide an approach and offer programs to monitor, measure and positively influence patient outcomes including physician prescribing habits and working with the medical ;
- f. provide clinical support in the development and

execution of evidence-based and clinically appropriate prior authorization criteria and clinical management programs;

- g. administer prior authorization and appeal requests accurately within (twenty four) 24 hours and (seventy two) 72 hours respectively using only the DCH approved criteria;
- h. issue denial of service letters for any SHBP PPO/PPO Consumer Choice and Indemnity prior authorization request that is denied by the Offeror on behalf of the DCH; and
- i. provide strategic guidance and guarantee results of such guidance for the achievement of maximum generic fill rates for the SHBP PPO/PPO Consumer Choice and Indemnity health plans.

#### **2.4.10 Preferred Drug List (PDL) and Rebate Management**

The Offeror must:

- a. propose and maintain an evidence-based, cost-effective, and safe client-approved preferred drug list for the SHBP PPO/PPO Consumer Choice and Indemnity health plans;
- b. communicate preferred drug list changes to providers and members;
- c. hold rebate contracts with manufacturers for the DCH on behalf of the SHBP; and
- d. transmit paid claims data to the rebate vendor on at least a weekly basis.

#### **2.4.11 Disease State Management (DSM)**

The Offeror must:

- a. provide clinical and administrative support for the DCH's disease state management initiatives for the SHBP PPO/PPO Consumer Choice and Indemnity health plans including able to administer a co-payment waiver for specific drugs by NDC number and co-payment drug classification; and
- b. able to integrate medical and drug databases in order to identify disease states and patient population for DSM programs and to measure outcomes.

#### **2.4.12 Benefit Design**

The Offeror must:

- a. successfully complete the testing process of new benefit designs prior to implementation;
- b. provide flexible plan design capabilities and flexible plan administration;
- c. support the benefit design decided upon by the DCH for the SHBP PPO/PPO Consumer Choice and Indemnity health plans including (three) 3-tier co-payment structure and a 90-day supply at the retail network pharmacy;
- d. have a system that is capable of excluding specific products or therapeutic categories by group, plan and member;
- e. resolve issues in timely manner and be liable for benefit design errors that may occur; and
- f. accommodate separate drug coverage rules per enrolled plan members.

#### **2.4.13 Analytical Services**

The Offeror must:

- a. have an analytical services department that produces analytical reports that are clinical, financial and benefit design in nature;
- b. have predictive and plan design modeling capabilities and tools that will assist SHBP in underwriting as well as assess the financial impact and/or return on investment (ROI) of the SHBP's current plan design benefit and any proposed plan design benefit changes;
- c. provide business analyst support and consultative services to the DCH; and
- d. provide benchmark comparisons for clients similar to the SHBP PPO/PPO Consumer Choice and Indemnity health plans as well as national comparisons.

#### **2.4.14 Implementation**

The Offeror must:

- a. assure an 'on-time' implementation according to the implementation timeframes referenced in this RFP and resulting contract;
- b. provide a detailed implementation plan with timelines;

- c. perform comprehensive systems testing and quality assurance audits, with results reported to the DCH, prior to the “Go-Live” date at no additional cost; and
- d. assign a dedicated implementation team to manage the implementation process and the transition of services from the current Contractor, Express Scripts, Inc.

#### **2.4.15 Data, Systems and Reporting**

The Offeror must:

- a. comply with data transfer and interface requirements identified in the RFP;
- b. develop, maintain and continuously update a process to assure the successful and timely transmission, receipt and processing of all interfaces;
- c. provide access to an on-line reporting tool (which includes functions to monitor plan performance and utilization management) for the DCH and the DSM/UM vendor that has security and access levels as designated by the DCH and the DSM/UM vendor according to the individual user’s access rights as determined by the DCH and the DSM/UM vendor;
- d. provide standard reports electronically as defined during the requirement analysis by the 15<sup>th</sup> calendar day of each month following the month of activity and any required paper reports within (thirty) 30 calendar days (some reports may be quarterly, and annual);
- e. be able to modify the standard reports and frequency to meet DCH’s needs at no additional cost;
- f. provide customer service, utilization, standard, and ad hoc reports in a manner prescribed by the DCH;
- g. provide physician utilization reports that compare a physician to her/his peers; and
- h. provide on-call personnel during the GA legislative session to model scenarios and to provide key data and ad hoc reports.

#### **2.4.16 e-Commerce Capabilities/Web-based Solutions**

The Offeror must:

- a. provide a website, or content for the DCH website, that is accurate and updated on a regular and timely basis; and

- b. provide web-based solutions that include at a minimum posting of the PDL and the pharmacy provider directory.

#### **2.4.17 Fraud and Abuse/Compliance**

The Offeror must:

- a. conduct on-site and desktop fraud and abuse audits of pharmacy network;
- b. ensure that auditors have no conflict of interest and maintain audit independence;
- c. provide process to monitor, review, report and resolve fraud and abuse situations identified;
- d. designate a liaison person to work with the DCH Program Integrity Unit; and
- e. provide detailed documentation, access to relevant systems and training support to the DCH Program Integrity unit regarding fraud and abuse cases.

#### **2.4.18 Finance and Reporting**

The Offeror must:

- a. handle the following transaction categories and provide reporting and associated financial processes for all plans:
  - 1. Recoupments;
  - 2. Recoveries;
  - 3. Voids;
  - 4. Reprocessing; and
  - 5. Run-out claims (claims with date of service before cut off);
- b. contract with an independent auditor to complete a SAS-70 financial control audit to be submitted to the DCH annually at no cost to the DCH. The SAS-70 should be accompanied by a corrective action plan for any issues identified in the report.
- c. provide electronic remittance of payment to providers; and
- d. pass-through all payments made to and received from retail providers and vendors.

#### **2.4.19 Mail Services and Specialty Pharmaceutical Services – For Information Only**

### 3.0 TECHNICAL QUESTIONNAIRE

This section identifies the information that must be submitted in the Technical Questionnaire. Offeror must demonstrate their ability to satisfy all qualification and technical requirements as well as detail their plan to perform the required services (please provide concise responses). The Technical Questionnaire must be structured in the following order and labeled with the corresponding titles stated below using the same outline numbers.

#### 3.1 Company Background and Experience

- a. Provide the following information about your organization and address of corporate headquarters:

Company Name	
Address	
Telephone Number	
Fax Number	
Web Site Address	
Year Founded	
Number of Employees	
Federal Tax Identification Number	
Number and Names of Locations	

- b. Provide the following information for a single point-of-contact to represent your organization throughout this process.

Name	
Title	
Address	
Telephone Number	
Fax Number	
Mobile Phone Number	
Email	

- c. If the person(s) authorized to negotiate and sign contracts is different please provide the following information:

Name	
Title	
Address	
Telephone Number	
Fax Number	
Mobile Phone Number	
Email	

### 3.1.1 Company Structure

Please describe the legal form of your business organization, the state in which incorporated (if a corporation), and the types of business ventures in which the organization is involved. Include all subcontractors, the services they provide, and the length of the relationship.

- 3.1.1.2 Please indicate the office location that will be the point of contact during the term of any resulting contract, and a chart of the organization structure relative to account management and clinical services, including the reporting relationships, as they relate to this RFP.
- 3.1.1.3 Describe recent (within last 24 months) or planned changes in your organization such as mergers, stock issues, acquisitions, spin-offs, etc. Also, indicate (to the extent allowed) whether an ownership change is anticipated prior to the end of 2006.
- 3.1.1.4 Does a pharmaceutical manufacturer (PM) or other medical/pharmacy industry stakeholders, like a MCO, hospital, retail chain or physician detailing company, own your organization or have majority or minority shareholder status? If yes, describe the organizational linkages, the degree of integration/collaboration and “firewalls” between your organizations.

### 3.1.2. Experience

- 3.1.2.1 Please complete the sentence: The Offeror has at least \_\_\_\_ full consecutive years experience as **a PBM**.
- 3.1.2.2 Please provide a list of three current and significant Government/Public Sector and/or commercial accounts for whom similar services, as detailed in this RFP, have been provided during the past three years. Include in this list at least one account that is or has been managed by the Account Manager that will be working the SHBP.

The list must include:

- dates of service
- # of lives
- # of claims processed
- name of contact person
- title of contact person
- phone number of contact person
- latest customer/client satisfaction survey results (if available)

Client Name	Duration of Client Relationship	Average # of Members	Type of client (Government/ Public Sector-State, Federal, Employer Group, Medicaid, etc)	Termination Reason

3.1.2.3 Please complete the table above. Disclose any services terminated within the last three years by client(s) and the reason(s) for termination.

3.1.2.4 Please complete the table below with the total number of covered lives and processed claims for the past three (3) years.

	2003		2004		2005	
	Retail	Mail	Retail	Mail	Retail	Mail
# of Customers						
# of Covered Lives						
# of Scripts Filled						

3.1.2.5 What was your 2005 client retention rate for the Commercial and Government/ Public Sector clients (report spearatley)?

3.1.2.6 List below your top 10 clients based on revenue earned in year 2005.

3.1.2.7 Please describe below what differentiates your organization from other PBMs (in four paragraphs or less- not greater than one page).

**3.1.3 Financial Stability**

- 3.1.3.1 Please provide financial information that would allow proposal evaluators to ascertain the financial stability of your organization.
- a. If a public company, provide your organization's most recent audited financial report.
  - b. a private company, provide a copy of your organization's most recent internal financial statement, and a letter from their financial institution, on the financial institution's letterhead, stating the Offeror's financial stability.

### **3.1.4 Business Litigation**

- 3.1.4.1 Please disclose any involvement by your organization or any officer or principal in any material business litigation within the last five (5) years. The disclosure should include an explanation, as well as the current status and/or disposition.
- 3.1.4.2 Please provide a brief summary of any past or pending citations and sanctions from a state or federal regulatory agency or if a contracted Managed Care Organization (MCO), any citations based on actions of your organization. If so, provide an explanation of the issue, the fines, if any, and the action taken to resolve the issue.

## **3.2 PROPOSED SOLUTION**

### **3.2.1 Eligibility and Information Systems**

- 3.2.1.1 Please describe your organization's eligibility capabilities and methods utilized to transmit eligibility data and frequency of transmission. Include your organization's process for acceptance and validation of full file feeds including the process for updating file loads.
- 3.2.1.2 Please confirm that your organization can accommodate the format designated by the SHBP contained in Attachment 1.
- 3.2.1.3 Please describe processes to address claims submitted for a member who is ineligible, or is shown as terminated from the SHBP PPO and Indemnity health plans.
- 3.2.1.4 Will the DCH have access to the eligibility system to perform manual updates and/or overrides online the SHBP PPO/PPO Consumer Choice and Indemnity health plans? What are the minimum system requirements to support

online eligibility processing? Will updates occur in real time? How many concurrent users will the SHBP be able to have access the system?

- 3.2.1.5 Describe the training and support provided for on-line access at the DCH. How many staff members are dedicated to this process and how timely is the training provided with respect to software changes and system upgrades? Is this included in the base fees or are there additional costs? (NOTE: Do not disclose any pricing information in your response to this question – that must be confined to the Financial Proposal.)
- 3.2.1.6 Please indicate below how eligibility files that are updated manually are protected from system overrides when files are updated. Detail any limitations associated with manual eligibility maintenance. Are there any additional charges? Yes or No. (NOTE: Do not disclose any pricing information in your response to this question – that must be confined to the Financial Proposal.)
- 3.2.1.7 Does your organization automatically terminate coverage if the record is absent from the file (term by absence) or is an implicit term report generated for verification prior to termination of coverage? How will the discrepancy report be provided to the SHBP and within what period of time upon completion of upload? Additionally, please provide a detailed sample of your organization's eligibility file discrepancy reporting.
- 3.2.1.8 Are eligibility loads available on the weekends and/or holidays? Describe the process for full file and update file loads.
- 3.2.1.9 How far back is eligibility data kept and is the historical data accessible online?
- 3.2.1.10 The Offeror is expected to support the SHBP semi-annual eligibility auditing process. The Offeror is required to pass full eligibility file (including beneficiaries and dependents) to the DCH. Files must be sent electronically. The DCH will audit against internal eligibility database and provide plan with discrepancy file and report. The Offeror is required to use the file/report to improve the accuracy of their eligibility. Will your organization commit to use the results of these audits to update and enhance the quality of the DCH data that is maintained? Yes or No.

### **3.2.2 Coordination of Benefits (COB) and Medicare Part D**

- 3.2.2.1 Please provide a flow chart illustrating your organization's traditional and Medicare COB processes and what options are available for the SHBP (e.g., cost avoidance, 'pay-and-chase'). Include a description of how members and providers are notified when a claim should be adjudicated by a primary plan sponsor when the SHBP is the secondary payor and how the processes differ for retail and mail order claims.
- 3.2.2.2 Indicate all data that would need to be collected from the SHBP to adequately perform COB services. What other means of collecting or integrating this information into the claims adjudication process does your organization offer aside from the eligibility file?
- 3.2.2.3 Detail your organization's ability to automate COB adjudication process at POS for "secondary payor" claims (i.e. balance of claim after the primary payment has been applied).
- 3.2.2.4 Do any of your current commercial clients utilize a "wrap around" option for their retirees enrolled in a Medicare D plan? Please provide a description of the services your organization provides for these clients related to the wrap around coverage (e.g. adjudication of claims, customer service inquiries, communication materials, etc.) and any issues encountered and methods of resolution.
- 3.2.2.5 Please confirm that secondary payer data is routed to the TrOOP contractor for CMS.
- 3.2.2.6 Please confirm that the Offeror has a Voluntary Data Sharing Agreement (VDSA) and/or Coordination of Benefits Agreement (COBA) with CMS. (The VDSA confirms eligibility of those members enrolled in Part D; COBA is the crossover claims piece)

### **3.2.3 Claims Adjudication**

- 3.2.3.1 Please give a brief overview of your organization's claims adjudication platform/system.
- 3.2.3.2 If there are multiple claims adjudication platforms at your organization, please indicate which platform your organization will propose to use for the SHBP and why.
  - a. Are there any major changes, upgrades or modifications of your organization's claims adjudication system scheduled in the next 24 months?

- b. If yes, describe your product changes (enhancements, upgrades, etc.) processes and procedures.
  - c. If there is a platform change planned after the start of the SHBP contract, please describe the implementation plan for moving to the new platform.
- 3.2.3.3 What pricing sources are available to your clients through your adjudication system for retail? How often is this information updated?
- 3.2.3.4 Please describe your organization's claims adjudication system's flexibility as it relates to:
- Quantity limits by prescription/monthly/annual/lifetime
  - Days supply
  - Age limits
  - Gender limitations
  - Step therapy edits
  - Percentage co-pay with minimum and/or maximum
  - Fixed dollar co-payments with minimum and/or maximum
  - Individual and family deductibles
  - Monthly, quarterly, annual drug benefit caps
  - Split or cusp claims (partial plan responsibility and partial patient responsibility once patient reaches cap)
  - Capture and adjudicate claims based on submitted diagnosis code
  - Participating and non-participating physicians
  - Lower of usual and customary charge vs. contract rate vs. co-pay at retail and mail service pharmacies
  - Fixed dollar or zero dollar co-payments and percentage co-payments as determined by drug in the same benefit
  - Stop losses-individual and family
- 3.2.3.5 How will your organization capture and report provider data elements such as:
- a. Prescribing physician's DEA #;
  - b. Pharmacy NCPDP #;
  - c. License # (for both physicians and pharmacies);
  - d. Physician specialty codes; and

- e. National provider ID (when it becomes available).
- 3.2.3.6 Describe your organization's approach for meeting the following requirements:
- a. Provide training and re-training as necessary to the DCH staff on all adjudication and associated systems and reporting tools utilized and available to DCH staff and
  - b. Provide the DCH with access to all adjudication and associated systems used in the adjudication of SHBP claims and requests.
- 3.2.3.7 Describe your organization's quality assurance process to assure accuracy of the drug file and the claims processing and ancillary systems proposed.
- 3.2.3.8 What was your error rate for your adjudication system per 100,000 prescriptions during 2003, 2004, and 2005?
- 3.2.3.9 Indicate the length of time that claims level data is stored in your organization's adjudication system.
- 3.2.3.10 Please describe your organization's policies and procedures for Point-of-Sale (POS) downtime, including regularly scheduled maintenance, power failure, or other unexpected events. Provide a copy of your policies and procedures for POS downtime.
- 3.2.3.11 How many hours was your organization's adjudication system down in the most recent (twelve) 12 months for scheduled maintenance? For unscheduled maintenance? Please provide your organization's internal documentation for any down time over the past twelve months.
- 3.2.3.12 Describe a recent event (within the last 6 months) that required the use of your organization's system backup and recovery procedures.
- 3.2.3.13 Detail your system backup and recovery procedures. Provide a copy of your organization's Disaster Recovery manual.
- 3.2.3.14 Detail your organization's POS system's prospective Drug Utilization Review (DUR) features, including a list of all prospective DUR edits differentiating which are soft versus hard edits.
- 3.2.3.15 Please describe your organization's ability for adding, modifying, and suppressing POS prospective DUR edits and describe at what level in the benefit plan those edits occur.

Include a description of your testing guidelines and specific timelines for implementation.

- 3.2.3.16 Please describe and provide a copy of all reject code messaging available to pharmacists through POS submissions. Additionally indicate any customized messaging ability for reject codes and specify any limitations associated with that customization (e.g. number of characters, number of customized reject codes, etc.)
- 3.2.3.17 Does your organization allow chain drug stores to turn off any edits and if so, which ones?
- 3.2.3.18 Describe any system edits inherent in your organization's system, which can be entered by pharmacists at POS and cannot be removed at the request of an individual client.
- 3.2.3.19 Describe your organization's ability to process compound prescriptions using the POS adjudication system. Specifically, detail how your organization would capture and pay for compound time submitted for reimbursement and how your organization would process a claim with multiple NDCs, as is possible with NCPDP version 5.1.
- 3.2.3.20 If there were member maximum lifetime benefits associated for the combined medical and pharmacy expenditures, how would your organization's system support the management of that lifetime maximum?

#### **3.2.4 Paper Claim Processing**

- 3.2.4.1 Describe in detail your organization's paper claims tracking/processing/adjudication system and processes. Include how claims are handled where the form is incomplete or not in the standard format. Please provide a sample of a paper claim form.
- 3.2.4.2 SHBP members are currently able to submit a receipt and claim form for reimbursement. Is your organization able to continue this procedure?
  - 3.2.4.3 Can your organization process foreign claims? If so, please explain the process and audit procedures.
  - 3.2.4.4 Where is the location of the paper claim processing center that will be utilized by SHBP members?
  - 3.2.4.5. What is your organization's average timeframe for claims entry following receipt of a paper claim? Please include the average turnaround time for the

payment of a paper claim from the date of receipt to payment.

3.2.4.6 What is the paper claim accuracy for the last year?

3.2.4.7 Describe the criteria used to screen claims for possible duplicates.

3.2.4.8 Describe your Fraud and Abuse audit process for paper claim submissions. Does your organization have an audit process for high dollar claims?

3.2.4.9 What reports are provided to a client listing paper claims activity and how frequently is the report produced?

### **3.2.5 Account Service and Account Management**

3.2.5.1 Describe your organization's philosophy and approach to account management. Include in the response a description of how account service performance is measured, tracked and reported.

3.2.5.2 Identify each team member below and Include resumes and length of service for those individuals who will have primary responsibility for such areas as:

- General Manager – Overall responsible for the account, the contractual agreement including contract negotiations; the account management and clinical teams
- Account Director – Responsible for overall account relationship and including strategic planning in relation to plan performance; consultative services; recommendations for benefit design and cost containment opportunities, and analysis of plan performance; overseeing all contractual services under this agreement for DCH plan; and manages all other Offeror staff working on this account. (Pharmacist preferable for Account Director)
- Account Manager– Responsible for day-to-day operations management and all services provided by Offeror, which supports those operations.
- Clinical Program Manager/Clinical Program Director – Pharmacist responsible for all clinical support services including but not limited to

presentations/support, PA criteria development, evaluation of clinical studies, analysis of plan specific clinical programs and initiatives, recommendations for cost containment opportunities, and analysis of plan performance.

- Medical Director – Advisor for all clinical initiatives related to the account including prior authorization (PA) criteria, PA appeals, disease management, case management, etc.

3.2.5.3 Indicate the percentage of each individual's time that you propose in section 3.2.5.2. The DCH requires provision of a clinical pharmacist dedicated solely to the SHBP. Confirm your organization's willingness to provide a dedicated pharmacist. Describe in detail the type of support that will be provided to the DCH. If willing, where would this pharmacist be located?

3.2.5.4 Provide an explanation as to how the workload will be transitioned from implementation team personnel to the assigned SHBP account team.

3.2.5.5 Please confirm that the Account Manager will respond to all account inquiries from the DCH staff within one business day. If this individual is unavailable to respond, please describe the process for escalating or delegating this responsibility to another account team member.

3.2.5.6 Is your organization willing to hire an Account Director and/or Account Manager with a pharmacy degree and decision-making authority for the SHBP account management team located in a local office within a 50-mile radius of the DCH's offices?

3.2.5.7 How does the account management team track requests from the client, member, provider or other stakeholders?

3.2.5.8 Is your organization willing to include a Key Personnel Clause in our agreement should your organization is selected as the winning bidder? The Key Personnel Clause would include language similar to the following: Offeror agrees to provide a minimum of 15 calendar days advance written notice of any changes, under Offeror's control, to the proposed account management team and a description of training requirements for new team members. DCH will be

given the right to refuse all proposed account management team changes. Yes or No

- 3.2.5.9 Describe your organization’s ability to support a client’s open enrollment tasks and activities, including on site support (ex. benefit fairs, etc.) and educational materials and templates.
- 3.2.5.10 Please confirm your organization’s willingness to meet with staff from the DCH, monthly, quarterly and annually, to review plan performance and utilization trends. Please confirm that both quarterly and annual reviews will be conducted on-site at the offices for the DCH at no additional cost.
- 3.2.5.11 Please confirm your organization’s ability and willingness to have a representative available to answer questions for the DCH officials and Georgia legislators and to research archived records to answer state or legislators’ request for data. During the legislative session this person will have to be available via a beeper. This will apply during the life of the contract. Confirm your willingness to include such a contract provision.
- 3.2.5.12 Please describe how your organization handles notification of non-compliance with contractual obligations. Include process for development of corrective action plans.

**3.2.6 Retail Pharmacy Services**

- 3.2.6.1 Please provide information regarding available retail network options offered by your organization by completing the table below and showing differences by available network option (include which network your organization recommends for SHBP):

Retail Network Name	# of Pharmacies in GA & National		
	Chain	Independents	Total
	/	/	/
	/	/	/
	/	/	/

- 3.2.6.2 For each network arrangement, identify which national or major regional chains (if any) are excluded.
- 3.2.6.3 Please provide a list of pharmacies in Georgia including the number of chain, long-term care, specialty (i.e.: home infusion, etc.), and independent stores, by county.
- 3.2.6.4 Can a custom network be developed to obtain greater discounts and maintain adequate access? Please explain.
- 3.2.6.5 Provide the following information regarding the retail pharmacy AWP source and pricing:
- Source for providing the AWP;
  - Frequency of updates to AWP file;
  - Use of manufacturer's full (eleven) 11-digit NDC code to determine AWP;
  - Package size basis for typical book of business AWP formula; and
  - Use of acquisition package size AWP in pricing determination.
- 3.2.6.6 Does your organization contract directly with the pharmacy network or is it subcontracted? If subcontracted, with whom?
- 3.2.6.7 Please confirm your organization's willingness to add any providers in the current SHBP network that are not participating in your organization's existing network, assuming those providers meet your organization's credentialing requirements and accept the fee schedule agreed to in the contract.
- 3.2.6.8 What are the minimum requirements for a pharmacy to contract in your organization's pharmacy network? What is your organization's process for adding new pharmacies to the network?
- 3.2.6.9 Please confirm that the pharmacies in your organization's network are contractually bound to accept the reimbursement formula your organization is proposing as payment in full for services provided.

- 3.2.6.10 Describe your organization's current access standards in terms of mileage and/or travel time between members and pharmacies.
- 3.2.6.11 How does your organization monitor for access compliance? If applicable, describe a situation where there was a perceived access problem and the steps your organization took to address it.
- 3.2.6.12 Please complete the table below. Provide the pharmacy turnover rate for the past two years for your organization's network that is being proposed for the SHBP. For voluntary/involuntary terminations, provide the actual number of pharmacy locations – not chains – that left the network in 2005. [Voluntary termination = pharmacy elected to terminate; Involuntary termination = contract terminated by PBM for any reason]

	Turnover Rate (%)		# of Voluntary Terminations	# of Involuntary Terminations
	2005	2004		
Chain				
Independents				

- 3.2.6.13 Describe in detail your organization's procedures for reporting providers to the SHBP that have been suspended or terminated, and describe the types of supporting documentation that is provided to the SHBP. If providers are suspended as an alternative to termination in some instances, describe the basis for making the distinction.
- 3.2.6.14 If the SHBP has issues such as the level of service, wait times and inaccurate information communicated, with pharmacy providers, what steps are taken to address and rectify issues with pharmacy providers at a store level?
- 3.2.6.15 Does your organization have a "Provider Relations" department for pharmacies? What type of help does this department provide your network pharmacies?
- 3.2.6.16 Provide a sample pharmacy contract. Does the contract include a requirement to support utilization review and other utilization management programs

(such as medical management, including prior authorization, PDL adherence, case management, and disease management programs)?

- 3.2.6.17 If your organization is the successful winning bidder for the procurement, describe how providers and pharmaceutical software Offerors (“switching companies”) will be provided with all necessary information regarding the SHBP, such as announcement of the contract, BIN numbers, member service numbers, plan contact information, policies and procedures, billing tips, etc. How frequently is this information updated?
- 3.2.6.18 Is your organization’s pharmacy network directory online? Does your organization’s website offer a pharmacy locator and can a link be placed on the SHBP website? If yes, how often are updates made to the website?
- 3.2.6.19 Describe any performance-based incentives with providers in your network(s). Include measurements and results if available.
- 3.2.6.20 Can your organization support payment of cognitive services such as case management in a disease state management program? Describe whether the payment and reporting mechanisms are automated or manual and if any such programs are currently being provided to clients.
- 3.2.6.21 Briefly describe the programs your organization has in place to audit pharmacies for abuse patterns, discover over and under prescribing, and/or discover potential fraud and abuse. Are these services provided by your organization or subcontracted to an outside vendor?
- 3.2.6.22 Describe your organization’s pharmacy auditing policies and procedures, including:
- For each audit level, describe the triggers that lead to further investigation and the top discrepancies found
  - How often are desktop audits performed?
  - How often are on-site audits conducted?
  - What were the top 10 audit results in 2005?

- What was the number and percent of pharmacies audited on-site in 2005 for the proposed network?
- What was the number and percentage of desk audits performed in 2005 for the proposed network?
- Please provide sample audit reports.

3.2.6.23 How does your organization handle pharmacy audit recoveries? Include percentage shared with the client.

### 3.2.7 Maximum Allowable Cost (MAC) Features

- 3.2.7.1 Provide a copy of all your organization's current MAC lists in excel format by generic code number (GCN). What is the average discount off AWP for your organization's MAC list? Please specify which list is being proposed for the SHBP health plans, **(NOTE: Do not disclose any pricing information in your response to this question – that must be confined to the Financial Proposal.)**
- 3.2.7.2 Please provide an explanation as to how your organization classifies or defines "generics". Additionally, what qualifies a generic drug for MAC consideration?
- 3.2.7.3 What are your organization's requirements for consideration for inclusion in your MAC program?
- 3.2.7.4 How many individual entities (i.e., generic drug, strength, and dosage form) are on your organization current MAC list?
- 3.2.7.5 What formula does your organization use to set the MAC?
- 3.2.7.6 How often is the MAC list updated? How are clients informed?
- 3.2.7.7 Describe process for routine auditing of MAC list.

### 3.2.8 Member Customer Service/Member Communications

- 3.2.8.1 Describe in detail your organization's overall approach to and the main features of a 24 hour, seven days a week toll-free customer service call center for SHBP PPO/PPO Consumer Choice and Indemnity members and providers. Please include if there is a "Help Desk" function for the DCH staff.

- 3.2.8.2 Please specify the location of the Customer Services center that will service SHBP PPO/PPO Consumer Choice and Indemnity members, providers and the DCH staff include current call volume and staffing statistics.
- 3.2.8.3 Are any components of the member services functions subcontracted? If so, with whom and where are they located? Please affirm that the DCH will be notified and have final approval of any change in subcontractors and subsequent impact to customer service business processes.
- 3.2.8.4 Provide a description of the phone system utilized in your organization's customer service department being proposed for the SHBP, including volume capability, current capacity, and tracking and reporting.
- 3.2.8.5 Describe your organization's Interactive Voice Response (IVR) system.
- 3.2.8.6 What are your organization's multi-lingual capabilities within the call center that you are proposing for the SHBP?
- 3.2.8.7 Are special telephone features for the hearing and visually impaired available? Does your organization provide a TDD number? How are members informed about the hearing and visually impaired lines?
- 3.2.8.8 Will there be a separate toll-free number for retirees versus all other covered members? Telephone? Fax? Or both?
- 3.2.8.9 Provide a brief description of technology and resources in place to prevent interruption of telephone service.
- 3.2.8.10 Describe confidentiality safeguards for individually identifying information, including HIPAA privacy and security procedures in place for your customer service department. Include a copy of the "Table of Contents" for your organization's HIPAA manual and a copy of the written policies and procedures.
- 3.2.8.11 Describe your organization's HIPAA compliance procedures and protocol, including compliance with the HIPAA Privacy Rule and the HIPAA Security Rule. Does your organization have someone appointed as the official HIPAA Compliance Officer? In addition, describe how this person will interface with the DCH Compliance Officer with respect to addressing HIPAA violations.
- 3.2.8.12 Describe the minimum qualifications (education, training, etc) and experience requirements for your member services (non-clinical) representatives who handle member inquiries, provider inquiries, and the PA department.
- 3.2.8.13 What is the annual turnover rate of the customer service representatives (CSRs)?

- 3.2.8.14 Discuss the percentage of member calls that are expected to be handled by the SHBP designated core member services team. Provide information on the call routing procedures.
- 3.2.8.15 How does your organization determine the ratio of CSRs to membership served? Please include the standard.
- 3.2.8.16 Describe the specialized training program the SHBP CSRs will participate in including the length of training and process involved as well as ongoing training for such staff. Please include cultural proficiency and HIPAA training.
- 3.2.8.17 Describe special training for CSRs supporting clinical program functions including PA, utilization review, co-payment waiver and appeals. Include an example of the level of empowerment CSRs have to resolve patient issues including "out of medicine," or interruption of therapy.
- 3.2.8.18 Describe the quality monitoring, feedback, motivation, coaching, and retraining provided to CSRs in order to insure and reward optimal performance. Include your organization's ability for quality monitoring calls "real time" internally.
- 3.2.8.19 Are all calls recorded for quality monitoring? If not, how is quality monitoring handled?
- 3.2.8.20 Please confirm your organization's willingness to allow SHBP staff to monitor calls for quality "real time" periodically either onsite or remotely (specify both capabilities).
- 3.2.8.21 Please describe if your organization's system is capable of allowing the SHBP staff to hear a specific call made to your call center if the SHBP staff person can provide the date, time and CSR involved.
- 3.2.8.22 What percentage of calls received within the call center proposed are monitored for quality by a supervisor?
- 3.2.8.23 Describe your organization's call tracking, recording, and reporting capabilities (standard and ad hoc reporting), including any proposed Customer Relationship Management (CRM) tools.
- 3.2.8.24 Please provide sample call center performance reports with report statistic headers clearly defined.
- 3.2.8.25 Briefly describe tools available to your CSRs to respond to inquiries from members and providers regarding specific the SHBP plan designs (including covered drugs, prior authorizations and suggested substitutions).
- 3.2.8.26 Please indicate whether a drug coverage inquiry can be answered if the member name or ID is not available.

- 3.2.8.27 Describe in detail the availability of a pharmacist for member and provider (physician, prescriber, and pharmacist) inquiries. Specifically address whether those pharmacists are first line to answer any calls or are involved only under special conditions.
- 3.2.8.28 Describe your organization's prior authorization call center system in detail, including, but not limited to:
- Average speed of answer (defined as the time it takes for a live CSR to answer the call after that option is selected from the front-end IVR menu-the period of time a call is connected to an IVR system should not be included.
  - Average length of call
  - Abandonment rate (defined as calls that have been connected for a minimum of 10 seconds and not answered by a live person before the call is disconnected.)
  - Hours of operation
  - Method of handling after hours inquiries and emergencies
  - Provisions made for non-English speaking or hearing impaired callers
- 3.2.8.29 Can a prior authorization approval code be entered into your organization's system in advance of the member showing up in the eligibility file?
- 3.2.8.30 Can a prior authorization approval code be entered into your system with a future effective date?
- 3.2.8.31 Does your organization provide Explanation of Benefits (EOB) for pharmacy claims to members? If so, please describe the process for requesting an EOB and include the turn around time – from the time a member requests an EOB to mailing. Provide a copy of a member's EOB.
- 3.2.8.32 How are written inquiries from members, physicians or client handled? What are your organization's standards and results for resolution of written inquiries for your clients?
- 3.2.8.33 How are customer and provider satisfaction measured and reported to the DCH? Please provide a copy of your organization's most recent member and provider satisfaction surveys and the most recent results for (three) 3 current clients, include (one) 1 that is a government/public sector (or commercial) client and approximately equal in size to the SHBP.

- 3.2.8.34 Provide one example of the following communication materials and how often they are distributed (include reading level for each piece):
- a. Merits of generic substitution;
  - b. New member packet; and
  - c. Member Handbook including benefit design changes to members and providers.
- 3.2.8.35 Please provide two examples of a written Summary Plan Description (SPD) that your organization has developed for a client's pharmacy benefit.
- 3.2.8.36 Does your organization have a department dedicated to the development of written communications for members and physicians? Describe the composition of this department and their responsibilities. Are they also involved in customization efforts when needed for individual clients? Please include if your organization is willing to provide a communication plan for implementation.
- 3.2.8.37 Describe your organization's system of patient advisory information that is sent out via mail order services. What percent of mail order prescriptions receive patient education information? Please provide sample education and communication materials.
- 3.2.8.38 Can your organization send out customized communications to targeted populations to promote your organization's web site?

### **3.2.9 Clinical Programs/Utilization Management**

- 3.2.9.1 Briefly describe your organization's philosophy and approach to clinical programs and utilization management. Include in the response a description of how results/outcomes are measured, tracked and reported.
- 3.2.9.2 What systems are utilized for drug utilization review (DUR) management? Are they purchased from an external party or self-developed? If purchased, from whom? If self-developed are they based off of purchased products such as First DataBank (FDB)? Highlight the capabilities and limitations of your system.
- 3.2.9.3 Briefly describe your organization's concurrent DUR program including the clinical and administrative edits used. Indicate whether each edit is soft, hard and/or can be overridden by a pharmacist or a physician.

- 3.2.9.4 Is your organization's prospective DUR process linked to the electronic claims management network?
- 3.2.9.5 Briefly describe your organization's retrospective DUR program and include one example of results and reports. Is there any potential for customization?
- 3.2.9.6 Please provide two different client examples that demonstrate actual dollar savings from utilization review/management programs including measurable results and savings methodology.
- 3.2.9.7 Describe methods and tools available to identify targeted prescribers as candidates for retrospective DUR, and methodology to assess outcomes.
- 3.2.9.8 Describe any utilization management programs (internally developed or otherwise) designed to identify and manage under-utilization and over-utilization of prescription therapy. List the drugs that trigger an adherence intervention. Are intervention efforts only initiated if reimbursement by the manufacturer is provided to your organization? Demonstrate your organization's ability to link adherence interventions with decreased medical costs.
- 3.2.9.9 Please list below all current clinical and utilization management programs that are offered to your clients. Indicate Yes or No if there are any additional fees associated to the clinical programs listed. **Please detail all fees in the Financial Proposal.** Note: Do not provide information for programs that are not guaranteed to be available by January 1, 2007. Provide copies of educational or monitoring tools developed for these programs.



educate prescribers. Include the effectiveness of each of these examples and how outcomes were measured.

- 3.2.9.17 Please provide an example of a physician report card.
- 3.2.9.18 Please provide of flow chart of your organization's PA process.
- 3.2.9.19 Describe your organization's PA program and quantity level limit (QLL) programs including:
  - a. process of developing PA and QLL criteria;
  - b. all methods that your organization accepts for submission of initial PA requests, prior authorization appeals, and quantity limit override requests (phone, mail, fax, email);
  - c. whether or not your organization will commit to a twenty-four (24) hour turnaround time for all mechanisms identified and;
  - d. include the list of drugs recommended, approval rates, and savings methodology.
- 3.2.9.20 Describe your organizations' scope of service and type of staff supporting first level and second level appeals.
- 3.2.9.21 Can prior authorization criteria be customized to specific client criteria? If so, what is the implementation process and timeframe?
- 3.2.9.22 Describe your organization's process to track and report status of prior authorizations and appeals (approved, denied, pended, etc). What level of detail is available through these reports (general plan, therapeutic category, drug specific)? Is the (twenty-four) 24-hour turnaround tracked and will compliance be reported to the SHBP? Provide samples of the reports.
- 3.2.9.23 Describe your organization's process to "grandfather" current users when a new prior authorization is implemented. Provide an example of how a "grandfathering" process has worked successfully in the past for another client. Include key milestone dates and copies of any member correspondence used.
- 3.2.9.24 Please explain your organization's process to allow authorization for claims for drugs with multiple limitations attached (e.g.: a drug with prior authorization and a quantity limit). Please give an example.

- a. Is your organization's pricing for these authorizations independent for each limitation or drug specific regardless of the number of limitations requiring review? **(NOTE: Do not disclose any pricing information in your response to this question – that must be confined to the Financial Proposal.)**

3.2.9.25 Please complete the chart below for 1st Quarter 2006:

# of PA request (telephone, fax, mail, etc.)	#of Denials	#of 1 <sup>st</sup> level appeals and the # denied /	#of 2 <sup>nd</sup> level appeals and the # denied /
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- 3.2.9.26 What is the process to clarify information on a prior authorization request?
- 3.2.9.27 Are physicians and pharmacists involved in the prior authorization approval and denial process? Please describe when a prior authorization request is routed to a physician and/or pharmacist.
- 3.2.9.28 How are members and physicians notified of prior authorization approvals and denials? What is the time frame? Please provide one sample of each communications to members, physicians and clients regarding approvals, denials and appeals.

**3.2.10 Preferred Drug & Rebate Management**

- 3.2.10.1 Please give a detailed description of your organization's Preferred Drug List (PDL)/formulary system (include parameters for determining preferred drug status) and provide a copy of your organization formulary (if you offer more than one, a copy of each).
- 3.2.10.2 Indicate how often and when changes are made to the PDL.
- 3.2.10.3 What is the composition of your organization's national Pharmacy and Therapeutics (P&T) committee including the number of physicians and their specialty, the number of PBM employees and all other members and their credentials? Please outline their responsibilities and how often they meet. Also, explain the relationship between the P & T Committee and the Financial committee.

- 3.2.10.4 How does your organization ensure that P & T members remain unbiased and objective, free-from pharmaceutical manufacturers' and others' influence?
- 3.2.10.5 Describe the access your SHBP account team will have to your P&T Committee.
- 3.2.10.6 How are new drug products (including generics) that arrive on the market prior to a PDL update handled?
- 3.2.10.7 If the DCH decides to implement the PDL recommended by your organization, please explain how the SHBP members will be transitioned from their current preferred drug products to your preferred drug products.
- 3.2.10.8 How is the PDL communicated to physicians, pharmacists, members and other plan stakeholders? How are changes communicated to members, pharmacy providers, physicians and other stakeholders? Provide examples of communications developed for members, physicians, health plans and pharmacists regarding PDL and clinical management issues.
- 3.2.10.9 Identify the services provided for printing and distributing a PDL with the client's name and logo, include how customized PDL are handled. Describe all formats available, including paper, electronic, Internet, Intranet, etc.
- 3.2.10.10 Please provide a list of any adherence programs or initiatives currently in place to promote appropriate drug utilization as defined by the PDL.
- 3.2.10.11 Give two brief examples of how your organization has demonstrated its ability to shift utilization to the preferred products. Provide supporting documentation (if available).
- 3.2.10.12 Describe your organization's ability to apply on-line electronic step therapy edits and how the system will support allowing a claim for a specific drug to adjudicate without intervention if claims history includes prior treatment with a specified drug.

3.2.10.13 Describe rebate reports sent to the manufacturers and to clients. Describe the frequency, measurement, and reporting of preferred drug list rebates.

3.2.10.14 Does your organization receive any other fees from drug manufacturers in addition to the formulary rebate payment? If yes, what portion is shared with clients and how is this portion determined?

**3.2.11 Disease State Management (DSM)**

The DCH is looking for an Offeror who will provide a comprehensive and an integrated approach to disease state management working the DSM/UM vendor (UnitedHealthcare). Currently the DCH has the following DSM programs for the SHBP PPO/PPO Consumer Choice and Indemnity patient populations:

- asthma (adult and pediatric),
- congestive heart failure,
- cardiac disorders,
- oncology (lung, breast and colorectal), and
- chronic pulmonary disease.

The DSM programs include a co-payment waiver component (partial or full) for specific eligible members for certain drugs based on disease state.

3.2.11.1 Please confirm that your organization can support a “zero co-payment” or “partial co-payment” wavier component as determined by drug in the same benefit (Waivers are for specific drugs by NDC number and by co-payment drug classification (generic, preferred brand or non-preferred brand) for an eligible member.)

3.2.11.2 In the format provided below, briefly describe the specific disease state management programs and its components offered by your organization and their current status. Please provide examples of performance reports for each program.

Program	Implementation Date	Minimum Client Size to Participate	Eligible Lives	Actual Enrolled Lives	Number of Lives in Program >6 Months	Percentage of Clients Participating in Program

- 3.2.11.3 How does your organization measure the outcomes and effectiveness of disease management programs offered? Describe the most effective clinical program utilized by your clients.
- 3.2.11.4 Provide examples of performance and financial reports for each disease state management program.
- 3.2.11.5 Are your organization's disease management programs created by the pharmaceutical manufacturers or developed internally? Or both?
- 3.2.11.6 What guidelines does your organization have in place regarding the acceptance of programs or funding from pharmaceutical companies for disease management?
- 3.2.11.7 Can your organization integrate medical and drug databases? Describe these processes (include the security mechanisms in place for handling proprietary medical databases) and how your organization has utilized this data on behalf of your clients.
- 3.2.11.8 Is your organization involved in outcomes research? Please describe any outcomes research your organization is currently conducting.
- 3.2.11.9 Does your organization charge a percent of savings achieved or a flat amount for implementing cost saving initiatives? **(NOTE: Do not disclose any pricing information in your response to this question – that must be confined to the Financial Proposal.)**

### 3.2.12 Benefit Design

- 3.2.12.1 Describe the various pharmacy benefit plan designs your organization currently administers (e.g., single co-payment, percentage co-payment, etc.).
- 3.2.12.2 Has your organization had a problem or been unable to implement a plan design request(s) from clients over the last two years?
- 3.2.12.3 Is your organization's system capable of excluding specific products or therapeutic categories by group, plan and member? How would this be accomplished?

How does your organization handle maximum dollars placed on therapeutic categories?

- 3.2.12.3 How flexible is your organization's system at creating new benefit designs? Identify down to what level new benefits can be designed (i.e., account, group level, member, medical group, physician)
- 3.2.12.4 What is the process for clients to request benefit design changes and the general timeframe necessary to implement benefit design changes?
- 3.2.12.5 Describe the testing process of new benefit designs prior to implementation. Indicate whether you have a redundant system for testing edits prior to going live.
- 3.2.12.6 Can your organization support a plan design that allows for a (ninety) 90-day supply to be dispensed by the participating retail network pharmacy?
- 3.2.12.7 Describe the issue resolution process including turn-around time and liability for benefit design errors that may occur.
- 3.2.12.8 Describe your organization's ability to accommodate separate drug coverage rules per enrolled plan participants. For example, explain how your organization will administer a plan design that allows different or waived co-payments for specific medications associated with designated chronic diseases. Additionally, indicate how your system could be customized to allow coverage for a designated drug class only for participants enrolled in this particular health management/case management program.
- 3.2.12.9 Does your organization have the ability to support a drug pricing comparison plan design which will drive member's decisions based on co-insurance, similar to a "Travelocity-style" drug comparison and purchasing options to drugs within a class?

### **3.2.13 Analytical Services**

- 3.2.13.1 Please describe your organization's approach for producing clinical, financial and benefit design analytical reports. Does your organization have a separate department that produces analytical reports

that are clinical, financial and benefit design in nature? Please provide a one-page example of each.

- 3.2.13.2 What type of business analyst support will your organization provide to the SHBP to model benefit design changes?
- 3.2.13.3 Detail your organization's predictive modeling services or use of outcomes data that could be used to further improve clinical outcomes for the SHBP.
- 3.2.13.4 Describe in detail your organization's ability to model the financial impact and/or return on investment (ROI) of SHBP's current plan design benefit and any proposed plan design benefit changes. Who has access to these models and what type of data is incorporated?
- 3.2.13.5 Specify your organization's capability to provide benchmark comparisons for clients similar to the SHBP as well as national comparisons.
- 3.2.13.6 Does the analytical services department have performance or turnaround time guarantees for ad hoc report requests?
- 3.2.13.7 Please provide a description of the type of analyses that will be performed on a quarterly basis on behalf of the SHBP and indicate whether or not such analyses can be customized to meet the needs of the DCH and the State of Georgia. Provide an example of the analyses and recommendations your organization will provide to the DCH quarterly.
- 3.2.13.8 Describe your organization's ability to provide business analyst support and consultative services? Are these services provided telephonically or in-person?

### **3.2.14 Implementation**

- 3.2.14.1 Provide a proposed detailed (ninety) 90-day implementation plan (i.e. Gantt chart) and timeline beginning with the notification of award up to the effective date of service. Identify tasks, individuals, and significant milestones.

- 3.2.14.2 Please provide names and titles of the dedicated implementation team to manage the transition of services from the current Contractor. Who will be the primary contact during the implementation? Explain the authority of this or these individual to resolve implementation problems.
- 3.2.14.3 Detail the processes your organization's employs for accurately transitioning current prior authorizations/overrides, benefit/out of pocket maximums, step therapy protocols, preferred vs. non-preferred formulary co-pays and/or other benefit data.
- 3.2.14.4 How often in the past two years have implementation performance guarantees not been met? Please explain.
- 3.2.14.5 What does your organization anticipate to be the biggest implementation challenge for the SHBP?
- 3.2.14.6 Provide in detail how documentation is used to ensure all aspects of the plan design are addressed? Provide copies.
- 3.2.14.7 Please your organization's approach for performing comprehensive systems testing and quality assurance audits with results reported to the DCH prior to the "Go-Live" date at no additional cost.

**3.2.15 Data, Systems Reporting**

- 3.2.15.1 The SHBP validates claims data received from plans monthly. Claims that do not pass edits are fed back to plans in a monthly report. Will your organization use these monthly reports to make changes to your system in order to improve the quality of the data?
- 3.2.15.2 What is your organization's experience in writing and maintaining system interfaces?
- 3.2.15.3 Please describe your organization's process for ensuring the successful and timely transmission, receipt and processing of interfaces. Include how the process was developed, how it is maintained and updated.
- 3.2.15.4 The DCH expects routine reports on customer service and operational results in addition to standard utilization reports. Provide a matrix that describes the

report package your organization will develop for the DCH. Use the format below:

Report Name	Frequency Produced	Brief Description

- 3.2.15.5 Provide a general description of the standard reports that would be provided on a monthly, quarterly, and annual basis. Please provide a sample of each report. Are customized reports available? If yes, please outline any additional costs in the Financial Proposal.
- 3.2.15.6 Describe the delivery options (such as paper, on-line, and via electronic media including automated distribution of reports via email and ability to export reports into spreadsheet applications (e.g., Microsoft Excel).
- 3.2.15.7 Describe the capability for the SHBP/DCH staff to select, customize (e.g., specify filters, thresholds) and schedule reports.
- 3.2.15.8 Provide a description of your organization's online reporting tool, including its basic technical specifications (e.g., systems server and database environment).
- 3.2.15.9 Is the tool accessible from any computer connected to the Internet and/or does it require additional software or programming? (Include the minimum system specifications to adequately run your organization's online reporting tool application. Please note: online reporting tool refers to query capabilities (i.e., ad hoc, customized report generation) and not to online viewing of standard reports.)
- 3.2.15.10 For your organization's online reporting tool, please confirm your willingness to provide on-site training in Atlanta, GA to the SHBP/DCH representatives at no additional cost.

- 3.2.15.11 The DCH will require the selected Offeror to secure and limit access within its online reporting tool at various levels (e.g., divisions, etc.). The Offeror's reporting system must be able to establish multiple security thresholds based upon the access rights designated by the DCH. Please confirm that your organization's online reporting tool has this capability and your willingness to set up individual profiles for each user.
- 3.2.15.12 What unique reporting capabilities does your organization provide that will assist the DCH with most effectively managing the pharmacy benefit for the PPO and Indemnity Health Plans?

**3.2.16 E-commerce Capabilities/Web-based Solutions**

- 3.2.16.1 Does your organization have a web site? If yes, does it have certification from the Verified Internet Pharmacy Practice Sites (VIPPS)? Is the web site available for use by external customers (e.g. members, providers)? If yes, what are the capabilities?
- 3.2.16.2 The DCH would like to access your organization's web site during the RFP for evaluation purposes. Please provide the website address, instructions and grant temporary access, if necessary, to accommodate this request.
- 3.2.16.3 How will your organization support the DCH's strategy to develop and enhance web-based solutions whenever possible?
- 3.2.16.4 Complete the following table. Indicate the web site capabilities that will be available to the SHBP members and providers:

Online Features	Yes	No	Available to: PT = patient PV = provider
Preferred drug listing			
Brand/generic alternatives			
Find drug information (by brand name or generic name)			
Plan design information (e.g.: drug coverages/exclusions and cost comparison)			
Drug coverage and pricing			
Ability to price compare two or more medications, including ingredient cost and co-pay considerations			
Ability to calculate and illustrate direct beneficiary cost savings between preferred and non-preferred agents			
Locate a pharmacy (on-line directory)			
Individual member claims history			
Interactive health management tools			
Health information			
Request Prior Authorization			
Submit inquiries to Customer Service Team			
Void a claim			
Adjust a claim			
Posting of remittance advice (835) on the Web			
Provider Enrollment/Termination			
OTHER			

### 3.2.17 Fraud and Abuse/Compliance

3.2.17.1 As part of the Inspector General's Division in Georgia's DCH, the primary goal of the Program Integrity Unit is to identify and respond to fraud and abuse within the system, and to assist providers with education and corrective action. Describe your organization's fraud prevention and detection procedures including the methodologies utilized for combating fraud/abuse/waste in the pharmacy program (e.g., Pharmacy Lock-in. etc).

3.2.17.2 Indicate who will report potential fraud situations to the DCH. Provide a copy of policies and procedures.

- 3.2.17.3 Describe in detail the documentation that will be provided to the DCH Program Integrity Unit when reporting fraud/abuse/waste by pharmacy providers and members.
- 3.2.17.4 Describe the procedure/methods and reporting mechanisms that will be utilized to notify the DCH Program Integrity Unit of suspected fraud/abuse. How often and in what format will Program Integrity Unit receive such notification (e.g., monthly, quarterly)?
- 3.2.17.5 Provide title and credentials of the liaison person from your organization who will work with the DCH Program Integrity Unit.
- 3.2.17.6 Describe systems that will be available for use by the DCH Program Integrity Unit staff in the DCH offices. What kind of training support does your organization offer for the DCH staff on these systems?

### **3.2.18 Finance and Reporting**

- 3.2.18.1 Describe the following points in the administration fee billing process:
  - a. Payment options;
  - b. Billing frequency and
  - c. Due dates.
- 3.2.18.2 Please describe the billing process for actual prescription claims include:
  - a. Payment options;
  - b. Billing frequency;
  - c. Late payments or interest on late payments; and
  - d. Due dates.
- 3.2.18.3 Please provide a billing template.
- 3.2.18.4 How will the following be handled for the DCH?
  - a. Recoupments
  - b. Adjustments (mass and individual)
  - c. Recoveries
  - d. Voids
  - e. Reprocessing
  - f. Run-off claims (claims with DOS before cut off)

- 3.2.18.5 What is your organization's process to reconcile claims administrative fees charged to DCH with the invoices for actual claims adjudication payment invoices? Discuss any limitations associated with this reconciliation process.
- 3.2.18.6 Describe your organization's standard banking and funding requirements.
- 3.2.18.7 Does your organization currently have an annual Electronic Data Processing (EDP) systems audit? If so, please include your latest report.

**3.2.19 Mail Service**

- 3.2.19.1 Briefly explain your organization's mail order service capabilities.
- 3.2.19.2 Describe the options your organization can provide to the DCH for the SHBP PPO and Indemnity Health Plans. Include in your response assumptions regarding mail order penetration and methodology for savings calculations. (NOTE: Do not disclose any proposed pricing in response to this question. All specific pricing bids must be included in your Financial Proposal response ONLY).
- 3.2.19.3 Indicate the primary and secondary (if necessary) mail order service facility proposed for the DCH (including location and description). Indicate whether the mail service facilities are owned by your organization or are outsourced.
- 3.2.19.4 Use the table below to provide three references – three for state employee or commercial plans – of similar clients using the proposed mail order facility (s). Please provide references for clients that have been with this facility for 24 months or less.

Client		Length of Service	Number of Plan Members	Contact Name/Tel. #
<b>State Employee or Commercial Plans</b>	1.			
	2.			
	3.			

- 3.2.19.5 Provide the following information regarding the mail order service AWP source and pricing:
- a. Source for providing the AWP;
  - b. Frequency of updates to AWP file;
  - c. Use of manufacturer's full 11-digit NDC code to determine AWP;
  - d. Package size basis for typical book of business AWP formula; and
  - e. Use of acquisition package size AWP in pricing determination.
- 3.2.19.6 Are shipping costs included in the mail order dispensing fee? Yes or No. **(NOTE: Do not disclose any proposed pricing in response to this question. All specific pricing bids must be included in your Financial Proposal response ONLY).**
- 3.2.19.7 Explain the process for providing SHBP members with a short-term retail Rx supply in case of delayed delivery of their mail order prescription or incorrect drug is dispensed. Include as part of the response what criteria are used to determine whether or not a short-term retail supply is authorized and under what circumstances is the applicable member contribution (i.e.: co-pay) waived for the retail supply?
- 3.2.19.8 Provide the results of the most recent State Board of Pharmacy inspection of the mail order facility that will be utilized by the DCH.
- 3.2.19.9 How are members notified when a mail order prescription is delayed due to:
- a. requiring intervention with the physician or physician's agent (e.g. missing quantity, prior authorization, etc.)?
  - b. the contractor's operational, capacity, or drug shortage or supply issues?
- 3.2.19.10 Describe the process for ordering refills by mail, and phone. Can members order refills over the Internet?

- 3.2.19.11 Please provide the accuracy rate and turnaround time for your organization's mail service.
- 3.2.19.12 Will postage-paid return envelopes be provided to SHBP members along with their filled mail order prescriptions?
- 3.2.19.13 Describe the shipping and handling process for mail order medications that require refrigeration.
- 3.2.19.14 Describe your organization's quality assurance policies and procedures associated with all aspects of the mail order services you provide.
- 3.2.19.15 Confirm that the DCH can customize the reimbursement methodology such that the member pays the 'lower of' the eligible charge (i.e. the discounted AWP ingredient cost) or the applicable co-pay. Please note that the DCH requires that their members never pay more than the cost of the drug at mail or retail.
- 3.2.19.16 If the state in which the mail order service facility is located enacts prescription tax legislation (i.e. SHBP mail order claims become subject to taxation) during the contract term, will the SHBP mail order service be moved to another facility located in a state without prescription taxes? If yes, will you do so at no additional cost?

### **3.2.20 Specialty Pharmaceutical Services**

- 3.2.20.1 Describe the experience your organization has in providing specialty pharmaceutical services. Describe any joint venture, business relationships, or ownership of, or by, any company that provides services or products related to your proposal.
- 3.2.20.2 Provide a description of the flow of services available through the specialty dispensing facility.
- 3.2.20.3 How many employees are dedicated to your specialty pharmaceutical service area?

- 3.2.20.4 How are physicians notified of the specialty processes and services? Are any fees associated with physician notification mailings? Yes or No. **(NOTE: Do not disclose any proposed pricing in response to this question. All specific pricing bids must be included in your Financial Proposal response ONLY).**
- 3.2.20.5 How many of your current clients are utilizing your specialty pharmaceutical services and what market segments do they represent? Provide a specialty client reference.
- 3.2.20.6 What are the days and hours of operation of the specialty pharmacy customer service department?
- 3.2.20.7 How does the specialty pharmacy customer service department interface with pharmacy provider customer service and member service departments?
- 3.2.20.8 Describe your organization's method of determination of eligibility before specialty pharmaceutical prescription dispensing for both member and provider.
- 3.2.20.9 How do members become informed as to how and when to access and utilize the specialty pharmacy? How does your organization identify missed member opportunities?
- 3.2.20.10 How does your organization confirm that the appropriate medication is provided to the member in need? What follow-up activities occur and at what frequency?
- 3.2.20.11 How often are specialty drug lists modified? How does your organization provide advance notice of changes? How often does reimbursement change on specialty pharmaceuticals?
- 3.2.20.12 What plan design structure does your organization recommend for specialty pharmaceuticals?



## 4.0 PROPOSAL SUBMISSION AND EVALUATION

### 4.1 Process for Submitting Proposals

#### 4.1.1 Preparation of Proposal

Each proposal should be prepared simply and economically, avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete presentation. If supplemental materials are a necessary part of the Technical Questionnaire, the Offeror should reference these materials in the Technical Questionnaire, identifying the document(s) and citing the appropriate section and page(s) to be reviewed.

#### 4.1.2 Packaging of Proposal

The Offeror's proposal in response to this RFP must be divided into two appropriately labeled and sealed packages - a Technical Submission and a Financial Proposal.

The contents of each package will include:

1. Technical Submission
  - Guide to Mandatory Requirements (Appendix A)
  - Proposal Certification (Appendix B)
  - Small or Minority Business Form (Appendix C)
  - Contract Exceptions (Appendix E)
  - Technical Questionnaire, addressing all requirements in Section 3.0
2. Financial Proposal
  - The Offeror must use the Financial Proposal form (Appendix F)

**Do not include cost information in the Technical Questionnaire**

3. Mark the outside of shipping package as follows:

Name of Company  
Phone Number and Point of Contact for Company  
RFP # 41900-001-0000000047  
Due **no later than** June 26, 2006, 3:00 P.M. Eastern Time

### 4.1.3 Number of Proposal Copies

1. Technical Questionnaire
  - an original (marked "Original")
  - (ten) 10 copies
  - (six) 6 CDs (in Microsoft Office format, Windows 2000 version or more recent)
2. Financial Proposal
  - an original (marked "Original")
  - (three) 3 copies
  - (three) 3 CDs (in Microsoft Office format, Windows 2000 version or more recent)

Offerors who do not have the capability of providing CDs may substitute 3.5" diskettes.

Technical Questionnaire and Financial Proposal CDs or diskettes must be labeled and packaged separately.

### 4.1.4 Submission of Proposals

Proposals must be submitted to:

Marcine Sullivan  
Procurement Division  
Georgia Department of Community Health  
2 Peachtree Street, NW  
35<sup>th</sup> Floor  
Atlanta, GA 30303-3159

**Any proposal received after the due date and time will not be evaluated.**

## 4.2 Evaluation Process

The evaluation of proposals received on or before the due date and time will be conducted in the following phases.

### 4.1.1 Administrative Review

The proposals will be reviewed by the Issuing Officer for the following administrative requirements:

- Submitted by deadline

- Separately sealed Technical Submission and Financial Proposal
- All required documents have been submitted
- Technical Submission does not include any information from the Financial Proposal
- All documents requiring an original signature have been signed and are included

**4.2.2 Mandatory Requirements Review**

Proposals which pass the administrative review will then be reviewed by the Technical Evaluation Team to ensure all requirements identified in Section 2.0 are addressed satisfactorily.

**4.2.3 Technical Questionnaire Evaluation**

Proposals which pass the Mandatory Requirements Review will be reviewed by the Technical Evaluation Team for quality and completeness. Technical Questionnaires will be evaluated and scored in categories and may receive a maximum of 600 points.

The following are the maximum possible points of each category:

<u>Category</u>	<u>Maximum Points</u>
Company Background and Experience	25 Points
Eligibility and Information Systems	
Coordination of Benefits/Paper Claims	125 Points
Claims Adjudication	
Account Service and Account Management	50 Points
Retail Pharmacy Services/MAC/Mail Services	100 Points
Member Services/Member Communication	
e-Commerce Capabilities/Web-Based Solutions	75 Points
Clinical Programs/UM/PDL & Rebate/DSM/ Specialty Pharmaceutical Services	100 Points
Benefit Design/ Analytical Services	50 Points
Data, Systems & Reporting/ Implementation	75 Points
Finance and Reporting/Fraud Abuse	
Total	600 Points

The Technical Questionnaire with the highest technical score will be adjusted up to 600 points. All other Technical Questionnaires with 450 or more points (75% of maximum points available) will receive a prorated technical score calculated using the following formula:

$$P/H \times (\text{Maximum points available for Technical Questionnaire}) = V$$

Where: P = Technical score of the proposal being adjusted  
H = Original technical score of the highest ranking proposal  
V = Assigned points for proposal being adjusted

#### 4.2.4 Site Visits and Oral Presentations

The State reserves the right to conduct site visits or to invite Offerors to present their technical solution to the Technical Evaluation Team. The Financial Proposal must not be discussed during the oral presentation.

#### 4.2.5 Financial Proposal Evaluation

Offerors will use only the Financial Proposal Forms provided with the RFP (Appendix F).

Only those Technical Questionnaires which pass the technical review with a score of 450 (75% of the maximum available technical score) or higher will have their Financial Proposals reviewed by the agency's Issuing Officer. Financial Proposals can receive a maximum of 400 points (the number of points difference in the maximum technical score and 1000 points). The Financial Proposal with the lowest cost to the State will be awarded the full 400 points. All other Financial Proposals deemed to be acceptable will receive a prorated score calculated using the following formula:

$$L/P \times (\text{Maximum number of points available for Financial Proposal}) = V$$

Where: L = Total Cost of the proposal with the lowest cost to the State  
P = Total Cost of the proposal being adjusted  
V = Assigned points for proposal being adjusted

#### 4.2.6 Identification of Apparent Successful Offeror

The resulting Financial Proposal scores will be combined with the Technical Questionnaire score. The Offeror with the highest combined technical and financial score will be identified as the apparent successful Offeror.

### 4.3 Rejection of Proposals/Cancellation of RFP

The State reserves the right to reject any or all proposals, to waive any irregularity or informality in a proposal, and to accept or reject any item or combination of items, when to do so would be to the advantage of the State. It is also within the right of the State to reject proposals **that do not contain all elements and information requested in this document**. The State reserves the right to cancel this RFP at any time. The State will not be liable for any cost/losses incurred by the Offerors throughout this process.

## **5.0 TERMS AND CONDITIONS**

### **5.1 Offeror Registration System**

Offerors must be registered in the web-based Offeror Registration System in order to do business with the State. This system also allows Offerors to receive automatic electronic notification of bid opportunities from the State of Georgia and other governmental entities within Georgia through the Georgia Procurement Registry. Offerors may register at:

<https://ssl.doas.state.ga.us/OfferorDB/mainframe.jsp>.

At the time of registration, Offerors must select the products and services they provide using the appropriate NIGP Codes. Offerors are responsible for updating and maintaining key company, contact, and product information in the system. All inquiries about the Offeror Registration System should be addressed to:

[Offeroradm@doas.ga.gov](mailto:Offeroradm@doas.ga.gov).

### **5.2 RFP Amendments**

The State reserves the right to amend this RFP prior to the proposal due date. All amendments and additional information will be posted to the Georgia Procurement Registry, located at:

[http://ssl.doas.state.ga.us/PRSapp/PR\\_index.jsp](http://ssl.doas.state.ga.us/PRSapp/PR_index.jsp). Offerors are encouraged to check this website frequently.

### **5.3 Proposal Withdrawal**

A submitted proposal may be withdrawn prior to the due date by a written request to the Issuing Officer. A request to withdraw a proposal must be signed by an authorized individual.

### **5.4 Cost for Preparing Proposals**

The cost for developing the proposal is the sole responsibility of the Offeror. The State will not provide reimbursement for such costs.

### **5.5 Sample Contract**

The Sample Contract, which the Agency intends to use with the successful Offeror, is attached to this RFP and identified as Appendix E. Exceptions to the Contract should be identified and submitted with the Offeror's proposal. Proposed exceptions must not conflict with or attempt to preempt mandatory requirements specified in Section 2.0.

Prior to award, the apparent winning Offeror will be required to enter into discussions with the State to resolve any contractual differences before an award is made. These discussions are to be finalized and all exceptions resolved within

one (1) week of notification. Failure to resolve contractual differences will lead to rejection of the Offeror's proposal.

The State reserves the right to modify the Contract to be consistent with the successful offer and to negotiate with the successful Offeror other modifications, provided that no such modifications affect the evaluation criteria set forth herein, or give the successful Offeror a competitive advantage.

## **5.6 Conflict of Interest**

If an Offeror has any existing client relationship that involves the State of Georgia, the Offeror must disclose each relationship.

## **5.7 Minority Business Policy**

It is the policy of the State of Georgia that minority business enterprises shall have a fair and equal opportunity to participate in the State purchasing process. Therefore, the State of Georgia encourages all minority business enterprises to compete for, win, and receive contracts for goods, services, and construction. Also, the State encourages all companies to sub-contract portions of any State contract to minority business enterprises. For information, contact the Offeror Relations Coordinator referenced in section 5.9.

## **5.8 Georgia Income Tax Incentive**

Offerors interested in taking advantage of the Georgia income tax incentives provided for by the Official Code of Georgia Annotated 48-7-38, relative to the use of minority subcontractors in the performance of contracts awarded by the State of Georgia, should contact the Offeror Relations Coordinator referenced in section 5.9.

## **5.9 Reciprocal Preference Law OCGA 50-5-60(b)**

For the purposes of evaluation only, Offerors residing in the State of Georgia will be granted the same preference over Offerors in another State in the same manner, on the same basis, and to the same extent that preference is granted in awarding bids for the same goods or services by such other State to Offerors resident therein over Offerors residing in the State of Georgia. NOTE: For the purposes of this law, the definition of a resident Offeror is one who maintains a place of business with at least one employee inside the State of Georgia. A post office box address will not satisfy this requirement.

## **5.10 ADA Guidelines**

The State of Georgia adheres to the guidelines set forth in the Americans with Disabilities Act. Offerors should contact the Issuing Officer at least one day in advance if they require special arrangements when attending the Offeror's

Conference. The Georgia Relay Center at 1-800-255-0056 (TDD Only) or 1-800-255-0135 (Voice) will relay messages, in strict confidence, for the speech and hearing impaired.

### **5.11 Sales and Use Tax Registration**

In Compliance with section 48-8-59 of the OCGA, every company or individual doing business within the State of Georgia is required to file an application for a certificate of registration with the State Revenue Commissioner. Prior to award of this Contract, the apparent successful Offeror will be required to complete and submit to the Agency the Sales and Use Tax Registration form (Appendix D). If the completed Sales and Use Tax Registration form is not received by the Agency within one week of the issuing of the Notice of Award, the Agency may, at its sole discretion, eliminate the apparent successful Offeror from consideration and award the Contract to another Offeror.

### **5.12 Compliance with Laws**

The Contractor will comply with all State and Federal laws, rules, and regulations.

### **5.13 Protest**

Offerors should familiarize themselves with the protest procedures set forth in Section 3.8 of the Georgia Offeror Manual, located at:

[http://statepurchasing.doas.georgia.gov/vgn/images/portal/cit\\_11783501/37106725Offerormanual.pdf](http://statepurchasing.doas.georgia.gov/vgn/images/portal/cit_11783501/37106725Offerormanual.pdf).

### **5.14 DCH's Statement of Ethics**

The Department of Community Health has adopted a **Statement of Ethics** that Offerors and proposed subcontractors must sign and submit with proposals. Should Offeror be the successful vendor, the designated staff assigned to this Contract must sign the Statement of Ethics and submit the signed document with the Work Plan as outlined in Section 3.7.1.1 and 3.7.1.2 of this RFP. (See Appendix E).

# APPENDIX A

## Guide to Mandatory Requirements

All mandatory requirements listed in the RFP are presented below. The Offeror should indicate their understanding of these mandatory requirements and their agreement to satisfy these mandatory requirements by placing **only** the word “Yes” and reference the page(s) of the Technical Questionnaire where satisfaction of the Mandatory Requirements is substantiated in the box by each requirement.

**Do not alter the Mandatory Requirements or insert additional comments, edits or suggestions in the boxes. Failure to place “Yes” by each mandatory requirement may cause the DCH to reject the proposal.**

### Offeror Qualification Requirements

1. The Offeror must have a minimum of (five) 5 years of experience in pharmacy benefits management. If a joint venture, no more than (two) 2 partners per venture, each partner must have (three) 3 years of commercial experience.
2. The Offeror must be financially viable, as evidenced by sustained bottom line profitability and no current areas of significant financial risk.
3. The DCH business must represent no more than a (thirty) 30% increase over current volumes (measured by retail prescription volume).
4. All customer service functions provided by the Offeror including subcontractors and staff must be conducted by personnel, employees, workers, or agents residing in or incorporated, located, or based in the United States of America.

### Business Requirements

5. The Offeror must have an online, Georgia-based network with at least (ninety-five) 95% of Georgia pharmacy providers included and an online national network with at least 50,000 participating pharmacies. Offeror shall provide an affidavit affirming fulfillment of this requirement. Additionally, the affidavit shall provide a website link to the Offeror’s pharmacy network listings that fulfill this requirement.
6. The Offeror must provide written affirmation of understanding of “any willing provider” requirement in Georgia, and the Offeror attests to its ability to accept any willing provider for network participation.

7. The Offeror must currently operate a customer service center handling call volumes for at least (one million) 1,000,000 covered lives.
8. Offeror must agree to pass-through (one hundred) 100% of its retail network provider discounts, to Maximum Allowable Cost (MAC) rates and dispensing fees. Offeror will not be allowed to retain a margin or "spread" on any of its retail pharmacy reimbursement contracts.
9. The Offeror must agree to provide unrestrictive operational and financial audit rights to the DCH, including appropriate access MAC rates, manufacturer rebate agreements, and network provider contracts. Audits shall be performed by the DCH or a designated, independent third party under the terms of a signed confidentiality and non-disclosure agreement. The DCH requires the ability to conduct these audits at any time during the contract term upon (thirty) 30 days written notice to the Contractor. Offerors may not limit the time period of paid claims to be audited.
10. The Offeror must execute within (thirty) 30 days of the receipt of the Notice of Award, any and all contracts with subcontractor(s) if it is determined to be an apparent winning proposal.
11. Offeror must agree to the following Indemnification Language for the contract:

"Contractor hereby releases and agrees to indemnify and hold harmless DCH, the State of Georgia and its departments, agencies and instrumentalities (including the State Tort Claims Trust Fund, the State Authority Liability Trust Fund, The State Employee Board Form Liability Funds, the State Insurance and Hazard Reserve Fund, and other self-insured funds, all such funds hereinafter collectively referred to as the "Funds") from and against any and all claims, demands, liabilities, losses, costs or expenses, and attorneys' fees, caused by, growing out of, or arising from this Agreement, due to any act or omission on the part of Contractor, its agents, employees, customers, invitees, licensees or others working at the direction of Contractor or on its behalf, or due to any breach of this Agreement by Contractor, or due to the application or violation of any pertinent federal, State or local law, rule or regulation. This indemnification extends to the successors and assigns of Contractor, and this indemnification survives the termination of the Agreement and the dissolution or, to the extent allowed by the law, the bankruptcy of Contractor. "

12. The DCH reserves the right to specify additional measures or change performance measures or criteria within (sixty) 60 calendar days of prior written notification to the successful Offeror.
13. The Offeror must maintain a local office within a 50-mile radius of the DCH's offices housing an account management staff with decision-making authority.
14. The Offeror must work with any of the existing DCH third party vendors, and if necessary, modify the Offeror's proposed system at no cost to the DCH to be able to interface with the existing third party vendors.
15. Have the ability and willingness to submit data and work with the DCH data warehouse vendor. Any data exchanged must be in a layout, medium and frequency defined by the DCH. Any costs associated with the development and exchange of data interfaces is the financial responsibility of the Offeror.

---

Authorized Signature

---

Date

---

Print Name and Organization's Name

---

RFP NUMBER 41900-001-0000000047

# Appendix B

## PROPOSAL CERTIFICATION

We propose to furnish and deliver any and all of the goods and/or services named in the attached Request for Proposals (RFP) for which prices have been set. The price or prices offered herein shall apply for the period of time stated in the RFP.

We further agree to strictly abide by all the terms and conditions contained in the Georgia Vendor Manual, located at: [http://statepurchasing.doas.georgia.gov/vgn/images/portal/cit\\_11783501/371\\_06725vendormanual.pdf](http://statepurchasing.doas.georgia.gov/vgn/images/portal/cit_11783501/371_06725vendormanual.pdf), and any modifications or attached special terms and conditions, all of which are made a part hereof. Any exceptions are noted in writing and included with this bid.

It is understood and agreed that this proposal constitutes an offer, which when accepted in writing by the Agency, and subject to the terms and conditions of such acceptance, will constitute a valid and binding contract between the undersigned and the Agency.

It is understood and agreed that we have read the specifications shown or referenced in the RFP and that this proposal is made in accordance with the provisions of such specifications. By our original signature, entered below, we guarantee and certify that all items included in this proposal meet or exceed any and all such stated specifications.

We further agree, if awarded a contract, to deliver goods and/or services that meet or exceed the specifications. It is understood and agreed that this proposal shall be valid and held open for a period of one hundred twenty days from proposal opening date.

### PROPOSAL SIGNATURE AND CERTIFICATION

(Bidder to sign and return with proposal)

I certify that this proposal is made without prior understanding, agreement, or connection with any corporation, firm, or person submitting a proposal for the same materials, supplies, equipment, or services and is in all respects fair and without collusion or fraud. I understand collusive bidding is a violation of state and federal law and can result in fines, prison sentences, and civil damage awards. I agree to abide by all conditions of the proposal and certify that I am authorized to sign this proposal for the Offeror. I further certify that the provisions of the Official Code of Georgia Annotated, Sections 45-10-20 et. seq. has not been violated and will not be violated in any respect.

**The Vendor also certifies that the Vendor and its Lobbyists have complied with the Lobbyist Registration Requirements in accordance with the Georgia Vendor Manual.**

Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Print/Type Name \_\_\_\_\_  
Company Name \_\_\_\_\_  
Address \_\_\_\_\_  
Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_

## Appendix C

### SMALL OR MINORITY BUSINESS FORM

- Can your company be classified as a **SMALL BUSINESS** by the following definition:

**Small Business** – defined as an independently owned and operated entity that has either fewer than one hundred (100) employees or less than one million dollars (\$1,000,000) in gross receipts per year. (State Statute 50-5-12 1).

**Yes** (If yes, please check the following reason(s) that apply)

Less than 100 employees or,

Less than \$1,000,000 in gross Annual Receipts.

**No**

- Can your company be classified as a **MINORITY-OWNED BUSINESS** by the following definition?

**Minority Owned Business** – means a business that is 51% owned or controlled by one or more minority persons. Please indicate below if your firm is 51% owned or controlled by one of the minority groups listed.

African American	%	Asian American	%
Hispanic / Latino	%	Pacific Islander	%
Native American	%		

**Ownership:** American Citizen  Yes  No

Are any of your suppliers minority and/or small business enterprises?  Yes  No

If Yes, please indicate the percentage of minority companies represented.  %

If awarded a contract as a result of this solicitation, do you anticipate employing any small or minority subcontractors?  Yes  No

## Appendix D

### SALES AND USE TAX REGISTRATION

Section 50-5-82, of the Official Code Georgia Annotated (OCGA) prohibits the Department of Administrative Services or any other state agency from awarding a contract to an Offeror who is a “prohibited source” as determined by the Department of Revenue. The following information is required prior to award:

Vendor Name: \_\_\_\_\_

Principal Name (Parent Company): \_\_\_\_\_

FEI: \_\_\_\_\_

Affiliate Name (Distributor): \_\_\_\_\_

FEI: \_\_\_\_\_

Vendor Sales Tax Number: \_\_\_\_\_

Type of Product or Service: \_\_\_\_\_

What type of service will your company be performing? \_\_\_\_\_

Will your company sell any tangible personal property? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Authorized Signature

\_\_\_\_\_

Print Name

\_\_\_\_\_

Date

**Appendix E**  
**AGENCY STANDARD CONTRACT**

**CONTRACT**

**AGREEMENT BETWEEN**

**THE GEORGIA DEPARTMENT OF COMMUNITY HEALTH**

**AND**

**FOR**

**PHARMACY BENEFITS MANAGEMENT SERVICES**

**RFP No. 41900-001-0000000047**

**DCH Contract No.: XXXX**

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**THIS AGREEMENT**, with an effective date of [REDACTED] (hereinafter referred to as the “Effective Date”), is made and entered into by and between the Georgia Department of Community Health (hereinafter referred to as “DCH” or the “Department”) and [REDACTED] (hereinafter referred to as the “Contractor”).

**WHEREAS**, the Georgia Department of Community Health has been established and is responsible for the administration of the State Health Benefit Plan (hereinafter referred to as the “SHBP”) on a self-insured basis pursuant to the authority granted in O.C.G.A. §§ 45-18-1 *et seq.*, §§ 20-2-880 *et seq.* and §§ 20-2-910 *et seq.*;

**WHEREAS**, DCH is a department of the State of Georgia established under O.C.G.A. §§ 31-5A-1 *et seq.* which serves as the lead planning agency for all health issues in the State for healthcare policy, planning, purchasing and regulation;

**WHEREAS**, DCH provides health benefits, including prescription drug benefits, for State and public employees, dependents and retirees under the SHBP

**WHEREAS**, DCH has the specific authority to contract with the Contractor for the provision of pharmacy benefit management services on behalf of the DCH for the SHBP PPO/PPO Consumer Choice and Indemnity health plans;

**WHEREAS**, DCH seeks to contract with a pharmacy benefit manager for the purposes of providing a cost-effective quality system for administering managed care pharmacy programs, including the maintenance of a network of qualified pharmacy providers on a statewide and national basis, pharmacy claims processing, clinical pharmacy management and other pharmacy benefit management services;

**WHEREAS**, the Contractor is experienced in the provision of pharmacy benefit management services to large employee groups and populations similar to the programs identified herein;

**WHEREAS**, the Contractor has entered into and will maintain contractual arrangements with Participating Pharmacies to offer a comprehensive network of providers that meets the health care needs of Members under the SHBP PPO/PPO Consumer Choice and Indemnity health plans;

**WHEREAS**, the Contractor provides or arranges for the provision of such services that meet or exceed all legal standards of care and comply with all applicable federal, State and local laws, and guidelines in the Summary Plan Description (SPD) of the SHBP PPO/PPO Consumer Choice and Indemnity health plans;

**WHEREAS**, DCH and the Contractor are both committed to the delivery of quality health care services in an efficient and effective manner, recognizing the need to control and contain costs and recognizing the need to maintain and improve the quality of health care for all Members;

**WHEREAS**, DCH and the Contractor desire to set forth the terms and conditions under which the Contractor will provide pharmacy benefit management services under the SHBP PPO/PPO Consumer Choice and Indemnity health plans;

**WHEREAS**, DCH intends to implement innovative statewide programs to improve the health of Georgia’s citizens through Disease State Management (DSM) programs and the Contractor will be required to actively partner with DCH and its DSM vendor in the development and implementation of such programs, such as partnerships with community-based providers (physicians, hospitals and pharmacies) to facilitate case management and disease state management programs and may work with DCH to address issues concerning equitable access to necessary prescription drugs by uninsured or under-insured Georgia citizens;

**WHEREAS**, DCH has caused Request for Proposal Number 41900-001-0000000047 (hereinafter referred to the “RFP”, which shall be incorporated by reference, to be issued through the DCH for pharmacy benefits management services (hereinafter referred to as “PBM”), which is expressly incorporated into this Agreement as if completely restated herein;

**WHEREAS**, DCH has received from the Contractor a proposal in response to the RFP, (hereinafter referred to as “Contractor’s Proposal” and incorporated herein by reference), which is expressly incorporated into this Agreement as if completely restated herein; and,

**WHEREAS**, DCH accepts Contractor’s Proposal to provide PBM services for the Department;

**NOW THEREFORE**, and in consideration of the mutual promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Department and Contractor (each individually a “Party” and collectively the “Parties”) hereby agree as follows:

1. **DEFINITIONS**

The following terms shall have the meanings set forth below:

- 1.1 **“Agreement”** means this Pharmacy Benefit Management Services Agreement and all of its exhibits, Appendices and addenda, including the Contract Documents.
- 1.2 **“Average Wholesale Price”** or **“AWP”** means the average wholesale price of a prescription drug as determined by the Contractor from the most current information provided to the Contractor by drug pricing services such as, but not limited to, the First Data Bank or any other nationally recognized source in the retail prescription drug industry as selected by the Contractor.
- 1.3 **“Benefit Plan Document”** or **“BPD”** means a prescription drug benefit summary form the Contractor has provided to DCH which, when completed and signed by the SHBP, will describe the essential elements of the applicable prescription drug benefit programs of the SHBP PPO/PPO Consumer Choice and Indemnity health plans.
- 1.4 **“Contract Documents”** means RFP No. 41900-001-0000000047, the

“Contractor’s Proposal”, the Notice of Award, this Agreement and all amendments thereto. If provisions of the Contract Documents conflict but are otherwise consistent with law, the terms of the separate Contract Documents shall prevail over one another in the following order: this Agreement, the RFP, the Contractor’s Proposal and any other documents incorporated by reference.

- 1.5 “**Covered Drug(s)**” means those FDA-approved outpatient prescription drugs, supplies and other items that are covered under the applicable prescription drug benefit program of the SHBP PPO/PPO Consumer Choice and Indemnity health plans., as more specifically described on the BPD, as amended from time to time.
- 1.6 “**Disaster Recovery Plan**” means the plan developed and maintained by the Contractor pursuant to Section. of this Agreement so as to ensure the prompt resumption of business operations and transactions, including but not limited to claims processing, after the disruption or loss of the Contractor’s primary processing or operational site through adequate alternative facilities, equipment, back-up files, documentation and procedures.
- 1.7 “**Drug Utilization Review**” or “DUR” means the process for reviewing utilization of outpatient Covered Drugs by Members on the basis of clinical protocols utilized by the Contractor as approved by the DCH.
- 1.8 “**Eligibility Files**” means the list submitted by the DCH or their agent to the Contractor in electronic or other mutually acceptable form indicating Members eligible for Covered Drugs.
- 1.9 “**Generic Drugs**” means those Covered Drugs, which are "A" rated, and Food and Drug Administration (FDA) approved or previously approved under State or federal law.
- 1.10 “**Identification Card**” or “ID Card” means a printed identification card issued by or on behalf of DCH or its agents for Members of the SHBP PPO/PPO Consumer Choice and Indemnity health plans,
- 1.11 “**Internet Pharmacy**” means any pharmacy operated solely on the World Wide Web that is not affiliated with or operated within a ‘brick and mortar’ walk-in retail pharmacy under the Retail Pharmacy Network or a pharmacy in the Contractor’s applicable national pharmacy network outside of the Primary Service Area. Prescription drug services provided to Members solely through Internet Pharmacies are not covered under the terms of this Agreement. Internet prescription order capability provided as a service to Members for mail order services included in this procurement shall not be considered Internet Pharmacies for the purposes of this Contract.
- 1.12 “**Maximum Allowable Cost**” or “MAC” means, for purposes of the SHBP PPO/PPO Consumer Choice and Indemnity health plans, the maximum reimbursement limits for certain multiple source Covered Drugs, including

Generic Drugs, as determined by the Contractor from time to time from the most current information provided to the Contractor by drug pricing services such as First Data Bank and other recognized sources.

- 1.13 **“Member”** means for purposes of this Agreement, any person eligible for benefits under the SHBP.
- 1.14 **“Member Confidential Information”** means a Member’s name and social security number, Member’s specific medical or prescription information and any other Member-identifying demographic information of a Member which may be deemed to be confidential pursuant to federal or State law and shall include all protected health information (PHI) under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”).
- 1.15 **“Member Contribution”** means that portion of the charge for each Covered Drug dispensed to the Member that is the responsibility of the Member (e.g., co-payment, coinsurance and/or deductible) as indicated on the BPD.
- 1.16 **“Member Submitted Claim”** means (i) a claim submitted by a Member for Covered Drugs dispensed by a pharmacy other than a Participating Pharmacy or pharmacy in the Contractor’s applicable national pharmacy network outside of the Primary Service Area; (ii) a claim submitted by a Member for Covered Drugs filled at a Participating Pharmacy or pharmacy in the Contractor’s applicable national pharmacy network which was not processed on-line by the Contractor; or (iii) subrogation claims submitted by the United States or any state under Medicare or other government health care programs.
- 1.17 **“Non-Participating Pharmacy”** means any pharmacy within the Primary Service Area, including but not limited to any Internet Pharmacy that does not have a Pharmacy Provider Agreement with the Contractor for the Retail Pharmacy Network to provide Covered Drugs to Members of the SHBP.
- 1.18 **“Participating Pharmacy”** means a duly licensed walk-in retail pharmacy or mail order pharmacy with which the Contractor has executed a Pharmacy Provider Agreement and is included in the Retail Pharmacy Network to provide Covered Drugs to Members. An Internet Pharmacy, as defined earlier in this document, is specifically excluded from participating as a Participating Pharmacy under this Agreement.
- 1.19 **“Pharmacy Provider Agreement”** means the written agreement between the Contractor and the Participating Pharmacy that is executed in terms substantially similar to the terms submitted in the Financial Proposal, includes terms specific to DCH as mutually agreed upon by the Contractor and DCH, and authorizes such pharmacy to participate in the Retail Pharmacy Network or mail order network under this Agreement.
- 1.20 **“Prescription Drug Claim”** means a Member Submitted Claim or a claim

submitted to the Contractor by a Participating Pharmacy or pharmacy in the Contractor's applicable national pharmacy network outside of the Primary Service Area as a result of dispensing Covered Drugs to a Member.

- 1.21 **“Primary Service Area”** means the State of Georgia and the area within thirty - (30) miles from the Georgia border within adjoining states, with respect to Medicaid only.
- 1.22 **“Prior Authorization”** or “PA” means the program applied by the Contractor, pursuant to Section 2.G. of this Agreement which requires pharmacies and other providers to request prior approval of certain types or amounts of Covered Drugs before dispensation using applicable DCH-approved guidelines.
- 1.23 **“Rebates”** means all pharmaceutical rebates (e.g. formulary, incentive, market share, etc.) and related considerations, such as administrative fees, which are paid by pharmaceutical manufacturers to Contractor, pursuant to the terms of a contract.
- 1.24 **“Rebate Program”** means Contractor's manufacturer rebate program under which Contractor contracts with pharmaceutical manufacturers for Rebates payable on any Covered Drug under SHBP, as such program may change from time to time.
- 1.25 **“Retail Pharmacy Network”** means the pharmacies with which the Contractor has executed a Pharmacy Provider Agreement in the Primary Service Area to provide Covered Drugs and other required services to Members under the SHBP PPO/PPO Consumer Choice and Indemnity health plans.
- 1.26 **“Retail Preferred Product List”** means, for the purposes of the SHBP, the list of Covered Drugs that are referred to as “preferred”, “non-preferred” or “neutral” for purposes of benefit and coverage decisions in the SHBP pharmacy benefit plan offered to covered Members. The Retail Preferred Product List is developed by the Contractor's Pharmacy and Therapeutics Committee (“P&T Committee”) taking into consideration safety, medical appropriateness, efficacy, quality of life, and relative cost indications within applicable therapeutic categories. The Retail Preferred Product List will be maintained by the Contractor, and may be modified from time to time by the Contractor, as a result of the factors described above and new therapeutic agents that become available. Notwithstanding the foregoing, the Contractor will consult with DCH in the development of and subsequent modification(s) to the Retail Preferred Product List. At least quarterly, the Contractor will deliver a copy of the Retail Preferred Product List, and any updates thereto, to DCH and to the Retail Pharmacy Network at the Contractor's sole expense, and to Members in a format mutually agreed upon by the Parties and pursuant to the applicable provisions of Exhibit III. DCH shall retain the right, in its sole discretion, to determine the level and coverage of benefits under the SHBP, including the determination of Covered Drugs and non-Covered Drugs, and Prior Authorization of Covered Drugs.

- 1.27 “**State Health Benefit Plan**” or “SHBP” means the health benefit plan administered by the DCH covering State employees, public school teachers, public school employees, retirees and their dependents.
- 1.28 “**Third Party Administrator**” or “TPA” means an approved contractor for adjudicating claims, paying claims, and performing other administrative processes, as outlined specifically in the RFP.
- 1.29 “**Usual and Customary Retail Price**” or “U&C” means the usual and customary retail price charged by a Participating Pharmacy or pharmacy in the Contractor’s applicable national pharmacy network outside of the Primary Service Area for a Covered Drug in a cash transaction (in the quantity dispensed) on the date the drug is dispensed as reported to the Contractor by such pharmacy, including any discounts or special promotions offered on such date.

2. SCOPE OF SERVICE/ STATEMENT OF WORK

The Contractor shall provide various PBM services to the DCH’s SHBP PPO/PPO Consumer Choice and Indemnity Plan Members. Contractor shall achieve the following goals and objectives:

**A. Goals**

DCH desires to:

- c) improve the quality of health and disease management of those Members served by the SHBP PPO/PPO Consumer Choice and Indemnity health plans; and
- d) maximize the DCH healthcare expenditures by providing the best possible cost-effective and safe pharmaceutical care and understands the medical, financial and political landscape of Georgia.

**B. Objectives**

Specific objectives include the ability to:

- h) manage prescription drug cost and utilization while recognizing the impact on total healthcare costs;
- i) improve patient health outcomes via appropriate and safe drug therapies;
- j) evaluate pharmacy program cost and utilization drivers;
- k) provide incentives and education for physicians to dispense high-quality, cost-effective drugs;
- l) improve patient adherence with treatment regimens, including Member education programs;

- m) develop strategy for managing the use of pharmaceutical product characterized as improving quality of life rather than alleviating disease (i.e. lifestyle drugs); and
- n) develop a strong data-providing infrastructure across programmatic lines with value-added reporting.

The Parties agree that the Contractor will act as an independent agent in the performance of its duties under this Agreement. The Parties agree that the DCH will retain all final authority and responsibility for the operation of the SHBP and interpretation of eligibility, rules, policies and procedures. The Contractor may act on behalf of the DCH in connection with SHBP only as expressly stated in this Agreement or as mutually agreed to in writing by the Contractor and the DCH as applicable.

In event of a conflict in language between the various documents incorporated into this Agreement, the terms, conditions, provisions, and requirements of the RFP shall control and govern. In the event of a conflict in language between the RFP and this Agreement, the terms, conditions, provisions and requirements set forth in this Agreement shall govern and control without exception.

Additionally, the Parties agree that the Department shall not pay or otherwise compensate the Contractor for any services, goods, or deliverables outside of the above scope of service or statement of work. The Department shall not make any exceptions or waivers on this matter. In the event of a dispute regarding whether an item is within the scope of service or statement of work, the Parties will attempt to reach a mutually agreeable solution. If the Parties fail to reach a mutual agreement, **Section 28. Conflict Resolution**, of this Agreement shall control, govern, and not be subject to appeal.

### C. DCH Responsibilities

The DCH shall complete the following tasks and actions:

1. **Legal Compliance.** Throughout the term(s) of this Agreement, the DCH shall remain in compliance with all applicable State and federal laws and regulations throughout the terms of this Agreement;
2. **Review and Approval of Implementation Plan.** The DCH shall review and approve the Implementation Plan including Contractor and the DCH assignments. The DCH shall designate a Project Leader for the pharmacy benefit management program and shall make available other staff, as necessary, for implementation and on-going administration of this program;
3. **Member Eligibility.** The DCH shall provide, or its agents shall provide, the Contractor with initial Eligibility Files and regular updates thereto containing the names of all Members under the SHBP PPO/PPO Consumer Choice and Indemnity health plans and any other eligibility information as mutually determined by the DCH and the Contractor which is necessary to administer the prescription drug benefit programs and other

services under this Agreement. The updates of Eligibility Files shall be at time intervals specified by the DCH for the prescription drug program (e.g., daily, monthly, etc.) but no more frequently than daily. All Eligibility Files shall be on tape, File Transfer Protocol (“FTP”), electronic media, disk or such other format that is mutually acceptable to the Parties. Alternatively, by agreement of the DCH and the Contractor may enter specific eligibility records directly on-line to the Contractor’s claims processing system. In any event, the initial Eligibility File for each program shall be loaded into the Contractor’s system at such time as required for implementation of prescription drug benefit services as more specifically described in Section 4.0 (**Implementation**) of this Agreement;

4. **Prescription Claims Payment.** The DCH shall authorize payment of the fees to the Contractor as set forth in Section 6 *Payment for Services* of this Agreement for Prescription Drug Claims for Covered Drugs dispensed to a Member on or before the later of (i) the date of the Member’s termination, or (ii) the date three (3) business days after the Contractor receives written notification of the Member’s termination in an Eligibility File, or (iii) the date one (1) business day after the Contractor receives such notification electronically. The DCH shall be solely responsible for ensuring the accuracy of Eligibility Files provided to the Contractor, and shall be obligated to pay Contractor the fees in Section 6 *Payment for Services* of this Agreement for Prescription Drug Claims accepted by the Contractor for Members shown as eligible on the date such claim was processed. The DCH bears the risk of fraudulent claims submitted by Members or by unauthorized persons using a Member’s Identification Card.

Final Benefit Determination. The DCH shall make final determination on all disputed benefit issues under the SHBP.

Funds for Claims Payment. The DCH shall maintain funds for claims payment under the SHBP, as applicable; and

5. **Administrative Fees Payment.** The DCH shall make or authorize payment to the Contractor for its services under this Agreement in accordance with rates, terms and conditions set forth in the Financial Proposal of this Agreement, which is incorporated herein by reference and as Appendix F.
6. **Audits.** The DCH may conduct a financial audit or programmatic audit or both from time to time during the term of this Agreement.
7. **Staffing Plan.** The DCH must give final approval of Contractor’s staffing plan, which may not during any period of the Agreement term increase or decrease in assigned personnel performing work under this Agreement. Such approval shall not be unreasonably withheld.

8. **Use of Trademarks/Logos for Marketing Purposes.** The DCH shall permit Contractor to use the DCH name, trademarks and logos for the limited purpose of informing Eligible Members of the SHBP PPO/PPO Consumer Choice and Indemnity health plans. Additionally, the Contractor's publications/directories and any electronic or Internet publication of such materials/directories displaying the names, trademarks and/or logos of the DCH shall be approved by the DCH or the SHBP, as applicable, in writing prior to distribution or other release. Any other desired use or dissemination by Contractor of the name of the DCH or the SHBP in any connection with the services provided by Contractor shall require the prior written consent of the DCH and the SHBP, as applicable. Contractor's logos shall be used by the DCH or the SHBP without the prior content of Contractor.

**D. General Contractor Responsibilities**

As of the Agreement Effective Date, and at all times throughout the term of this Agreement, Contractor shall be and remain in compliance with all the applicable federal, State, and local laws, as stated more fully in Section 27 of this Agreement, and all of the rules and regulations of the SHBP as contained in the SHBP Summary Plan Description (SPD), legal regulations, and any Plan documents, as well as any of the terms and conditions of this Agreement.

The Contractor shall immediately notify the Department of any of the following changes:

1. Change in business address, telephone number, facsimile number, or e-mail address;
2. Change in corporate status or nature, which shall not occur without the DCH's prior written consent;
3. Change in business location;
4. Change in solvency;
5. Change in corporate officers, executive employees, or corporate structure;
6. Material change in ownership (i.e. more 25% a month), which shall not occur without DCH's prior written consent, including but not limited to the new majority owner's legal name, business address, telephone number, facsimile number, and e-mail address; or,
7. Change in federal employee identification number or federal tax identification number.

In short, the Contractor shall not, without the prior written consent of DCH, take the following actions:

- a. Change its legal status;
- b. Change its legal structure; or,
- c. Sell, transfer, convey, or assign more than a twenty-five percent (25%) ownership interest in the Contractor.

Should the DCH not consent to any of these actions and the Contractor desires to proceed with such action, then DCH may, at its option, elect to terminate this Agreement at such date as selected by DCH.

**E. Contractor Responsibilities for the SHBP PPO/PPO Consumer Choice and Indemnity Health Plans**

The Contractor shall perform and complete all the tasks, obligations and responsibilities described and set forth in the RFP, which is incorporated herein by reference as if completely restated herein. In addition, the Contractor shall complete the following actions, tasks, obligations and responsibilities:

1. Receive feeds from their drug information and pricing resource on at least a weekly basis;
2. Prepare and provide a written SAS-70 audit report on or before July 1st of every year that this Agreement is effective;
3. Update the SHBP PPO/PPO Consumer Choice and Indemnity health plans' drug and pricing files maintained by the Contractor on at least a weekly basis;
4. Provide a written strategic plan for handling increased point of sale ("POS") adjudication, Internet-based technology and reporting demands that satisfy and meet significant increases in the number of existing clients;
5. Establish, maintain and operate a hyper web link on their corporate website to DCH's home page or a designated DCH contractor or vendor, at no cost to the DCH. Contractor and DCH shall facilitate efficient access for Members and shall update its web page with the most current Participating Pharmacy list available on a monthly basis;
6. Research ways of improving delivery of services to the DCH via technology and service upgrades. To that end, the Contractor shall provide DCH with a written report, on or before July 1<sup>st</sup> of each calendar year that this Agreement is in effect, that describes how to keep the system current with industry standards and future information technology;
7. Produce an annual technology assessment report, on or before July 1st of each year that this Agreement is effective, that describes and suggests possible ways to improve services;
8. Furnish innovative and creative technology and operational solutions to

assist the DCH in better accomplishing its business functions;

9. Use best business practices in quality management so as to ensure that administrative performance is consistently and comprehensively measured for the SHBP ;
10. Provide the DCH access to its call center reporting system from the DCH offices at no cost to the DCH. The DCH will be allowed access to customer service staff (core team members, which shall be defined and identified by the DCH on or before the Agreement's execution) for quality monitoring of customer service and Prior Authorization staff. Quality monitoring will include, but not be limited to, silent monitoring by the DCH staff of Member and pharmacy calls from the DCH's offices, Contractor's Account Management office in Georgia and in person at Contractor's call center, at the DCH's election. At the DCH's discretion and at Contractor's expense, two (2) DCH staff members may conduct quality monitoring of customer service as set forth above and attend quarterly operations, quality improvement, and clinical quality meetings at the customer service and claim processing operational centers;
11. Permit the DCH staff access to its eligibility system from the DCH offices so that the DCH can perform manual updates to the eligibility system, as needed and determined by the DCH, at no cost to DCH ;
12. Maintain, staff and operate dedicated customer service teams and customer service telephone number/ Telecommunication Device for the Deaf (TDD) numbers for the SHBP. Contractor will provide 24-hours a day, 7 days a week, 365 days a year telephone support via dedicated toll-free numbers at no cost to the DCH to the Contractor call center as follows: (a) one line for SHBP Members; (b) one line for Participating Pharmacies and other providers; and (c) one line for special requestors, as designated by the DCH. The Contractor call center will assist Members, Participating Pharmacies and other providers and special requestors with Member eligibility and benefits verification, questions regarding reimbursement, Covered Drugs, pharmacy locations or other related concerns. These toll-free numbers will be the sole and exclusive property of the DCH and will be transferred to the DCH upon request and without charge upon termination of this Agreement for any reason;
13. Prepare Member communication pieces consistent with the requirements of the SHBP. All communication pieces must be approved by the SHBP prior to release or distribution;
14. Advise the SHBP of any and all current Rebate information or opportunities and FDA decisions regarding changes and additions to prescription medications in a timely manner, but no later than at least once quarterly. Such information must be available to the SHBP prior to rendering decisions regarding the finalization of a PDL for an agency's

annual open enrollment period;

15. Maintain the Pharmacy Networks as indicated below:

a. On-Line Retail Pharmacy Network – SHBP PPO/PPO Consumer Choice Health Plans. Contractor shall be responsible for contracting, maintaining and managing the on-line Retail Pharmacy Network, which such network shall include at least 95% of available retail pharmacies in the Primary Service Area. The Retail Pharmacy Network shall be developed and maintained by Contractor without the imposition of any access or enrollment fees on any pharmacy as a condition of participation, or payment of any other form of consideration for participation, in the Retail Pharmacy Network. Contractor shall establish the Retail Pharmacy Network under which Participating Pharmacies shall be reimbursed for the provision of Covered Drugs and other required services, including prescription drug cost and dispensing fees, on a pass-through basis at the reimbursement rates set forth in Appendix F of this Agreement. On or before August 30, 2006, Contractor and DCH shall mutually agree upon a Retail Pharmacy Network development plan as a part of the implementation plan for the prescription drug program under the SHBP to achieve the objectives of the RFP, the Contractor's Proposal, and this Agreement. A current listing of Contractor's Retail Pharmacy Network shall be provided in electronic format to the SHBP no later than September 15, 2006; such listing, and any updates thereto shall be incorporated herein by reference as **Appendix <>**. In addition, Contractor shall provide access for Members to Contractor's national pharmacy network throughout the continental United States, which such nationwide network shall include access to at least 50,000 pharmacies participating in Contractor's national network, or such other lesser number of pharmacies as may be acceptable to DCH; and

16. Enter into or amend its Pharmacy Provider Agreements upon mutual agreement of the Parties as necessary to require each Participating Pharmacy to comply with the provisions of this Agreement and the program requirements of the SHBP that are applicable to Participating Pharmacies under the Retail Pharmacy Network. Contractor has provided to DCH in its Contractor's Proposal its standard pharmacy provider agreement used with pharmacies in Contractor's national pharmacy network;

17. Develop the capabilities and functionalities necessary to allow payment to be remitted directly to providers electronically in a format that will comply with all applicable HIPAA standards including, but not limited to, any deadlines for implementation. Beginning January 1, 2007, at the

pharmacy's option, Contractor shall remit payment electronically for all Participating Pharmacies in the Retail Pharmacy Network in the State of Georgia for all pharmacy programs in accordance with the requirements of this subsection and at no cost to DCH;

18. Implement a process for making payment associated with clean pharmacy claims to Participating Pharmacies in the Retail Pharmacy Network in the State of Georgia within fifteen (15) business days from the date billed by the provider for all pharmacy programs where payment from Contractor is currently in place. Payment of pharmacy claims shall be made from a separate bank account owned by DCH;
19. Upon presentation of an ID Card, Members may obtain Covered Drugs at Participating Pharmacies through the Retail Pharmacy Network. Contractor will make available to DCH an electronic updated list of each network upon request by DCH and at least on a quarterly basis, and will update each network on Contractor's website monthly, at a minimum. Each Participating Pharmacy is required to verify the Member's eligibility and submit Prescription Drug Claims for processing on-line in NCPDP format through Contractor's on-line claims processing system. Participating Pharmacies will dispense prescriptions to Members in a quantity not to exceed a 30-day supply unless otherwise specified in the BPD. Contractor shall direct Participating Pharmacies to charge and collect the applicable Member Contribution from such Member for each Covered Drug dispensed;
20. Maintain criteria, which it may amend from time to time, to establish when and how a Participating Pharmacy shall be audited to determine compliance with its Pharmacy Provider Agreement with Contractor. The DCH and Contractor shall agree on the audit criteria and procedures, including but not limited to criteria for selecting pharmacies for audit, audit procedures, who performs the audits, amount of notification to DCH before a pharmacy is audited, DCH's right to participate in an audit, and reporting of the results of audits. Contractor shall maintain documentation related to each audit performed and shall disclose such information upon request by DCH. The DCH shall also have the right to audit Participating Pharmacies at its discretion for the SHBP and shall retain all repayments detected and recovered as a result of its audits;
21. Perform on-line claims processing services for Covered Drugs dispensed to Members by a Participating Pharmacy in accordance with the BPD For the fees set forth in **Appendix <>** and processing of Member Submitted Claims. Such services shall include, without limitation (i) verifying eligibility of Members; (ii) verifying that the prescription to be dispensed is a Covered Drug under the BPD; (iii) verifying that the prescription to be dispensed is within the quantity, days' supply, and any other limitations under the BPD; (iv) performing prospective (concurrent) DUR for

Member Submitted Claims at time of point-of-sale; (v) calculating benefits and determining the appropriate Member Contribution in accordance with the BPD, except when prescription and medical payments are combined for coverage under a single medical plan or integrated maximums for the SHBP; and (vi) electronically transmitting processed claims for adjudication to the Third Party Administrator (TPA). In all cases, the SHBP shall be responsible for all decisions with respect to coverage of a Prescription Drug Claim and the benefits allowable under the applicable prescription drug benefit program, including determining whether any rejected or disputed claim shall be allowed. The claims processing services are more fully described in the RFP and **Appendix <>** which is attached hereto and made a part hereof by reference;

22. Develop and maintain the Retail/ Preferred Product List subject to review by and approval by the DCH;
23. Negotiate, collect and provide pharmaceutical manufacturer rebates reflective of SHBP PPO/PPO Consumer Choice Indemnity health plans;
24. Provide first priority (no other Contractor clients having higher priority than the DCH telephonic and web-based customer service support for Members, Participating Pharmacies and other health care providers;
25. Maintain and implement a current MAC list for the SHBP; update list, at minimum, on a semi-annual basis, and research and correct any errors as necessary within forty-eight (48) hours of Contractor's or the DCH's detection of an error, with notification of the error and correction to DCH;
26. Provide strategic guidance and guarantee results of such guidance for the achievement of maximum generic fill rates for the SHBP PPO/PPO Consumer Choice and Indemnity health plans;
27. Develop and maintain comprehensive reporting and information management plans as outlined in the RFP, subject to DCH approval, for compliance purposes and to produce information necessary to achieve overall DCH goals and objectives for prescription drug benefit services;
28. Provide initial implementation support plus on-going account management services, and dedicate a team of specialists focusing on the SHBP;
29. Submit to the DCH accurate and timely pharmacy data updates for the DCH Decision Support System (DSS) on a monthly basis in a form and format mutually agreeable to both Parties;
30. Administer the prescription drug benefit plan in the BPD in effect at the time of implementation for the SHBP. Contractor shall assist in design, implementation and administration of the initial and any revisions,

amendments or updates to the pharmacy benefit plan pursuant to Section 32, Amendment in Writing of this Agreement. Notwithstanding any provision contained herein and at no additional cost, Contractor shall be responsible for correcting incorrect pharmacy benefit plan information immediately but no later than within twenty-four (24) hours of receipt of notice of the incorrect information, and notifying Participating Pharmacies, if deemed necessary by DCH due to the severity of the error;

31. Establish and maintain a local office in Georgia for account management within a 50-mile radius of DCH's main office;
32. Perform all other functions supporting the effective administration of prescription drug benefit program services to Members under this Agreement;
33. Address performance concerns identified by DCH with the resolution of recurrent issues given priority. In the event Contractor does not satisfactorily address a performance concern identified by DCH within a time frame mutually agreed upon by both Parties, DCH may, at its sole discretion, require Contractor to utilize external resources. Contractor may choose the external resources to be utilized subject to the approval of DCH. The expense of the external resources shall be borne by Contractor if the agreed-upon date for resolution is not met;
34. Cooperate with all vendors of DCH including any TPA and any other DCH vendor and contractor, in all aspects of Contractor's obligations under this Agreement. Contractor agrees to execute third party agreements on mutually agreeable terms with such vendors and contractors identified by DCH as necessary to effectively administer pharmacy benefit management services, including but not limited to an agreement with the DCH DSS vendor. Contractor shall not knowingly commit any act nor refrain from any act that will interfere with the performance of work by any other vendors, contractors or governmental entities;
35. Respond to DCH staff verbal inquiries within twenty-four (24) hours (excluding Saturdays, Sundays, and State holidays) regarding any matter of program management or other services provided by Contractor under this Agreement and respond to specific and general written inquiries of DCH staff received by mail, facsimile transmission, email or other writing within five (5) business days of receipt of such inquiry. Contractor shall provide follow-up as necessary to resolve outstanding issues in a timely manner. Contractor's responses shall be in writing unless otherwise requested by DCH staff;
36. Respond to 100% of Member written inquiries including complaints and grievances received by mail, facsimile transmission, email or other writing

within five (5) business days of receipt of such inquiry. Contractor shall provide follow-up as necessary to resolve outstanding issues in a timely manner. Contractor's responses shall be in writing unless otherwise requested by DCH staff;

37. Appoint and maintain a dedicated core team for customer service for the SHBP. During the first contract year, Contractor shall use diligent good faith efforts to ensure that a minimum of 75% of all dedicated core team members have a minimum of one (1) year of customer service experience each within Contractor's call center, and a minimum of two (2) years experience each of general customer service experience or a pharmacy technician certificate within at least one (1) year from the Effective Date of this Agreement; all other dedicated core team members shall have a minimum of one (1) year general customer service experience. For contract years after the first year, Contractor shall use diligent good faith efforts to ensure that a minimum of 85% (eighty five) of the dedicated core team members meet the requirements set forth in this section. Contractor must submit a written list of names of customer service representatives for the SHBP dedicated core customer service teams. The list must be submitted monthly (i.e., on or before the 1st day of each month that this Agreement is in effect). The list must include, but is not limited to the persons' full names, corresponding aliases and/or telephone numbers and supervisor's full name, direct telephone line and/or extension, and e-mail address;
38. Designate a Project Leader and keep, at a minimum, the staffing levels contained in its Contractor's Proposal and shall make available other staff, as necessary, for implementation and on-going administration of this program. Contractor will consult with DCH as to the employees assigned to serve as General Manager, Account Director, Account Manager and Clinical Program Manager for DCH (the "Account Team"). DCH has the right to approve or disapprove Contractor's staff as defined in the RFP and assigned to this Agreement, and may request the removal or require the reassignment of any Account Team member found by the DCH to be unacceptable or unable to satisfactorily perform his or her duties. Upon request by the DCH, Contractor shall provide DCH with a resumé of any member of Contractor's staff, or a subcontractor's staff, assigned to, or proposed to be assigned, to perform under this Agreement. The following shall govern the use of independent Contractors and subcontractors:
  - a. Independent Contractors. Contractor may delegate certain of its duties hereunder to independent contractors, provided that (i) any such independent contractor be fully qualified to perform the work delegated to it; (ii) any such independent contractor enters into a confidentiality agreement no less extensive than the confidentiality provisions of this Agreement; and (iii) Contractor retains full responsibility and liability for the performance and cost of the

contracted service during and after termination of this Agreement.

- b. Subcontractors. Any subcontractor of Contractor that performs any of the services required under this Agreement shall be identified in **Appendix <>** which is attached hereto and incorporated herein by reference. Pursuant to the RFP, Contractor's collective amount of subcontracted services for this Agreement cannot exceed 50% (fifty percent) of the total core pharmacy benefit management services Contractor performs under this Agreement. No subcontracts, which Contractor enters into with respect to its obligations under this Agreement, shall in any way relieve Contractor of any responsibility for any performance required of it by this Agreement. Participating Pharmacies do not constitute subcontractors of Contractor for purposes of this section;
39. Provide clinically-based medication management programs and services, including drug use review, Prior Authorization, therapeutic intervention, development and management services for the Retail Preferred Product List, and emerging therapeutic issue notification specific to the prescription drug program of DCH. Unless otherwise expressly stated in this Agreement, such programs are provided at no charge;
40. Perform a standard prospective (concurrent) DUR review of drug therapy using predetermined standards for each prescription submitted for processing on-line (point-of-sale) by a Participating Pharmacy or pharmacy in Contractor's applicable national pharmacy network outside of the Primary Service Area in order to assist the pharmacist in screening to identify potential drug therapy problems, including therapeutic duplication, drug-disease contraindications, adverse drug-drug interactions (including serious interactions with nonprescription or over-the-counter drugs for which a Prescription Drug Claim has been generated by Contractor), incorrect drug dosage, incorrect duration of drug treatment, drug-allergy interactions (as performed by Participating Pharmacies), clinical abuse or misuse, and certain other circumstances that may be indicative of inappropriate prescription drug usage;
41. Implement the retrospective DUR program for ongoing periodic examination (no less frequently than quarterly) of claims data and other records in order to identify patterns of fraud, abuse, gross overuse or inappropriate or medically unnecessary care among physicians, pharmacists and Members, or associated with specific drugs or groups of drugs, or that otherwise present a risk to the Member. This examination must involve pattern analysis, using predetermined standards, of physician prescribing practices, drug use by individual patients and where appropriate, dispensing practices of Participating Pharmacies. Retrospective DUR includes, but is not limited to, using predetermined standards to monitor the following: therapeutic appropriateness; over

utilization and underutilization; appropriate use of generic products; therapeutic duplication; drug-disease contraindication; drug-drug interaction; incorrect drug dosages; incorrect duration of drug treatment; and clinical abuse or misuse. Contractor shall notify DCH, the subject Member, prescriber, pharmacy, case manager or medical director, as appropriate under established guidelines, for such person(s) to take further action, if warranted. Contractor shall provide to DCH quarterly summary reports concerning Contractor interventions under the selected program modules, if any;

42. Implement active and on-going educational outreach programs that, using the SHBP data and other Contractor data on common drug therapy problems, educate physicians and pharmacists on common drug therapy problems to improve prescribing and dispensing practices;
43. Provide Prior Authorization (“PA”) services for Covered Drugs designated on the BPD. Prior authorized drugs must meet DCH-approved guidelines (“Guidelines”) before they are deemed to be Covered Drugs. The PA program shall include medical exception reviews and overrides, as appropriate, quantity limits, non-preferred product determinations and benefit exclusions as specified and directed by the DCH. Development and maintenance of custom protocols for products included in Contractor’s PA program or for additional products identified by DCH shall not be subject to additional fees. Upon the DCH's request, Contractor shall handle first level and/or second appeals of a denial of a Prior Authorization request at no additional cost;
44. May contact Members, their physicians, Participating Pharmacies and pharmacies in Contractor’s national pharmacy network outside of the Primary Service Area to promote therapeutic and generic substitution opportunities, and other medication management programs and services, including Prior Authorization. Any program(s) of Member contact under this Agreement must be expressly authorized by DCH, and the form and content must be pre-approved in writing by DCH;
45. Provide proactive clinical programs to support the DCH needs. Provision of this support shall include, but not be limited to, clinical pharmacist review of the SHBP PPO/PPO Consumer Choice and Indemnity programs and claims data (by line of business) on a monthly basis with results and progress based reports of current programs provided to the DCH accompanied by recommendations of effectiveness, improvement, enhancements, and general observations. Contractor shall incorporate both pharmacy and medical claim data into its analyses as appropriate and agrees to execute a contract with the DCH vendors who maintain and store the DCH medical claim data to obtain access and transfer of data as necessary to perform this function. Additionally, Contractor shall analyze the overall strategic needs of DCH including, but not limited to, the

identification, assessment, negotiation, and management of pharmaceutical manufacturer funded programs;

46. Comply with the performance standards contained in Appendix G hereto, which are incorporated herein by reference. In the event that Contractor fails to comply with such standards within the periods of time designated in Appendix "G," financial damage shall be assessed by the DCH. If liquidated damages are assessed for a quarter pursuant to Appendix G the DCH will reduce the payment to Contractor following such assessment by the appropriate amount of liquidated damages for that quarter. In the event that damages due DCH exceed the fees payable to Contractor in a given payment, DCH will invoice Contractor for the amount exceeding the fees payable to Contractor, which shall be paid by Contractor within thirty (30) calendar days of the invoice date. Liquidated damages are not, and shall not be construed to be, penalties;
47. Deliver reports to the DCH in accordance with the time frames set forth in the performance guarantees/liquidated damages in Appendix G. The Parties shall mutually agree on the content, form, format and method of delivery of such reports to enable the DCH to evaluate the services under this Agreement by health plan and specific program (SHBP PPO/PPO Consumer Choice and Indemnity)), and by clinical program. Such reports, which may be written and/or presented, shall include but not be limited to:
  - a. Utilization statistics;
  - b. Claim processing volume and statistics;
  - c. Cost savings;
  - d. Customer service and grievance and appeal responses;
  - e. An electronic file of priced or paid claims;
  - f. Performance guarantee/Liquidated damages and executive reports; and
  - g. All other reports referenced in the RFP;
48. Conduct annual satisfaction surveys of Members and Participating Pharmacies, the formats approved by the DCH and shall reflect satisfaction ratings as set forth in the Performance Guarantees/Liquidated Damages. For each and every sampling period, Contractor shall distribute and evaluate a sufficient number of surveys to collect a statistically valid sample of responses. Within twenty (20) calendar days of completing tabulation of survey results, Contractor shall provide the DCH with measurable results of the surveys in a form and format mutually agreeable to the Parties;

49. Conduct annual client satisfaction survey for the DCH/SHBP each calendar year;
50. Make no changes, modifications, deletions, or alterations to the Retail Preferred Drug List in any manner or way without the DCH's prior written permission;
51. Respond with a written corrective action plan and timeframes for resolution no later than five (5) business days after receipt of notification of non-compliance with contractual obligations, unless otherwise agreed upon by DCH in writing;
52. Provide data to other vendors, contractors, and entities at no charge to the DCH;
53. Coordinate and share pharmacy expenditures and member eligibility file feeds with the DCH's Third Party Administrator;
54. Collaborate with the DCH claims administrators to ensure that pharmacy costs borne by the SHBP health plans are captured, reported, and included in a member's maximum lifetime healthcare plan benefit limit; and
55. Provide the DCH staff training, as determined and requested by the DCH, of all Contractor systems and products available to the DCH staff as part of this Agreement, prior to implementation and at least annually thereafter upon the request of the DCH.

**F. Deliverables**

Contractor shall deliver the following reports or items to the Department: (1) all written reports identified in the RFP, this Agreement, and the Performance Guarantees/Liquidated Damages (Appendix G); and (2) any others as mutually agreed upon during implementation and throughout the term of the agreement within reason.

3. REBATES

A. Rebate Program under the DCH

- i. Rebate Payments. Contractor agrees that it will negotiate with pharmaceutical manufacturers regarding the terms of the Rebate Program and will arrange for the payment of Rebates to the DCH, as applicable, with respect to utilization of any Covered Drugs by Members on which Rebates are paid under SHBP. DCH shall be entitled to participate in the Rebate Program and receive 100% of all Rebates. Rebates will be paid on a quarterly basis within 120 calendar days following the end of each quarterly period. Contractor agrees to meet the minimum payment Rebate guarantee outlined in Appendix <> of this Agreement. Contractor agrees

that the rebate guarantees outlined in **Appendix <>** of this Agreement are not contingent on mandatory participation in a therapeutic interchange or related formulary management programs;

- ii. DCH reserves the right to audit records related to Contractor's Rebates to determine that Contractor has paid DCH the share of Rebate payments received by Contractor to which DCH is entitled under this Agreement. Contractor agrees to provide all records necessary for such audit including but not limited to contract agreements related to all rebates signed between Contractor and pharmaceutical manufacturers;
- iii. Rebates Errors and/or Discrepancies. Contractor agrees that the DCH is not liable and will not be financially penalized for Rebates dollars reported as eligible but later reversed by the pharmaceutical manufacturer.
- iv. Use of Data under the Rebate Program. DCH authorizes Contractor to compile non-identifiable and aggregated drug utilization data for use by pharmaceutical manufacturers in connection with contracts Contractor has with such pharmaceutical manufacturers for Rebates under the Rebate Program as defined in this Agreement. The sources of such drug utilization data shall be restricted to the pharmacy data collected by Contractor pursuant to its obligations under this Agreement on behalf of SHBP and not medical claims data, or the integration thereof, provided to Contractor.

4. IMPLEMENTATION

Contractor shall implement the pharmacy benefit plan for the SHBP PPO/PPO Consumer Choice and Indemnity Members to become effective and operable on January 1, 2007. Performance Guarantees/Liquidated Damages, as set forth in Appendix G shall be assessed against Contractor in the event that such plan for the SHBP Members is not implemented on or before January 1, 2007.

5. TERM OF AGREEMENT

This Agreement shall begin on the Agreement Effective Date and shall continue until the close of the then current State fiscal year unless renewed as hereinafter provided. The Parties also agree that the DCH have four (4) options to renew this Agreement for an additional term of up to one (1) State fiscal year, which shall begin on July 1, and end at midnight on June 30, of the following year, each upon the same terms, conditions, and at the Contractor's best and lowest price in effect at the time of the renewal for the DCH and The renewal option shall be exercisable solely and exclusively by the DCH. As to each term, the Agreement shall be terminated absolutely at the close of the then current State fiscal year, for the SHBP health plans without further obligation by the DCH as follows:

Description	Term
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Initial Contract Period	Agreement Effective Date, through June 30, 2007
First Renewal Option	July 1, 2007, through June 30, 2008
Second Renewal Option	July 1, 2008, through June 30, 2009
Third Renewal Option	July 1, 2009, through June 30, 2010
Fourth Renewal Option ( <b>final</b> )	July 1, 2010, through June 30, 2011

6. PAYMENT FOR SERVICES

- A. DCH shall compensate the Contractor in accordance with the payment rates as set forth in the Contractor’s Financial Proposal, which is incorporated herein as **Appendix <>** and made a part of this Agreement. Each invoice for payment must reference the DCH Contract Number XXXX, Contractor’s tax identification number (XX-XXXXXXX), and be itemized to identify the activities being billed. DCH will pay the invoice within thirty (30) calendar days of receipt upon approval of deliverables and the invoice by the DCH Project Leader and Contract Specialist. Each invoice should be mailed to the following address:

**For DCH:**

Contracts Administration

Attn.: \_\_\_\_\_

Georgia Department of Community Health  
 2 Peachtree Street, N.W. - 35<sup>th</sup> Floor  
 Atlanta, Georgia 30303-3159

The relevant deliverables shall be mailed to the Project Leader and Contract Specialist named in the **Notice** provision of this Agreement.

The total of all payments made by the DCH to Contractor under this Agreement shall not exceed (insert dollar amount (\$ \_\_\_\_\_ ) (hereinafter the “Maximum Funds”), which has been provided for through the use of State or federal grants or other funds. DCH shall have no responsibility for payment beyond that amount. It is expressly understood that the total amount of payment to the Contractor will not exceed the Maximum Funds provided above, unless Contractor has obtained prior written approval, in the form of an Agreement amendment, authorizing an increase in the total payment. Additionally, the Contractor agrees that the Department will not pay or otherwise compensate the Contractor for any work that it performs in excess of the Maximum Funds.

- B. Upon termination or non-renewal of this Agreement, the method of providing PBM services remains in place for a period of not less than six (6) months for PBM services incurred prior to the termination of the Agreement as outlined herein. This processing shall include claims adjudication and processing of any recoveries for overpayments or payments made to ineligible persons. All of the other terms and conditions of this Agreement will apply to these post-termination services. The fee for run-out services will be six (6) months administrative fees at the contractual rate, which is currently in effect, as provided by **Appendix <>**,

for six months of run-off (run-out) services.

7. FUNDING

Notwithstanding any other provision of this Agreement, the Parties hereto acknowledge that institutions of the State of Georgia are prohibited from pledging the credit of the State and granting or providing gratuities. At the sole discretion of DCH, this Agreement shall terminate immediately without further obligation of the State of Georgia, DCH, or any other institution or agency of the State of Georgia, if the source of payment for DCH's obligation no longer exists or is insufficient. The certification by DCH of the events stated above shall be conclusive and not subject to appeal.

8. PAYMENT OF TAXES

Contractor will forthwith pay all taxes lawfully imposed upon it with respect to this Agreement or any product delivered in accordance herewith. DCH makes no representation whatsoever as to the liability or exemption from liability of Agreement to any tax imposed by any governmental entity.

9. RELATIONSHIP OF PARTIES

Neither Party is an agent, employee, or servant of the other. It is expressly agreed that Contractor and any subcontractors and agents, officers, and employees of Contractor or any subcontractor in the performance of this Agreement shall act as independent contractors and not as officers or employees of DCH or any other agency of the State of Georgia. The Parties acknowledge, and agree, that the Contractor, its agents, employees, and servants shall in no way hold themselves out as agents, employees, or servants of the DCH. It is further expressly agreed that this Agreement shall not be construed as a partnership or joint venture between the Contractor or any subcontractor and the DCH.

10. INSPECTION OF WORK

The DCH, the Department of Health and Human Services, the General Accounting Office, the Comptroller General of the United States, if applicable, or their authorized representatives, shall have the right to enter into the premises of Contractor and/or all subcontractors, or such other places where duties under this Agreement are being performed for the DCH, to inspect, monitor or otherwise evaluate the services or any work performed pursuant to this Agreement. All inspections and evaluations of work being performed shall be conducted with prior notice and during normal business hours. All inspections and evaluations shall be performed in such a manner as will not unduly delay work.

11. STATE PROPERTY

Contractor agrees that any papers, materials and other documents that are produced or that result, directly or indirectly, from or in connection with Contractor's provision of the services under this Agreement shall be the property of the DCH upon creation of such documents, for whatever use that the DCH deems appropriate, and Contractor further agrees to execute any and all documents, or to take any additional actions that may be necessary in the future to effectuate this provision fully. In particular, if the work product or services include the taking of photographs or videotapes of individuals, Contractor must obtain the consent from such individuals authorizing the use by the DCH of such photographs, videotapes, and names in conjunction with such use. Contractor shall also obtain necessary releases from such individuals, releasing the DCH from any and all claims or demands arising from such use.

Contractor shall be responsible for the proper custody and care of any State-owned property furnished for Contractor's use in connection with the performance of this Agreement. Contractor will also reimburse the DCH for its loss or damage, normal wear and tear excepted, while such property is in the Contractor's custody or use.

12. OWNERSHIP AND USE OF DATA

A. Ownership and Use of Data

All data created from information, documents, messages (verbal or electronic), reports, or meetings involving or arising out of this Agreement is owned by the DCH ("DCH Data"). Contractor is expressly prohibited from sharing, publishing or using DCH Data or any information relating to the SHBP data for any purpose other than the purposes set forth in this Agreement without the prior written consent of the DCH. In the event of a dispute regarding what is or is not prohibited data, the Department's decision on this matter shall be final and not subject to appeal. This provision shall survive termination of this Agreement for any reason.

Notwithstanding the above, Member Confidential Information will be obtained by the Contractor in providing services under this Agreement (e.g., through processing of Prescription Drug Claims through Participating Pharmacies and medication management programs) and such confidential information will be obtained from and/or distributed to DCH, DCH's agents or vendors, Participating Pharmacies and physicians for drug utilization evaluation and other purposes relating to the prescription benefits management services and healthcare operations provided hereunder. DCH hereby permits the Contractor to use such data to perform its obligations under this Agreement, including, but not limited to, medication management, management of the Retail Preferred Product List, disease management programs and related healthcare operation services.

*B. Software and Other Upgrades*

The Parties also understand and agree that any upgrades or enhancements to software programs, hardware, or other equipment, whether electronic or physical, shall be made at the Contractor's expense only, unless the upgrade or enhancement is made at the Department's request and solely for the Department's use, unless stated at no cost elsewhere in this Agreement. Any upgrades or enhancements requested by and made for the Department's sole use shall become the Department's property without exception or limitation. The Contractor agrees that it will facilitate the Department's use of such upgrade or enhancement and cooperate in the transfer of ownership, installation, and operation by the Department.

*C. Customization*

If the Department requests specific customization of software programs, hardware, or other equipment, whether electronic or physical after the initial term of this Agreement begins, the Contractor shall promptly make the requested change or modification at no cost to the Department.

*D. System Changes*

All system changes required to comply, enable, and operate data transfers pursuant to this Agreement shall be enabled, completed, and operated at no cost to the SHBP.

The Parties agree that the required system changes are not complete until they are fully implemented and tested prior to the live date of the plan. In any event, DCH's determination on whether the system changes are complete and satisfactory shall be conclusive and final.

*E. Disaster Recovery*

As part of this Agreement, the Contractor will be required to maintain a written Disaster Recovery Plan for review and approval by DCH designed to minimize any disruption of the Contractor's services. Such plan, and any updates thereto which meet or exceed the requirements of the previous plan, shall be incorporated herein by reference as the "Disaster Recovery Plan" and attached to this Agreement as **Appendix <>**. It is the sole responsibility of the Contractor to maintain adequate backup so as to ensure continued automated and manual processing of services and transactions required to be conducted under this Agreement. Any loss, claims, demands, liabilities, losses, costs or expenses, and

attorneys' fees suffered by the DCH pursuant to the Contractor's failure to comply with the requirements of this section may result in the Contractor's forfeiture of the performance bond maintained pursuant to Section 26, of this Agreement in an amount not to exceed the actual amount of such loss, cost or expense sustained by DCH as the result of the Contractor's failure. The written Disaster Recovery Plan and procedures will provide, at a minimum, for the following:

1. Assuming the loss of the Contractor's primary processing or operational site, resumption of the processing of the Contractor's services within two (2) business days;
2. Backup procedures and support to accommodate the loss of on-line communications between the Contractor's processing site and DCH or its agent. These procedures must specify an alternate location for the DCH or its agent to utilize the Contractor's on-line system in the event the Contractor's system is down in excess of two (2) business days unless otherwise approved by the DCH;
3. A detailed file backup plan and procedures, including the off-site storage of crucial transactions and master files. The plan and procedures will include daily back up of critical files and their rotation to an off-site storage facility. The off-site storage facility will also provide for comparable security of the data stored there, including fire, sabotage and environmental considerations;
4. The maintenance of existing system documentation and source program libraries at an off-site location disclosed to the DCH;
5. The availability of the Disaster Recovery Plan and procedures for review by the DCH, federal auditors or the State Auditor on request;
6. Backup customer call center for immediate rollover of Member, provider and the DCH calls to alternate locations in the event of disruption of public utilities and other interruptions of service; and
7. Conducting of an annual Disaster Recovery Plan Review and exercise/drill at the Contractor's own expense. The review must test all components of the Contractor's operation, including services provided by any third party(ies). A written report of the findings must be delivered to DCH within fifteen (15) business days of the date that the test is conducted. The Contractor must develop a written corrective action plan for any deficiencies noted in the test and must thoroughly re-test until satisfactory results are achieved and maintained.

This provision shall survive termination of this Agreement for any reason.

13. CONTRACTOR STAFFING

A. Staffing Assignments and Credentials

**Within 90 days of execution of this Agreement, Contractor must submit a detailed staffing plan to the DCH. The Contractor agrees that it shall not increase or decrease the number of assigned personnel performing work under this Agreement without the prior written consent and approval of the DCH. In addition to its dedicated staff, the Contractor shall have other staff available in sufficient numbers to service the DCH account at all times, replacing and training staff, or adding staff, with the DCH's approval, as populations sizes shift for the SHBP. The Contractor shall submit to the DCH a staffing report monthly.**

Contractor warrants and represents that all persons, including independent contractors and consultants assigned by it to the performance of this Agreement, shall be employees or formal agents of Contractor and shall have the credentials necessary (i.e., licensed, and bonded, as required) to perform the work required herein. Contractor shall include a similar provision in any agreement with any subcontractor selected to perform work hereunder. Contractor also agrees that DCH may approve or disapprove Contractor's subcontractors or its staff assigned to this Agreement prior to the proposed staff assignment. DCH's decision on this matter shall not be subject to appeal.

In addition, Contractor warrants that all persons assigned by it to perform work under this Agreement shall be employees or authorized subcontractors of Contractor and shall be fully qualified, as required in the RFP and specified in Contractor's Proposal, to perform the services required herein. Personnel commitments made in Contractor's Proposal shall not be changed unless approved by the Department in writing. Staffing will include the named individuals at the levels of effort proposed.

Contractor shall provide and maintain sufficient qualified personnel and staffing to enable the deliverables to be provided in accordance with the RFP and Contractor's Proposal. Contractor warrants that Contractor will comply with all staffing/personnel obligations set out in the RFP.

B. Staffing Changes

The DCH also must approve or disapprove any proposed changes in key personnel (The SHBP will define and identify these individuals before this Agreement's execution) or require the removal or reassignment of any Contractor employee or subcontractor employee that the Department deems to be unacceptable. The Department's decision on this matter shall not be subject to appeal.

The Contractor shall provide the DCH at least thirty (30) calendar days advance notice of any proposed changes in key personnel and immediate notice for any actual changes in key personnel. In addition, the Contractor shall provide the SHBP, an action plan for replacing the person in question, the job description, and the education, experience, and training required for the position.

Notwithstanding the above provisions, the Parties acknowledge and agree that the Contractor may terminate any of its employees designated to perform work or services under this Agreement, as permitted by applicable law. In the event of a Contractor employee termination, the Contractor will provide DCH with immediate notice of the termination, the reason(s) for the termination, and an action plan for replacing the discharged employee.

C. Contractor's Failure to Comply

Should Contractor at any time: 1) refuse or neglect to supply adequate and competent supervision; 2) refuse or fail to provide sufficient and properly skilled personnel, equipment, or materials of the proper quality or quantity; 3) fail to provide the services in accordance with the timeframes, schedule or dates set forth in this Agreement; or 4) fail in the performance of any term or condition contained in this Agreement, DCH may (in addition to any other contractual, legal or equitable remedies) proceed to take any one or more of the following actions after five (5) calendar days written notice to Contractor:

- a. withhold any monies then or next due to Contractor; or,
- b. obtain the services or their equivalent from a third party, pay the third party for same, and withhold the amount so paid to third party from any money then or thereafter due to Contractor;
- c. withhold monies in the amount of any damage caused by any deficiency or delay in the services; or,
- d. any combination of the above.

14. CRIMINAL BACKGROUND CHECKS/ FEDERAL EXCLUSIONS LIST

Contractor shall, upon request, provide DCH with a resume or satisfactory criminal background check or both of any members of its staff or a subcontractor's staff assigned to or proposed to be assigned to any aspect of the performance of this Agreement.

The Contractor also agrees to abide by USC § 1320a-7, as it relates to the Federal Exclusions List. To that end, the Contractor shall not employ or use any company, entity, or individual that is on the Federal Exclusions List.

15. SUBCONTRACTS

A. Use of Subcontractors

Contractor will not subcontract or permit anyone other than Contractor personnel to perform any of the work, services, or other performance required of the Contractor under this Agreement, or assign any of its rights or obligations hereunder, without the prior written consent of DCH. Prior to hiring or entering into an agreement with any subcontractor, any and all subcontractors shall be approved by DCH. Contractor shall, in writing, provide to DCH the names of all proposed or actual subcontractors, the scope of work of each subcontractor, the percentage of work to be performed by each subcontractor relative to the total scope of the Agreement, and such other information as requested by DCH. Contractor is solely responsible for all work contemplated and required by this Agreement, whether Contractor performs the work directly or through a subcontractor.

Contractor shall give DCH immediate notice in writing by registered mail or certified mail of any action or suit filed by any subcontractor and prompt notice of any claim made against Contractor by any subcontractor or vendor that in the opinion of DCH, may result in litigation related in any way to this Agreement.

*B. Cost or Pricing by Subcontractors*

Contractor shall submit, or shall require any subcontractors hereunder to submit, cost or pricing data for any subcontract to this Agreement prior to award. Contractor shall, also, certify that the information submitted by subcontractor is accurate, complete and current as of the date of agreement, or the date of the negotiated price of the subcontract to the Agreement or Amendment to the Agreement. Contractor shall insert the substance of this section in each subcontract hereunder.

If DCH determines that any price, including profit or fee, negotiated in connection with this Agreement, or any cost reimbursable under this Agreement was increased by any significant sum because of the inaccurate cost or pricing data, then such price and cost shall be reduced accordingly and this Agreement and the subcontract shall be modified in writing to reflect such reduction.

*C. Foreign Subcontractors and Personnel*

All customer service functions required by this Agreement shall be performed by individuals residing and located in the United States of America.

The Contractor shall not use or employ subcontractors incorporated, located, or based in foreign countries for customer service functions without the DCH's prior written consent.

The Contractor shall not use or employ personnel, employees, workers, or agents residing in or incorporated, located, or based in foreign countries for customer service functions without the DCH's prior written consent.

16. REQUIRED TRAVEL, TRAVEL EXPENSES AND USE OF STATE VEHICLES

Should the DCH formally request Contractor's participation in activities on DCH's behalf, which require travel, Contractor will be reimbursed for travel necessary to that activity in accordance with the State and DCH travel policies, procedures and prevailing per diem rates which may be found at [www2.state.ga.us/Departments/AUDIT/m&lg/travlreg.html](http://www2.state.ga.us/Departments/AUDIT/m&lg/travlreg.html), and are incorporated herein by reference and made a part of this Agreement as if completely restated herein. The travel must be specifically required and approved by the DCH Project Leader listed in Section 30, *Notice*, prior to such travel with the duration, purpose and location of travel and any other pertinent information requested by the Project Leader needed for approval.

Notwithstanding the above paragraph, travel for implementation and quarterly performance reviews are at no cost to DCH. Any travel on behalf of DCH must be requested by the Contractor in writing and approved by the DCH Project Leader staff in writing prior to travel occurring. The Contractor must also pay for at least two (2) DCH staff members to visit the offices in which claims payments and DCH dedicated staff are located, at least quarterly and at the Contractor's expense.

State vehicles shall not be used in the performance of this Agreement.

17. LICENSE, CERTIFICATE, PERMIT REQUIREMENT

Contractor shall have, obtain, and maintain in good standing any Georgia-licenses, certificates and permits that are required prior to and during the performance of work under this Agreement. Contractor agrees to provide DCH with certified copies of all licenses, certificates and permits necessary upon request.

The Contractor also states, represents, and warrants that it is duly and lawfully licensed to perform the services contemplated by this Agreement in the State of Georgia

18. RISK OF LOSS AND REPRESENTATIONS

DCH takes no title to any of Contractor's goods used in providing the services and/or deliverables hereunder and Contractor shall bear all risk of loss for any goods used in performing work pursuant to this Agreement.

The Parties agree that DCH may reasonably rely upon the representations and certifications made by the Contractor, including those made by the Contractor in the Contractor's response to the RFP and this Agreement, without first making an independent investigation or verification.

The Parties also agree that DCH may reasonably rely upon any audit report, summary, analysis, certification, review, or work product that the Contractor produces in accordance with its duties under this Agreement, without first making an independent investigation or verification.

19. PROHIBITION OF GRATUITIES AND LOBBYIST DISCLOSURES

Contractor, in the performance of this Agreement, shall not offer or give, directly or indirectly, to any employee or agent of the State of Georgia, any gift, money or anything of value, or any promise, obligation, or Agreement for future reward or compensation at any time during the term of this Agreement, and shall comply with the disclosure requirements set forth in O.C.G.A. § 45-1-6.

Contractor also states and warrants that it has complied with all disclosure and registration requirements for vendor lobbyists as set forth in O.C.G.A. § 21-5-1, *et. seq.* and all other applicable law, including but not limited to registering with the State Ethics Commission. For the purposes of this Agreement, vendor lobbyists are those who lobby State officials on behalf of businesses that seek an Agreement to sell goods or services to the State or oppose such Agreement.

As required by applicable Federal law, Contractor states and warrants that no federal money has been used for any lobbying of State officials, as required under applicable federal law.

Contractor agrees to sign and comply with Appendix F, Vendor Lobbyist Disclosure and Registration Certification Form.

20. RECORDS REQUIREMENTS

Contractor agrees to maintain books, records, documents, and other evidence pertaining to the costs and expenses of this Agreement to the extent and in such detail as will properly reflect all costs for which payment is made under the provisions of this Agreement and/or any document that is a part of this Agreement by reference or inclusion. Contractor's accounting procedures and practices shall conform to generally accepted accounting principles, and the costs properly applicable to the Agreement shall be readily ascertainable there from.

A. Records Retention Requirements

Contractor shall preserve and make available all of its records pertaining to the performance under this Agreement for a period of five (5) years from the date of final payment under this Agreement, and for such period, if any, as is required by applicable statute or by any other section of this Agreement. If the Agreement is

completely or partially terminated, the records relating to the work terminated shall be preserved and made available for period of five (5) years from the date of termination or of any resulting final settlement. Records that relate to appeals, litigation, or the settlements of claims arising out of the performance of this Agreement, or costs and expenses of any such agreements as to which exception has been taken by the State Contractor or any of his duly authorized representatives, shall be retained by Contractor until such appeals, litigation, claims or exceptions have been disposed of.

*B. Access to Records*

The State and Federal standards for audits of DCH agents, contractors, and programs are applicable to this section and are incorporated by reference into this Agreement as though fully set out herein.

Pursuant to the requirements of 42 C.F.R. § 434.6(a)(5) and 42 C.F.R. § 434.38, Contractor shall make all of its books, documents, papers, provider records, medical records, financial records, data, surveys and computer databases available for examination and audit by the DCH, State Attorney General, State Health Care Fraud Control Unit, the State Department of Audits, or authorized State or federal personnel. Any records requested hereunder shall be produced immediately for on-site review or sent to the requesting authority by mail within fourteen (14) calendar days following a request. All records shall be provided at the sole cost and expense of Contractor. The DCH shall have unlimited rights to use, disclose, and duplicate all information and data in any way relating to the Agreement in accordance with applicable State and federal laws and regulations.

*21. CONFIDENTIALITY REQUIREMENTS*

*A. General Confidentiality Requirements*

Contractor shall treat all information that is obtained or viewed by it or through its staff and subcontractors performance under this Agreement as confidential information, and shall not use any information so obtained in any manner, except as may be necessary for the proper discharge of its obligations. Employees or authorized subcontractors of Contractor who have a reasonable need to know such information for purposes of performing their duties under this Agreement shall use personal or patient information, provided such employees and/or subcontractors have first signed an appropriate non-disclosure agreement that has been approved and maintained by the DCH. Contractor shall remove any person from performance of services hereunder upon notice that the DCH reasonably believes that such person has failed to comply with the confidentiality obligations of this Agreement. Contractor shall replace such removed personnel in accordance with the staffing requirements of this Agreement. The DCH, the Georgia Attorney General, federal officials as authorized by federal law or regulations, or the authorized representatives of these parties shall have access to

all confidential information in accordance with the requirements of State and federal laws and regulations.

*B. HIPAA Compliance*

The Contractor also agrees to assist the DCH in its efforts to comply with the HIPAA and its amendments, rules, procedures, and regulations. To that end, the Contractor will cooperate and abide by any requirements mandated by HIPAA or any other applicable laws. The Contractor acknowledges that HIPAA may require the Contractor and the DCH to sign a Business Associate Agreement or other documents for compliance purposes. The Contractor agrees to cooperate with the DCH on these matters and to sign whatever documents that may be required for HIPAA compliance and to abide by their terms and conditions.

22. *TERMINATION OF AGREEMENT*

This Contract may terminate or may be terminated by the DCH for any or all of the following reasons:

- a. default by the Contractor, upon five (5) calendar days notice; or
- b. convenience of DCH, upon thirty (30) calendar days notice; or
- c. immediately, in the event of Contractor's breach, insolvency or declaration of bankruptcy; or
- d. immediately, when sufficient appropriated funds no longer exist for the payment of DCH's obligation under this Agreement.

*A. Termination Procedures*

Upon delivery of notice of termination by DCH to Contractor, Contractor shall:

- a. Stop work under the Agreement on the date and to the extent specified in the notice of termination;
- b. Place no further orders or subcontract for materials, services, or facilities, except as may be necessary for completion of such portion of the work under the Agreement as is not terminated;
- c. Terminate all orders and subcontracts to the extent that they relate to the performance of work terminated by the notice of termination;
- d. Assign to the DCH, in the manner and to the extent directed by the Contract Administrator, all of the rights, title, and interests of Contractor under the orders or subcontracts so terminated, in which case DCH shall have the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- e. With the approval of the Contract Administrator, settle all outstanding

liabilities and all claims arising out of such termination or orders and subcontracts, the cost of which would be reimbursable in whole or in part, in accordance with the provisions of the Agreement;

- f. Complete the performance of such part of the work as shall not have been terminated by the notice of termination;
- g. Take such action as may be necessary, or as the Contract Administrator may direct, for the protection and preservation of any and all property or information related to the Agreement that is in the possession of Contractor and in which DCH has or may acquire an interest.

**B. Termination Claims**

After receipt of a notice of termination, Contractor shall submit to the Contract Administrator any termination claim in the form and with the certification prescribed by the Contract Administrator. Such claim shall be submitted promptly but in no event later than three (3) months from the effective date of termination. Upon failure of Contractor to submit its termination claim within the time allowed, the Contract Administrator may, subject to any review required by the State procedures in effect as of the date of execution of the Agreement, determine, on the basis of information available, the amount, if any, due to Contractor by reason of the termination and shall thereupon cause to be paid to Contractor the amount so determined.

Upon receipt of notice of termination, Contractor shall have no entitlement to receive any amount for lost revenues or anticipated profits or for expenditures associated with this or any other Agreement. Upon termination Contractor shall be paid in accordance with the following:

- a. At the contract price(s) for completed deliverables and services delivered to and accepted by the DCH; and/or
- b. At a price mutually agreed upon by Contractor and the DCH for partially completed deliverables.

In the event of the failure of Contractor and the DCH to agree in whole or in part as to the amounts with respect to costs to be paid to Contractor in connection with the total or partial termination of work pursuant to this article, the DCH shall determine, on the basis of information available, the amount, if any, due to Contractor by reason of termination and shall pay to Contractor the amount so determined.

The DCH or their agent shall pay the Contractor in accordance with this Agreement for all claims for Covered Drugs dispensed and services provided to Members, the DCH on or before the effective date of termination, as appropriate. Claims submitted by Participating Pharmacies or Member Submitted Claims filed with the Contractor after the termination date of this Agreement shall be processed and adjudicated in accordance with a mutually determined run-off (run-out) plan. The DCH shall continue to pay the applicable fees under the contracted rate in **Appendix <>** for processing claims with dates of service incurred on and

prior to the last date in which this Agreement is in effect. This provision shall survive termination of this Agreement for any reason.

C. Termination of Individual Participating Pharmacies – the SHBP

In addition to any other right or option to terminate this Agreement and notwithstanding any other provision of this Agreement, the DCH may request the Contractor to terminate immediately, or the Contractor may terminate, a Participating Pharmacy's Pharmacy Provider Agreement, if such Participating Pharmacy fails to abide by the terms and conditions thereof or fails to come into compliance within fifteen (15) calendar days, or other date as specified in the Pharmacy Provider Agreement, after a receipt of notice from the Contractor specifying such failure and requesting such Participating Pharmacy to abide by the terms and conditions thereof. Termination of an individual Participating Pharmacy from participation under this Agreement shall be governed by the terms and conditions of the applicable program and the Pharmacy Provider Agreement. Notwithstanding the termination of this Agreement with respect to any particular Participating Pharmacy, this Agreement shall remain in full force and effect with respect to all other Participating Pharmacies.

D. Termination of Individual Participating Pharmacies - the SHBP

DCH may suspend, terminate or take other action against a Participating Pharmacy that participates in any plan or program of DCH, including but not limited to the SHBP, in accordance with the terms and conditions of such plan or program, as a result of any limitation, restriction, condition or the termination of such pharmacy under another DCH plan or program. Pursuant to any such action taken by DCH under another plan or program, DCH, in its sole discretion, may request the Contractor to terminate such pharmacy's participation under this Agreement by issuing written notice to the Contractor.

23. PERFORMANCE GUARANTEES/LIQUIDATED DAMAGES

In the event that Contractor fails to meet the terms, conditions, or requirements of this Agreement and financial damages are difficult or impossible to ascertain exactly, Contractor agrees that DCH may access performance guarantees/liquidated damages, not penalties, against the Contractor for the deficiencies. Please see Appendix G, which is completely incorporated into this Agreement as if completely restated herein, for more specific information. The Parties further acknowledge and agree that the specified performance guarantees/liquidated damages are reasonable and the result of a good faith effort by the Parties to estimate the actual harm caused by the Contractor's breach.

24. INDEMNIFICATION

Contractor hereby releases and agrees to indemnify and hold harmless DCH, the State of Georgia and its departments, agencies and instrumentalities (including the State Tort Claims Trust Fund, the State Authority Liability Trust Fund, The State

Employee Board Form Liability Funds, the State Insurance and Hazard Reserve Fund, and other self-insured funds, all such funds hereinafter collectively referred to as the "Funds") from and against any and all claims, demands, liabilities, losses, costs or expenses, and attorneys' fees, caused by, growing out of, or arising from this Agreement, due to any act or omission on the part of Contractor, its agents, employees, customers, invitees, licensees or others working at the direction of Contractor or on its behalf, or due to any breach of this Agreement by Contractor, or due to the application or violation of any pertinent federal, State or local law, rule or regulation. This indemnification extends to the successors and assigns of Contractor, and this indemnification survives the termination of the Agreement and the dissolution or, to the extent allowed by the law, the bankruptcy of Contractor.

25. INSURANCE

Contractor shall, at a minimum, prior to the commencement of work, procure the insurance policies identified below at Contractor's own cost and expense and shall furnish DCH with proof of coverage at least in the amounts indicated. It shall be the responsibility of Contractor to require any subcontractor to secure the same insurance coverage as prescribed herein for Contractor, and to obtain a certificate evidencing that such insurance is in effect. In addition, Contractor shall indemnify and hold harmless DCH and the State from any liability arising out of Contractor's or subcontractor's untimely failure in securing adequate insurance coverage as prescribed herein:

- A. Workers' Compensation Insurance, the policy (ies) to insure the statutory limits established by the General Assembly of the State of Georgia. The Workers' Compensation Policy must include Coverage B – Employer's Liability Limits of:

Bodily Injury by Accident	\$ 1,000,000 each accident
Bodily Injury by Disease	\$ 1,000,000 each employee \$ 3,000,000 policy limits
Professional Malpractice	\$ 1,000,000 each employee \$ 1,000,000 per occurrence \$ 3,000,000 policy limits

Contractor shall require all subcontractors performing work under this Agreement to obtain an insurance certificate showing proof of Worker's Compensation Coverage.

- B. Commercial General Liability Policy (ies) as follows:

Combined Single Limits:	\$ 3,000,000 per person \$ 5,000,000 per occurrence
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The Commercial General Liability Policy must be on an "occurrence" basis.

- C. Liability for property damage in the amount of \$5,000,000.00, including contents coverage for all records maintained pursuant to this Agreement.

26. PERFORMANCE BOND OR LETTER OF CREDIT AND PAYMENT BONDS

Contractor shall obtain at Contractor's own expense a performance bond issued by a surety company authorized to do business in the State of Georgia in an amount equal to the value of the Agreement for each fiscal year of the Agreement for all work that may be undertaken pursuant to the Agreement. The performance bond shall be in the form of the performance bond attached to this Agreement as Appendix H.

In lieu of a performance bond, the Contractor may submit an irrevocable letter of credit in the amount equal to the value of the Agreement for each fiscal year of the Agreement's term. The performance bond shall be forfeited, or the letter of credit shall be redeemed, by the DCH if Contractor is unable to cure a default under this Agreement or is unable to dismiss a bankruptcy proceeding within thirty (30) days of the filing of a bankruptcy petition. In the event of default, the DCH may recover the amount of any loss reasonably incurred by the DCH.

If Contractor opts to obtain a performance bond (instead of a letter of credit), the performance bond shall cover the period beginning with the implementation phase through the life of the Agreement, including but limited to amendments, renewals and extensions. The amount of the performance bond shall be adjusted every six (6) months to reflect any increase in the amount of work to be performed under this Agreement. Contractor shall provide the DCH with written documentation of the surety and the actual performance bond during any interim period. This requirement does not preclude the annual submission requirement.

*Prior to execution of the Agreement, the Contractor must obtain, and during the Agreement term shall maintain a Payment Bond issued by a surety company that is listed in the Federal Registry of Surety Companies in the amount equal to one (1) month's payment to pharmacies. The amount of the Payment Bond shall be adjusted every six (6) months to reflect any increase in the amount of payments to pharmacies.*

*Federal Registry of Surety Companies*

*Circular #570*

*Department of Treasury - Surety Section*

*401 14<sup>th</sup> Street, S.W.*

*Washington, D.C. 20227*

*Telephone: (202) 874-6850*

*(This Registry is updated every July 1<sup>st</sup>.)*

The Payment Bond shall be forfeited if necessary if Contractor fails to pay any subcontractor or supplier within thirty (30) days from the date of the DCH's notice to Contractor of Contractor's failure to pay any subcontractor or supplier. The purpose of the Payment Bond is to ensure that Contractor pays, as required by law, all persons supplying labor and/or material in the execution of the services in the amount due and owing those persons.

Using the forms for the performance bond and payment bond in Appendix H and Appendix J, respectively, the Contractor shall submit an executed performance bond and an executed payment bond to DCH within fifteen (15) days of the Notice of Award and before the execution of the Agreement and again at the time of each renewal. The performance bond shall be used to cover all costs of the State up to a maximum of the full value of the bond in the event that the Contractor is unable to properly, promptly and efficiently perform the Agreement and/or the Agreement is terminated by default or bankruptcy. The payment bond shall be used to cover delinquent payments to the pharmacies and other vendors under contract with the Contractor up to a maximum of the full value of the bond in the event that the Contractor is unable to properly, promptly and efficiently perform the Agreement and/or the Agreement is terminated by default or bankruptcy. Performance bonds and payment bonds shall be in addition to all other rights or remedies available to DCH under this Agreement and under State and federal law.

27. COMPLIANCE WITH ALL LAWS

A. Non-Discrimination

Contractor agrees to comply with applicable federal and State laws, rules and regulations, and the State's policy relative to nondiscrimination in employment practices because of political affiliation, religion, race, color, sex, physical handicap, age, or national origin. Nondiscrimination in employment practices is applicable to employees for employment, promotions, dismissal and other elements affecting employment.

B. Delivery of Service and Other Federal Laws

Contractor agrees that all work done as part of this Agreement will comply fully with applicable administrative and other requirements established by applicable federal and State laws and regulations and guidelines, including but not limited to §1902(a)(7) of the Social Security Act and DCH Policies and Procedures, and assumes responsibility for full compliance with all such applicable laws, regulations, and guidelines, and agrees to fully reimburse DCH for any loss of funds or resources or overpayment resulting from non-compliance by Contractor, its staff, agents or subcontractors, as revealed in subsequent audits. The provisions of the Fair Labor Standards Act of 1938 (29 U.S.C. § 201 et seq.) and the rules and regulations as promulgated by the United States Department of Labor in Title XXIX of the Code of Federal Regulations are applicable to this Agreement. Contractor shall agree to conform with such federal laws as affect the delivery of services under this Agreement including but not limited to the Titles VI, VII, XIX of the Social Security Act, the Federal Rehabilitation Act of 1973, the Davis Bacon Act (40 U.S.C. § 276a et seq.), the Copeland Anti-Kickback Act (40 U.S.C. § 276c), and the Americans with Disability Act of 1993 (including but not limited to 28 C.F.R. § 35.100 et seq.). Contractor will agree to conform to such requirements or regulations as the United States Department of Health and Human Services may issue from time to time. Authority to implement federal requirements or regulations will be given to Contractor by DCH in the form of an Agreement amendment.

C. Cost of Compliance With Applicable Laws

The Contractor agrees that it will bear any and all costs (including but not limited to attorneys' fees, accounting fees, research costs, or consultant costs) related to, arising from, or caused by compliance with any and all laws, such as but not limited to federal and State statutes, case law, precedent, regulations, policies, and procedures. In the event of a disagreement on this matter, the Department's determination on this matter shall be conclusive and not subject to appeal.

D. General Compliance

Additionally, the Contractor agrees to comply and abide by all laws, rules, regulations, statutes, policies, or procedures that may govern the Agreement, the deliverables in the Agreement, or

either Party's responsibilities. To the extent that applicable laws, rules, regulations, statutes, policies, or procedures require the Contractor to take action or inaction, any costs, expenses, or fees associated with that action or inaction shall be borne and paid by the Contractor solely.

28. CONFLICT RESOLUTION

Any dispute concerning a question of fact or obligation related to or arising from this Agreement that is not disposed of by mutual agreement shall be decided by the Contract Administrator who shall reduce his or her decision to writing and mail or otherwise furnish a copy to the Contractor. The written decision of the Contract Administrator shall be final and conclusive, unless the Contractor mails or otherwise furnishes a written appeal to the Commissioner of DCH within ten (10) calendar days from the date of receipt of such decision. The decision of the Commissioner or his duly authorized representative for the determination of such appeal shall be final and conclusive. Pending a final decision of a dispute hereunder, Contractor shall proceed diligently with the performance of the Agreement.

29. CONFLICT OF INTEREST AND CONTRACTOR INDEPENDENCE

No official or employee of the State of Georgia or the federal government who exercises any functions or responsibilities in the review or approval of the undertaking or carrying out of the project shall, prior to the completion of the project, voluntarily acquire any personal interest, direct or indirect, in this Agreement or proposed Contract.

Contractor covenants that it presently has no interest and shall not acquire any interest, direct or indirect, that would conflict in any material manner or degree with, or have a material adverse effect on the performance of its services hereunder. Contractor further covenants that in the performance of the Agreement no person having any such interest shall be employed.

All of the Parties hereby certify that the provisions of O.C.G.A. §45-10-20 through §45-10-28, which prohibit and regulate certain transactions between State officials and employees and the State of Georgia, have not been violated and will not be violated in any respect throughout the term.

In addition, it shall be the responsibility of the Contractor to maintain independence and to establish necessary policies and procedures to assist the Contractor in determining if the actual employees performing work under this Agreement have any impairment to their independence. To that end, the Contractor shall submit a written plan to DCH within five (5) business days of the execution of this Agreement in which it outlines the Contractor's

policies and procedures relating to how it monitors and enforces employee impartiality and independence. The Contractor further agrees to take all necessary actions to eliminate threats to impartiality and independence, including but not limited to reassigning, removing, or terminating employees.

30. NOTICE

All notices under this Agreement shall be deemed duly given upon delivery, if delivered by hand, or three (3) calendar days after posting, if sent by registered or certified mail, return receipt requested, to a party hereto at the addresses set forth below or to such other address as a party may designate by notice pursuant hereto.

**For DCH:**

**Contract Administration:**

\_\_\_\_\_, Contract Specialist  
Georgia Department of Community Health  
2 Peachtree Street, NW - 35<sup>th</sup> Floor  
Atlanta, GA 30303-3159  
(404) \_\_\_\_ - \_\_\_\_ – Phone  
(404) \_\_\_\_ - \_\_\_\_ – Fax  
e-mail address:

**Project Leader:**

\_\_\_\_\_  
Georgia Department of Community Health  
2 Peachtree Street, NW – 37<sup>th</sup> Floor  
Atlanta, GA 30303-3159  
(404) \_\_\_\_\_ – Phone  
(404) \_\_\_\_\_ – Fax  
e-mail address:

**For Contractor:**

\_\_\_\_\_  
\_\_\_\_\_  
(404) \_\_\_\_\_  
(404) \_\_\_\_\_ - Fax  
e-mail address

It shall be the responsibility of Contractor to inform the Contract Administrator of any change in address in writing no later than five (5) business days after the change.

31. MISCELLANEOUS

A. Choice of Law or Venue

This Agreement shall be governed in all respects by the laws of the State of Georgia. Any lawsuit or other action brought against DCH or the State based upon or arising from this Agreement shall be brought in a court or other forum of competent jurisdiction in Fulton County in the State of Georgia.

B. Attorney's Fees

In the event that either Party deems it necessary to take legal action to enforce any provision of the Agreement, and in the event DCH prevails, Contractor agrees to pay all expenses of such action including reasonable attorney's fees and costs at all stages of litigation as awarded by the court, a lawful tribunal, hearing officer or administrative law judge. If Contractor prevails in any such action, the court or hearing officer, at its discretion, may award costs and reasonable attorney's fees to the Contractor. The term legal action shall be deemed to include administrative proceedings of all kinds, as well as all actions at law or equity. Notwithstanding the above, this provision shall not apply.

C. Survivability

The terms, provisions, representations and warranties contained in this Agreement shall survive the delivery or provision of all services or deliverables hereunder.

D. Drug-Free Workplace

Contractor must certify to DCH that a drug-free workplace will be provided by Contractor's employees during the performance of the Agreement as required by the "Drug-Free Workplace Act", O.C.G.A. § 50-24-1, et seq. and certify compliance with applicable federal law as set forth in Appendix A. Contractor agrees to sign and comply with Appendix A. Any false certification by Contractor or violation of such certification, or failure to carry out the requirements set forth in State of Georgia or federal statutes, rules, regulations, policies, or guidelines relating to a drug free workplace may result in Contractor being suspended, terminated or debarred from the performance of this Agreement.

E. Certification Regarding Debarment, Suspension, Proposed Debarment and Other Matters

Contractor certifies that it is not presently debarred, suspended, proposed for debarment or declared ineligible for award of contracts by any federal or State agency.

*F. Waiver*

The waiver by DCH of any breach of any provision contained in this Agreement shall not be deemed to be a waiver of such provision on any subsequent breach of the same or any other provision contained in this Agreement and shall not establish a course of performance between the Parties contradictory to the terms hereof.

*G. Force Majeure*

Neither Party to this Agreement shall be responsible for delays or failures 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, fire, earthquakes, or other disasters.

*H. Binding*

This Agreement and all of its terms, conditions, requirements, and amendments shall be binding on DCH and Contractor and their respective successors and permitted assigns.

*I. Time is of the Essence*

Time is of the essence in this Agreement. Any reference to “days” shall be deemed calendar days unless otherwise specifically stated.

*J. Authority*

DCH has full power and authority to enter into this Agreement, and the person acting on behalf of and signing for Contractor has full authority to enter into this Agreement, and the person signing on behalf of Contractor has been properly authorized and empowered to enter into this Agreement on behalf of Contractor and to bind Contractor to the terms of this Agreement. Each Party further acknowledges that it: has had the opportunity to consult with and/or retain legal counsel of its choice; read this Agreement; understands this Agreement; and agrees to be bound by it.

*K. Ethics in Public Contracting*

Contractor understands, states, and certifies that it made its proposal to the RFP without collusion or fraud and that it did not offer or receive any kickbacks or other inducements from any other Contractor, Contractor, supplier, manufacturer, or subcontractor in connection with its proposal to the RFP.

*L. Contract Language Interpretation*

The Contractor and the Department agree that in the event of a disagreement regarding, arising out of, or related to contract language interpretation, the Department's interpretation of the contract language in dispute shall control and govern. The Department's interpretation of the contract language in dispute shall not be subject to appeal under any circumstance.

*M. Assessment of Fees*

The Contractor and the Department agree that the Department may elect to deduct any assessed fees from payments due or owing to the Contractor or direct the Contractor to make payment directly to the Department for any and all assessed fees. The choice is solely and strictly the Department's choice.

*N. Cooperation with Other Contractors*

In the event that the Department has entered into or enters into agreements with other Contractors for additional work related to the services rendered hereunder, the Contractor agrees to cooperate fully with such other Contractors. The Contractor shall not commit any act that will interfere with the performance of work by any other contractor.

Additionally, if the Department eventually awards this Agreement to another contractor, the Contractor agrees that it will not engage in any behavior or inaction that prevents or hinders the work related to the services contracted for in this Agreement. In fact, the Contractor agrees to submit a written turnover plan and/or transition plan to the Department within thirty (30) days of receiving the Department's intent to terminate letter. The Parties agree that the Contractor has not successfully met this obligation until the Department accepts its turnover plan and/or transition plan.

The Contractor's failure to cooperate and comply with this provision, shall be sufficient grounds for the Department to halt all payments due or owing to the Contractor until it becomes comply with this or any other Agreement provision. The Department's determination on the matter shall be conclusive and not subject to appeal.

*O. Section Titles Not Controlling*

The section titles used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

P. Cooperation with Audits

The Contractor agrees to assist and cooperate with the Department in any and all matters and activities related to or arising out of any audit or review, whether federal, private, or internal in nature, at no cost to the Department.

The Parties also agree that the Contractor shall be solely responsible for any costs it incurs for any audit related inquiries or matters. Moreover, the Contractor may not charge or collect any fees or compensation from DCH for any matter, activity, or inquiry related to, arising out of, or based on an audit or review.

Q. Publicity

Any publicity given to the services provided herein including, but not limited to, notices, information, pamphlets, press releases, research, reports, signs and similar public notices prepared by or for the Contractor, shall identify DCH as the sponsoring institution, and shall not be released, displayed or otherwise disseminated prior to the written approval of DCH; however, the Contractor may reference this Agreement in proposals for other Agreements without DCH's approval. Any publicity shall be subject and pursuant to Section 12A of this Agreement regarding trademarks, patents and copyrights.

R. Homeland Security Considerations

Contractor shall perform the services to be provided under this Agreement entirely within the boundaries of the United States. Also, Contractor will not hire any individual to perform any services under this Agreement if that individual is required to have a work visa approved by the U.S. Department of Homeland Security and such individual has not met this requirement.

If Contractor performs services or uses services in violation of the foregoing paragraph, Contractor shall be in material breach of this Agreement and shall be liable to the Department for any costs, fees, damages, claims, or expenses it may incur. Additionally, the Contractor shall be required to hold harmless and indemnify the Department pursuant to the indemnification provisions of this Agreement.

The prohibitions in this section shall also apply to any and all agents and subcontractors used by the Contractor to perform any services under this Agreement.

32. AMENDMENT IN WRITING

No amendment, waiver, termination or discharge of this Agreement, or any of the terms or provisions hereof, shall be binding upon either Party unless confirmed in writing. None of the Solicitation Documents may be modified or amended, except by writing executed by DCH's Commissioner or his designee and all other duly authorized representatives of Parties to this

Agreement. Any agreement of the Parties to amend, modify, eliminate or otherwise change any part of this Contract shall not affect any other part of this Agreement, and the remainder of this Agreement shall continue to be of full force and effect as set out herein.

33. CONTRACT ASSIGNMENT

Contractor shall not assign this Agreement, in whole or in part, without the prior written consent of DCH, and any attempted assignment not in accordance herewith shall be null and void and of no force or effect.

34. SEVERABILITY

Any section, subsection, paragraph, term, condition, provision, or other part of this

Agreement that is judged, held, found or declared to be voidable, void, invalid, illegal or otherwise not fully enforceable shall not affect any other part of this Agreement, and the remainder of this Agreement shall continue to be of full force and effect as set out herein.

35. COMPLIANCE WITH AUDITING AND REPORTING REQUIREMENTS FOR NON-PROFIT ORGANIZATIONS (O.C.G.A. § 50-20-1 ET SEQ.)

The Contractor agrees to comply at all times with the provisions of the Federal Single Audit Act (hereinafter called the Act) as amended from time to time, all applicable implementing regulations, including but not limited to any disclosure requirements imposed upon non-profit organizations by the Georgia Department of Audits as a result of the Act, and to make complete restitution to the Department of any payments found to be improper under the provisions of the Act by the Georgia Department of Audits, the Georgia Attorney General's Office or any of their respective employees, agents, or assigns.

36. OPEN RECORDS OR SUNSHINE LAWS

The Contractor agrees to comply with any and all laws, regulations, statutes, and procedures that require disclosure of contracts, documents, or other information to the public, such as but not limited to O.C.G.A. § 50-18-70, et. seq..

37. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior negotiations,

representations or contracts. No written or oral agreements, representatives, statements, negotiations, understandings, or discussions that are not set out, referenced, or specifically incorporated in this Agreement shall in any way be binding or of effect between the Parties.

*(Signatures on following page)*

**SIGNATURE PAGE**

**IN WITNESS WHEREOF**, the Parties state and affirm that they are duly authorized to bind the respected entities designated below as of the day and year indicated.

**GEORGIA DEPARTMENT OF COMMUNITY HEALTH**

\_\_\_\_\_  
Rhonda M. Meadows, M.D., Commissioner

\_\_\_\_\_  
Date

\_\_\_\_\_  
**CONTRACTOR NAME**

BY: \_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print/Type Name

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
AFFIX CORPORATE SEAL HERE  
(Corporations without a seal, attach a  
Certificate of Corporate Resolution)

ATTEST: \_\_\_\_\_  
\*\*SIGNATURE

\_\_\_\_\_  
TITLE

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\* Must be President, Vice President, CEO or Other Authorized Officer  
\*\*Must be Corporate Secretary

DRUG-FREE WORKPLACE CERTIFICATE

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)  
CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS  
GRANTEES OTHER THAN INDIVIDUALS**

By signing and/or submitting this application or grant agreement, the grantee is providing the certification set out below.

This certification is required by regulations implementing the Drug-Free Workplace Act of 1988, 45 CFR Part 76, Subpart F. The regulations, published in the January 31, 1989 Federal Register, require certification by grantees that they will maintain a drug-free workplace. The certification set out below is a material representation of fact upon which reliance will be placed when HHS makes a determination regarding the award of the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government-wide suspension or debarment.

The grantee certifies that it will provide a drug-free workplace by:

1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
2. Establishing a drug-free awareness program to inform employees about:
  - a. The dangers of drug abuse in the workplace;
  - b. The grantee's policy of maintaining a drug-free workplace;
  - c. Any available drug counseling, rehabilitation, and employee assistance programs; and
  - d. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
3. Making it a requirement that each employee who will be engaged in the performance of the grant be given a copy of the statement required by paragraph 1;
4. Notifying the employee in the statement required by paragraph 1 that, as a condition of employment under the grant, the employee will:
  - a. Abide by the terms of the statement; and
  - b. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction;

5. Notifying the agency within ten days after receiving notice under subparagraph 4. b) from an employee or otherwise receiving actual notice of such conviction;
6. Taking one of the following actions, within 30 days of receiving notice under subparagraph 4. b), with respect to any employee who is so convicted;
  - a. Taking appropriate personnel action against such an employee, up to and including termination; or
  - b. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency;
7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1, 2, 3, 4, 5, and 6.

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Contractor

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Signature

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Date

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, PROPOSED DEBARMENT,  
AND OTHER RESPONSIBILITY MATTERS



*Federal Acquisition Regulation 52.209-5, Certification Regarding Debarment, Suspension, Proposed Debarment,  
and Other Responsibility Matters (March 1996)*

- (a) (1) The Contractor certifies, to the best of its knowledge and belief, that—
- (i) The Contractor and/or any of its Principals—
    - A. Are  are not  presently debarred, suspended, proposed for debarment, or declared ineligible for award of contracts by any Federal agency;
    - B. Have  have not  within a three-year period preceding this offer, been convicted of or had a civil judgment rendered against them for: commission of fraud or criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) contract or subcontract; violation of federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, evasion, or receiving stolen property; and
    - C. Are  are not  presently indicted for, or otherwise criminally or civilly charged by a governmental entity with commission of any of the offenses enumerated in subdivision (a)(1)(i)(B) of this provision.
  - (ii) The Contractor has  has not  within a three-year period preceding this offer, had one or more contracts terminated for default by any federal agency.
- (2) “Principals,” for purposes of this certification, means officers, directors, owners, partners, and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager, plant manager, head of a subsidiary, division, or business segment; and similar positions).

This certification concerns a matter within the jurisdiction of an Agency of the United States and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under 18 U.S.C. § 1001.

- (b) The Contractor shall provide immediate written notice to the Contracting Officer if, at any time prior to contract award, the Contractor learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
- (c) A certification that if any of the items in paragraph (a) of this provision exist will not necessarily result in withholding of an award under this solicitation. However, the certification will be considered in connection with a determination of the Contractor's responsibility. Failure of the Contractor to furnish a certification or provide such additional information as requested by the Contracting Officer may render the Contractor non-responsible.
- (d) Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by paragraph (a) of this provision. The knowledge and information of a Contractor is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
- (e) The certification in paragraph (a) of this provision is a material representation of fact upon which reliance was placed when making award. If it is later determined that the Contractor knowingly rendered an erroneous certification, in addition to other remedies available to the Government, the Contracting Officer may terminate the contract resulting from this solicitation for default.

Contractor:

By: \_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name and Title

**GEORGIA DEPARTMENT OF COMMUNITY HEALTH**  
**NONPROFIT ORGANIZATION DISCLOSURE FORM**

**Notice to all DCH Contractors:** Pursuant to Georgia law, nonprofit organizations that receive funds from a state organization must comply with audit requirements as specified in O.C.G.A. § 50-20-1 *et seq.* (hereinafter “the Act”) to ensure appropriate use of public funds. “Nonprofit Organization” means any corporation, trust, association, cooperative, or other organization that is operated primarily for scientific, educational, service, charitable, or similar purposes in the public interest; is not organized primarily for profit; and uses its net proceeds to maintain, improve or expand its operations. The term nonprofit organization includes nonprofit institutions of higher education and hospitals. For financial reporting purposes, guidelines issued by the American Institute of Certified Public Accountants should be followed in determining nonprofit status.

The Department of Community Health (DCH) must report contracts with nonprofit organizations to the Department of Audits and must ensure compliance with the other requirements of the Act. Prior to execution of any contract, the potential contractor must complete this form disclosing its corporate status to DCH. This form must be returned, along with proof of corporate status, to: Elvina Calland, Director, Contract and Procurement Administration, Georgia Department of Community Health, 35<sup>th</sup> Floor, 2 Peachtree Street, N.W., Atlanta, Georgia 30303-3159.

Acceptable proof of corporate or organizational status includes, but is not limited to, the following documentation:

- Financial statements for the previous year;
- Federal and State tax returns for the previous tax year;
- Articles of Incorporation;
- Corporate Charter;
- Board Minutes or Resolutions;
- Documents that confirm corporate or organizational status; or,
- Appropriate certification from the Georgia Secretary of State.

Entities that meet the definition of nonprofit organization provided above and are subject the requirements of the Act will be contacted by DCH for further information.

COMPANY NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

CORPORATE STATUS: (check one) For Profit \_\_\_\_\_ Non-Profit \_\_\_\_\_  
*I, the undersigned duly authorized representative of \_\_\_\_\_*  
*do hereby attest that the above information is true and correct to the best of my knowledge.*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

**STATE OF GEORGIA  
THE GEORGIA DEPARTMENT OF COMMUNITY HEALTH  
2 PEACHTREE STREET, N.W.  
ATLANTA, GEORGIA 30303-3159**

**CONFIDENTIALITY STATEMENT  
FOR SAFEGUARDING INFORMATION**

I, the undersigned, understand and, by my signature, agree to comply with Federal and State requirements regarding the safeguarding of the Department of Community Health/State Health Benefit Plan information in my possession, including but not limited to information that is obtained electronically from the Fiscal Agent, vendors, or any other entity or individual while performing contractual services with or for the Department of Community Health, its agents or contractors.

Individual's Name: (typed or printed): \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Telephone No.: \_\_\_\_\_

Company or Agency Name and Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## ATTACHMENT E

### BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (hereinafter referred to as “Agreement”); effective this \_\_\_\_\_ day of \_\_\_\_\_ is made and entered into by and between the Georgia Department of Community Health (hereinafter referred to as “DCH”) and \_\_\_\_\_. (hereinafter referred to as “Contractor”).

**WHEREAS**, DCH is required by the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 (“HIPAA”), to enter into a Business Associate Agreement with certain entities that provide functions, activities, or services involving the use of Protected Health Information (“PHI”);

**WHEREAS**, Contractor, under Contract No. \_\_\_\_\_ (hereinafter referred to as “Contract”), may provide functions, activities, or services involving the use of PHI;

**NOW, THEREFORE**, for and in consideration of the mutual promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, DCH and Contractor (each individually a “Party” and collectively the “Parties”) hereby agree as follows:

1. Terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy Rule, published as the Standards for Privacy of Individually Identifiable Health Information in 45 CFR Parts 160 and 164 (“Privacy Rule”).
2. Except as limited in this Agreement, Contractor may use or disclose PHI only to extent necessary to meet its responsibilities as set forth in the Contract provided that such use or disclosure would not violate the Privacy Rule if done by DCH.
3. Unless otherwise required by Law, Contractor agrees:
  - A. That it will not request, create, receive, use or disclose PHI other than as permitted or required by this Agreement or as required by law.
  - B. To establish, maintain and use appropriate safeguards to prevent use or disclosure of the PHI other than as provided for by this Agreement.
  - C. To mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI by Contractor in violation of the requirements of this Agreement.
  - D. That its agents or subcontractors are subject to the same obligations that apply to Contractor under this Agreement and Contractor agrees to ensure that its agents or subcontractors comply with the conditions, restrictions, prohibitions and other

limitations regarding the request for, creation, receipt, use or disclosure of PHI, that are applicable to Contractor under this Agreement.

- E. To report to DCH any use or disclosure of PHI that is not provided for by this Agreement of which it becomes aware. Contractor agrees to make such report to DCH in writing in such form as DCH may require within twenty-four (24) hours after Contractor becomes aware.
  - F. To make any amendment(s) to PHI in a Designated Record Set that DCH directs or agrees to pursuant to 45 CFR 164.526 at the request of DCH or an Individual, within five (5) business days after request of DCH or of the Individual. Contractor also agrees to provide DCH with written confirmation of the amendment in such format and within such time as DCH may require.
  - G. To provide access to PHI in a Designated Record Set, to DCH upon request, within five (5) business days after such request, or, as directed by DCH, to an Individual. Contractor also agrees to provide DCH with written confirmation that access has been granted in such format and within such time as DCH may require.
  - H. To give DCH, the Secretary of the U.S. Department of Health and Human Services (the "Secretary") or their designees access to Contractor's books and records and policies, practices or procedures relating to the use and disclosure of PHI for or on behalf of DCH within five (5) business days after DCH, the Secretary or their designees request such access or otherwise as DCH, the Secretary or their designees may require. Contractor also agrees to make such information available for review, inspection and copying by DCH, the Secretary or their designees during normal business hours at the location or locations where such information is maintained or to otherwise provide such information to DCH, the Secretary or their designees in such form, format or manner as DCH, the Secretary or their designees may require.
  - I. To document all disclosures of PHI and information related to such disclosures as would be required for DCH to respond to a request by an Individual or by the Secretary for an accounting of disclosures of PHI in accordance with the requirements of the Privacy Rule.
  - J. To provide to DCH or to an Individual, information collected in accordance with Section 3. I. of this Agreement, above, to permit DCH to respond to a request by an Individual for an accounting of disclosures of PHI as provided in the Privacy Rule.
4. Unless otherwise required by Law, DCH agrees:

That it will notify Contractor of any new limitation in DCH's Notice of Privacy Practices in accordance with the provisions of the Privacy Rule if, and to the extent that, DCH determines in the exercise of its sole discretion that such limitation will affect Contractor's use or disclosure of PHI.

That it will notify Contractor of any change in, or revocation of, permission by an Individual for DCH to use or disclose PHI to the extent that DCH determines in the exercise of its sole discretion that such change or revocation will affect Contractor's use or disclosure of PHI.

That it will notify Contractor of any restriction regarding its use or disclosure of PHI that DCH has agreed to in accordance with the Privacy Rule if, and to the extent that, DCH determines in the exercise of its sole discretion that such restriction will affect Contractor's use or disclosure of PHI.

5. The Term of this Agreement shall be effective as of \_\_\_\_\_, and shall terminate when all of the PHI provided by DCH to Contractor, or created or received by Contractor on behalf of DCH, is destroyed or returned to DCH, or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the termination provisions in this Section.

A. **Termination for Cause.** Upon DCH's knowledge of a material breach by Contractor, DCH shall either:

1. Provide an opportunity for Contractor to cure the breach or end the violation, and terminate this Agreement if Contractor does not cure the breach or end the violation within the time specified by DCH;
2. Immediately terminate this Agreement if Contractor has breached a material term of this Agreement and cure is not possible; or
3. If neither termination nor cure is feasible, DCH shall report the violation to the Secretary.

B. **Effect of Termination.**

Except as provided in paragraph (A.) (2) of this Section, upon termination of this Agreement, for any reason, Contractor shall return or destroy all PHI received from DCH, or created or received by Contractor on behalf of DCH. This provision shall apply to PHI that is in the possession of subcontractors or agents of Contractor. Neither Contractor nor its agents nor subcontractors shall retain copies of the PHI.

1. In the event that Contractor determines that returning or destroying the PHI is not feasible, Contractor shall send DCH detailed written notice of the specific reasons why it believes such return or destruction not feasible and the factual basis for such determination, including the existence of any conditions or circumstances which make such return or disclosure infeasible. If DCH determines, in the exercise of its sole discretion, that the return or destruction of such PHI is not feasible, Contractor agrees that it will limit its further use or disclosure of PHI only to those purposes

DCH may, in the exercise of its sole discretion, deem to be in the public interest or necessary for the protection of such PHI, and will take such additional action as DCH may require for the protection of patient privacy or the safeguarding, security and protection of such PHI.

2. If neither termination nor cure is feasible, DCH shall report the violation to the Secretary.
3. Section 5. B. of this Agreement, regarding the effect of termination or expiration, shall survive the termination of this Agreement.

**C. Conflicting Termination Provisions.**

In the event of conflicting termination provisions or requirements, with respect to PHI, the termination provisions of Section 5 in this Business Associate Agreement shall control and supercede and control those in the underlying Contract.

6. **Interpretation.** Any ambiguity in this Agreement shall be resolved to permit DCH to comply with applicable Medicaid laws, rules and regulations, and the Privacy Rule, and any rules, regulations, requirements, rulings, interpretations, procedures or other actions related thereto that are promulgated, issued or taken by or on behalf of the Secretary; provided that applicable Medicaid laws, rules and regulations and the laws of the State of Georgia shall supercede the Privacy Rule if, and to the extent that, they impose additional requirements, have requirements that are more stringent than or have been interpreted to provide greater protection of patient privacy or the security or safeguarding of PHI than those of HIPAA and its Privacy Rule.
7. All other terms and conditions contained in the Contract and any amendment thereto, not amended by this Amendment, shall remain in full force and effect.

*Signatures on following page*

**SIGNATURE PAGE**

Individual's Name: (typed or printed): \_\_\_\_\_

\*Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No. \_\_\_\_\_

Company or Agency Name and Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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\* Must be President, Vice President, CEO or Other Authorized Officer

\*\*Must be Corporate Secretary

VENDOR LOBBYIST DISCLOSURE AND REGISTRATION CERTIFICATION FORM



Pursuant to Executive Order Number 10.01.03.01 (the “Order”), which was signed by Governor Sonny Perdue on October 1, 2003, Contractors with the state are required to complete this form. The Order requires “Vendor Lobbyists,” defined as those who lobby state officials on behalf of businesses that seek a contract to sell goods or services to the state or those who oppose such a contract, to certify that they have registered with the State Ethics Commission and filed the disclosures required by Article 4 of Chapter 5 of Title 21 of the Official Code of Georgia Annotated. Consequently, every vendor desiring to enter into a contract with the state must complete this certification form. False, incomplete, or untimely registration, disclosure, or certification shall be grounds for termination of the award and contract and may cause recoupment or refund actions against Contractor.

In order to be in compliance with Executive Order Number 10.01.03.01, please complete this Certification Form by designating only one of the following:

- Contractor *does not have any* lobbyist employed, retained, or affiliated with the Contractor who is seeking or opposing contracts for it or its clients. Consequently, Contractor has not registered anyone with the State Ethics Commission as required by Executive Order Number 10.01.03.01 and any of its related rules, regulations, policies, or laws.
  
- Contractor does have lobbyist(s) employed, retained, or affiliated with the Contractor who are seeking or opposing contracts for it or its clients. The lobbyists are:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Contractor states, represents, warrants, and certifies that it has registered the above named lobbyists with the State Ethics Commission as required by Executive Order Number 10.01.03.01 and any of its related rules, regulations, policies, or laws.

\_\_\_\_\_  
Contractor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title of Signatory

**PRESCRIPTION DRUG FINANCIAL INFORMATION – PERFORMANCE GUARANTEES**

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Implementation</b>	<b>Standard</b>	<b>Guarantee</b>
<p>1. Implementation Action Steps* and Key Dates</p>	<p>Contractor must complete all implementation actions prior to ‘go-live’ date and according to the implementation timeline provided by the Contractor to DCH. The Contractor must receive DCH sign-off that each action has been completed successfully.</p> <p>Implementation action steps include the following minimum items:</p> <ul style="list-style-type: none"> <li>• Benefit plan designs loaded, operable and tested;</li> <li>• Eligibility feed formats loaded and tested (including eligibility testing from the point of origin to the Contractor);</li> <li>• Operable toll-free numbers, operable and tested;</li> <li>• Development of the Retail Pharmacy Network for the SHBP PPO and Indemnity health plans in accordance with the Agreement;</li> <li>• Dedicated core team member training;</li> <li>• Established billing/banking requirements;</li> <li>• Communications to participants, participating pharmacies and Contractors on product list and key plan design information;</li> <li>• Perform comprehensive systems testing (including interface testing with all third parties) and quality assurance audits, with results reported to the DCH, prior to the “Go-Live” date at no additional cost.</li> </ul> <p>Each component is to be met by an agreed upon deadline in an implementation timeline provided by Contractor to DCH. Implementation action requirements shall include other items necessary to meet the live date for the SHBP prescription drug plan as mutually agreed upon by the parties.</p> <p>SHBP – Live date of 1/1/2007, 8:00 a.m. EST.</p>	<p>Contractor will pay to DCH \$250,000 if the pharmacy benefit plan for the SHBP PPO and Indemnity health plans are not live by 8:00 A.M. Eastern Standard Time on January 1, 2007. An additional amount of \$50,000 per month or portion thereof will be assessed if these plans are not implemented by the first day of each subsequent calendar month.</p> <p>Contractor will pay within thirty (30) days of missed implementation ‘go-live’ date.</p> <p>This is guarantee is dependent upon Contractor receiving necessary information and approvals from DCH in a timely manner.</p>

PERFORMANCE MEASUREMENT†	STANDARD	PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE
General	Standard	Guarantee
<p>1. Hold Quarterly Utilization, Consultative and Performance Meetings Addressing DCH’s Strategic, Clinical and Financial Needs</p>	<p>Contractor will hold on-site quarterly utilization and performance meetings with DCH in Atlanta, GA within forty-five (45) calendar days after the end of the previous quarter.</p>	<p>Contractor will pay to DCH \$5,000 per quarter if the standard is not met.</p> <p>Contractor will report compliance and pay quarterly.</p> <p>Cancellations by DCH or written notification from DCH of mutual agreement to move or cancel such meeting will not result in a fee.</p>
<p>2. Contractor Staff Availability During The Georgia Legislative Session.</p>	<p>Contractor identified staff must respond via phone, electronically or other written communication within thirty (30) minutes* of receiving page or call from DCH during the GA legislative session.</p> <p><i>*15 minutes will be measured by DCH staff on EST.</i></p>	<p>Contractor will pay to DCH \$1,000 per occurrence.</p> <p>DCH will report compliance monthly, and Contractor will pay monthly.</p>
<p>3. Homeland Security Considerations - Proven or indisputable failure to comply with statutes, laws and federal regulations related to Homeland Security as reported by the Contractor, subcontractors, state or federal governing bodies, or the DCH will result in financial assessments until the matter is corrected to the DCH’s satisfaction.</p>	<p>The Contractor shall perform the services to be provided under this Agreement entirely within the boundaries of the United States. Also, Contractor will not hire an individual to perform any services under this Agreement if that individual is required to have a work visa approved by the U.S. Department of Homeland Security and such individual has not met this requirement.</p>	<p>Contractor will pay to DCH \$5000 per occurrence in which Contractor fails to meet standard as determined by the DCH.</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>General</b>	<i>Standard</i>	<i>Guarantee</i>
<p>4. HIPAA Compliance - Proven or indisputable failure to comply with statutes, laws and federal regulations related to HIPAA as reported by the Contractor, vendors, state or federal governing bodies, members, providers or the DCH will result in financial assessments until the matter is corrected to the DCH's satisfaction.</p>	<p><i>Contractor shall treat all Member information and data obtained or reviewed as confidential and private and protect it from disclosure in accordance with Business Associate agreement.</i></p> <p>Contractor shall have and maintain a HIPAA compliant policy and system that protects member's private health information. Contractor shall comply with any and all statutes, laws, regulations, or rules related to, based on, or arising from HIPAA or any other law, regulation, or rule related to, based on, or arising from patient privacy, confidentiality, or health care matters.</p>	<p><i>Contractor will pay to DCH \$5000 per occurrence in which Contractor fails to meet standard, as determined by the DCH. Additionally, Contractor shall pay any and all fines and damages that may be assessed against it or the DCH for Contractor's failure to comply with a law, regulation, or rule related to, based on, or arising from HIPAA or any other law, regulation, or rule related to, based on, or arising from patient privacy, confidentiality, or health care matters.</i></p>

<p>5. <i>Fraud and Abuse Compliance Plan</i></p> <ul style="list-style-type: none"> <li>• <i>Contractor’s compliance plan shall be established and maintained in accordance with the requirements as outlined in this Contract and RFP.</i></li> <li>• <i>Fraud and abuse reports shall be presented by the account management team at the quarterly meetings. Standard shall be measured quarterly.</i></li> </ul> <p>DCH shall review and approve policies and procedures including compliance plan. DCH reserve the right to audit this standard.</p>	<p><i>Contractor shall maintain a written program integrity policies and procedures, including a mandatory compliance plan designed to guard against fraud and abuse.</i></p> <p><i>Contractor shall submit to the DCH its program policies and procedures which include the compliance plan described in this Agreement and RFP within sixty (60) calendar days prior to implementation.</i></p>	<p><i>Contractor will pay to DCH \$1000 per calendar day that standard is not met to be paid quarterly.</i></p> <p><i>\$1000 per calendar day that standard is not met to be paid quarterly.</i></p>
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<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Maximum Allowable Cost (MAC) and Pharmacy Network Management</b>	<b>Standard</b>	<b>Guarantee</b>
6. Provide monthly updates to the retail MAC list	Contractor will provide DCH with complete updated retail MAC List as required in the contract on at least a quarterly basis.	Contractor will pay to DCH the amount of 1% of the first month of that quarter's administrative fees per month if the standard is not met.  Contractor will report compliance and pay quarterly.
7. On-Site Audits	Contractor will perform on-site audits of at least 4% of the network pharmacy providers per DCH plan annually.	Contractor will pay to DCH 5% of the total annual administrative fees on annual basis if the standard is not met..  Contractor will report compliance and pay annually.
8. Geographic access.	On a semi-annual basis (on or before January 1 <sup>st</sup> and July 1 <sup>st</sup> of each year) and upon request from DCH, Contractor will assure 95% of available retail pharmacies in the Primary Service Areas* are part of the Contractor's Retail Pharmacy Network. <i>*Primary Service Areas are defined as the zip codes within which the SHBP members reside.</i>	For each percentage point or portion thereof that network access falls below the access standard the Contractor will pay to DCH the amount of 2% of the first month of that quarter's administrative fees  Contractor will report compliance and pay semi-annually on or by.
9. Accuracy of Point-of-Sale (i.e., non-paper) Claims Processed Electronically*  *Measured by a random sample of at least 450 claims processed per month	Contractor demonstrates accuracy rate of monthly reviewed sample is at least 99.5%.	Contractor will pay to DCH 1% of the month's administrative fees in which the standard is not met.  Contractor will report compliance and pay monthly.

PERFORMANCE MEASUREMENT†	STANDARD	PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE
Online Retail Program	Standard	Guarantee
<p>10. Electronic claim processing time*</p> <p><i>* Note: The time for Contractor to process the claim under this guarantee does not include the time for the pharmacy to transmit the claim, or the time the claim is transferred to or from any third party or switching company. This performance guarantee only applies to the time the claim spends “in-house” in the Contractor’s system(s)..</i></p>	<p>Contractor guarantees that it will process electronic claims to full adjudication within an average of five (5) seconds or less per month.</p>	<p>Contractor will pay to DCH 2% of the month’s administrative fees for each month in which the Contractor does not meet this standard.</p> <p>Contractor will provide written documentation of compliance by the 10<sup>th</sup> business day of the month following the end of each month.</p> <p>The Contractor will pay monthly.</p>
<p>11. Reimbursement Errors*</p> <p><i>*For purposes of this performance guarantee, reimbursement error is defined as any claims payment error resulting in over or under payment to a provider.</i></p>	<p>The Contractor guarantees less than 99.95% of all reimbursement payments to SHBP providers each month are accurate.</p>	<p>Contractor will pay DCH \$10,000 per month that this standard is not met.</p> <p>Contractor report compliance and pay monthly.</p>
<p>12. System downtime* of adjudication and Contractor’s related system platforms</p> <p><i>* Downtime is any time a Contractor’s system (adjudication or related system such as prior authorization, eligibility, etc.) is unavailable for any reason other than scheduled maintenance downtime for which DCH has received prior notice in accordance with the terms of this contract.</i></p>	<p>Each month, average on-line availability of the Contractor’s adjudication and related system platforms will be 99.5%, excluding scheduled maintenance downtime.</p>	<p>The Contractor will pay to DCH 2.5% of the month’s administrative fees for any month in which the monthly average of on-line availability of Contractor’s adjudication and related Contractor’s system platforms does not meet the standard.</p> <p>Contractor will report compliance and pay DCH and pharmacies quarterly.</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Online Retail Program</b>	<b>Standard</b>	<b>Guarantee</b>
<p>13. Notification of schedule system downtime* of Contractor's adjudication and related system platforms reporting</p> <p><i>*Downtime is any time a Contractor's system (adjudication or related system such as prior authorization, eligibility, etc.) is unavailable for any reason other than scheduled maintenance downtime for which DCH has received prior notice in accordance with the terms of this contract.</i></p>	<p>Contractor will notify DCH at least seventy-two (72) hours prior to all scheduled downtimes that occur outside of the agreed upon scheduled maintenance window that affect all platforms necessary to process claims, including but not limited to adjudication, eligibility, provider files, drug files, Third Party Liability (TPL) files and Prior Authorization (PA) files.</p>	<p>Contractor will pay to DCH \$2000 per occurrence in which the standard was not met.</p> <p>Contractor and DCH will monitor compliance and report monthly.</p> <p>Contractor will pay DCH quarterly.</p>
<p>14. Notification of unscheduled system downtime* of Contractor's adjudication and related system platforms notification.</p> <p><i>*Downtime is Contractor's system (adjudication or related system such as prior authorization, eligibility, etc.) is unavailable for any reason other than scheduled maintenance downtime for which DCH has received prior notice in accordance with the terms of this contract.</i></p>	<p>Contractor will notify DCH by email, within 15 minutes of the occurrence each time any of the adjudication or related system platforms are down or unavailable for the claims adjudication process or for Contractor's internal staff during normal DCH business hours.</p> <p>Unscheduled downtime outside normal DCH business Hours shall occur within one (1) hour of the start of the next DCH business day.</p> <p>At a minimum, the notification shall contain initial downtime, recovery time, an explanation for the occurrence and a corrective action plan to prevent future occurrences from happening.</p>	<p>Contractor will pay to DCH 2.5% of the month's administrative fees for occurrence where the monthly average on-line availability of Contractor's adjudication and Contractors' related system platform does not meet the standard.</p> <p>Contractor and DCH will monitor compliance, and Contractor will pay monthly</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Customer Service: The SHBP Dedicated Call Center Lines</b>	<b>Standard</b>	<b>Guarantee</b>
<p>15. Maintain staff and operate dedicated customer service teams and customer service toll-free telephone numbers/Telecommunication Device for the Deaf (TDD) numbers for members and providers</p>	<p>i. Contractor must submit a list of the names of the dedicated Customer Service team members for the SHBP PPO/PPO Choice and Indemnity plans within the first five (5) business days of each month.</p> <p>ii. Contractor will have an annual turnover rate* of 5% or less for each of the SHBP dedicated Customer Service teams.</p> <p><i>* Note: Calculation of turnover rate includes subcontracted employees but does not include staff loss due to internal promotion to other DCH account team positions.</i></p>	<p>i. Contractor will pay DCH \$1,000 if the standard is not met.</p> <p>Contractor will report compliance and pay monthly.</p> <p>ii. Contractor will pay DCH \$5,000 per percentage point or fraction thereof if the standard is not met.</p> <p>Contractor will report compliance and pay annually.</p>
<p>16. Percent of Calls Answered Accurately by Contractor's Customer Service Call Center Staff</p>	<p>Contractor will guarantee and provide quality assurance documentation that the information given by the call center staff (both customer service and prior authorization) for the SHBP PPO/PPO Choice and Indemnity plans will be accurate 95% of the time each month as measured by a sample size of at least 8 random calls per month per representative designated to the SHBP PPO/PPO Choice and Indemnity plans.</p>	<p>Contractor will pay to DCH 1% of one month's administrative fees for the month in which the standard is not met Contractor will report compliance and pay monthly.</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Customer Service: The SHBP Dedicated Call Center Lines</b>	<b>Standard</b>	<b>Guarantee</b>
24. Timely response to telephonic inquiries from provider and DCH staff	Contractor will have no less than three (3) documented instances per quarter in which it fails to return telephone inquiries received from providers or DCH within two (2) businesses days of receipt.	Contractor will pay to DCH \$5,000 for the quarter in which the standard is not met.  Contractor will report compliance monthly and pay quarterly.
17. Timely response to written inquiries from provider and DCH staff	Contractor will have no less than three (3) documented instances per quarter in which it fails to respond to written inquiries received from providers or DCH within five (5) businesses days of receipt.	Contractor will pay to DCH \$5,000 for the quarter in which the standard is not met.  Contractor will report compliance monthly and pay quarterly.
18. Percent of Written Inquiries Responded to Within 5 Business Days*  *This excludes written prior authorization requests or appeals.	Contractor will respond to 100% of Members written inquiries within five (5) business days.	Contractor will pay to DCH 0.5% of one month's administrative fees per month per percentage point or portion thereof below the standard as measured and reported monthly.  Contractor will report compliance and pay monthly.
19. Percent of Abandoned Calls*  *For purposes of this performance guarantee, abandoned calls are defined as calls that have been connected for a minimum of 30 seconds and not answered by a live person before the call is disconnected.	Contractor guarantees that no more than 3% of all calls per month will be abandoned as reported by the Contractor's call management software or telecommunications vendor each of which is subject to independent verification by DCH.	Contractor will pay to DCH 2% of one month's administrative fees for the month in which the standard is not met.  Contractor will report compliance and pay monthly.

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Customer Service: The SHBP Dedicated Call Center Lines</b>	<b>Standard</b>	<b>Guarantee</b>
<p>20. Call Center Average Answer Speed*</p> <p><i>*Average answer speed is defined as the time it takes for a live customer service representative to answer the call after that option is selected from the front-end IVR menu. The period of time a call is connected to an IVR system should not be included in the measurement.</i></p>	<p>Contractor will guarantee that on a monthly average 95% of all calls are answered in 30 seconds or less as documented through telecommunications monitoring reports which are subject to independent verification by DCH.</p>	<p>Contractor will pay to DCH 2% of one month's administrative fees for the month in which the standard is not met.</p> <p>Contractor will report compliance and pay monthly.</p>
<p>21. Percent of Calls Blocked*</p> <p><i>* A blocked call is defined as any call made by the caller but not allowed into the Contractor's phone system.</i></p>	<p>Contractor guarantees a monthly blockage rate of 0% as confirmed by the submission of a monthly report, from Contractor's call management software or telecommunications vendor for each DCH line of business, to DCH by the 10<sup>th</sup> business day of the month following the month of activity. Each such report is subject to independent verification by DCH.</p>	<p>Contractor will pay to DCH 5% of one month's administrative fees for each month in which the standard is not met. Contractor will report compliance and pay monthly.</p>
<p>22. Hold Time* for Escalated Calls**</p> <p>*For purposes of this performance guarantee, hold time is defined as the time span between a call being placed in the supervisor or pharmacist call queue and the time the respective live supervisor or pharmacist answers.</p> <p>**Escalated calls are defined as calls in which the caller requests to speak to a supervisor or a pharmacist</p>	<p>Contractor guarantees a monthly average of not more than 90 seconds or less hold time for a provider to speak to a pharmacist or supervisor.</p>	<p>Contractor will pay to DCH 0.5% of the month's administrative fees per call in which the standard is not met. Contractor will report compliance and pay monthly.</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Customer Service: The SHBP Dedicated Call Center Lines</b>	<b>Standard</b>	<b>Guarantee</b>
<b>Paper Claims Processing</b>	<b>Standard</b>	<b>Guarantee</b>
<p>23. Turnaround Time* for SHBP Paper Claims Processed</p> <p><i>*For purposes of this performance guarantee, turnaround time is measured beginning the day the clean claim is received by Contractor to the day the claim disposition is determined..</i></p>	<p>The Contractor guarantees a monthly average turnaround time of ten (10) business days for 99% of all prescription paper claims received.</p>	<p>Contractor will pay to DCH 0.5% of one month's administrative fees per month in which the standard is not met. Contractor will report compliance and pay monthly.</p>
<p>24. Accuracy of Paper Claims Processed With No Errors*</p> <p><i>*Measured by a random sample of at least 10% of the paper claims processed per month</i></p>	<p>Contractor will demonstrate that 99% of paper claims reviewed per month were processed with no errors.</p>	<p>Contractor will pay to DCH 0.5% of one month's administrative fees per month in which the standard is not met. Contractor will report compliance and pay monthly.</p>
<p>25. Timeliness &amp; accuracy of report production</p>	<p>Contractor will provide electronic and/or paper reports, which comprise the standard reporting package content and frequency of production as mutually agreed upon during implementation and in accurate manner. Such electronic standard reports will be available within fifteen (15) calendar days after the end of the respective reporting period and paper reports (when required) will be available within thirty (30) calendar days after the end of the respective reporting period.</p>	<p>Contractor will pay to DCH \$1,000 for each reporting period in which this standard is not met with an additional penalty of \$100 per business day until the standard is met..</p> <p>Contractor will report compliance and pay quarterly.</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Reporting and Account Management</b>	<b>Standard</b>	<b>Guarantee</b>
<p>26. Accurate and Timely Transmittal of Interfaces and File Extracts to Appropriate Third Parties identified in the RFP and the Contract</p>	<p>Contractor will transmit all interface files identified in the RFP and contract to the appropriate third party vendor in a timely and accurate manner. Timely shall be defined through the requirements of the RFP, contract and DCH-approved requirements analysis documentation</p>	<p>Contractor will pay to DCH \$1,000 per inaccurate, missed or late transmission plus \$250 per business day until the file is successfully and accurately delivered.</p> <p>Contractor will report compliance and pay quarterly.</p>
<p>27. Update Eligibility Files</p>	<p>Daily File Load. Contractor will complete daily eligibility file load received from DCH's designated Contractor by 8:00 A. M. Eastern Time of the same morning 95% of the time each month assuming the file is received at Contractor from the DCH or the designated Contractor by 1:00 A. M. Eastern Time.</p> <p>Daily files received after a success recon file will be subject to this standard after the forty-eight (48) hour time limit has expired for the recon to be completed. The full file load will be subject to this standard after the twenty-four (24) hour time limit has expired for the full file to be completed. Contractor will notify DCH within twenty-four (24) hours when the success recon and/or full file loads are complete. This standard will be reviewed at least monthly for compliance.</p>	<p>Contractor will pay to DCH \$10,000 each time the Daily File Load, the Success Recon File Load, or the Full File Load standard is not met.</p> <p>In addition, Contractor will pay DCH \$1,000 per event per twenty-four hour period or fraction thereof for failing to notify DCH when a file load is discontinued or complete.</p> <p>Contractor will report and pay monthly.</p>

	<p>Success Recon File Load. Contractor will complete success recon eligibility file loads received from DCH within forty-eight (48) hours of receipt, assuming the file is received from DCH's designated Contractor by 1:00 A. M. Eastern Time. This standard will be reviewed at least quarterly for compliance.</p> <p>Full File Load. Contractor will complete full file eligibility loads received from DCH's designated Contractor within twenty-four (24) hours of receipt, assuming that the file is received from DCH's designated Contractor by 1:00 A.M. Eastern Time This standard will be reviewed at least monthly.</p> <p>DCH will notify Contractor of error threshold standards for loading files with errors. If the error threshold is exceeded, Contractor will stop the load and promptly notify DCH for further instructions.</p>	
<p>28. Prior Authorization (PA) Request Turnaround Time</p>	<p>Contractor will turnaround all PA initial requests within 24 hours of the receipt of the request and first level appeals within seventy-two hours (72) hours of receipt 100% of the time.</p>	<p>Monthly, the Contractor will pay to DCH 5% of the month's administrative fees for each month in which the Contractor does not meet this standard.</p> <p>Contractor will report compliance and pay monthly.</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Generic Substitution</b>	<b>Standard</b>	<b>Guarantee</b>
<p>29. Generic Potential Fill Rate Guaranteed level</p> <p>FORMULA: The number of generic RXs divided by ALL RxS [generic + Multiple Source Brand (MSB) + Single Source Brand (SSB)]*</p> <p>*This guarantee excludes compounds.</p>	<p>Annually the Contractor will provide DCH with a proposed method to achieve a generic fill rate improvement target of at least 2% over the prior plan year. Upon DCH's acceptance of the Contractor's proposed Generic Fill Rate, the Contractor will achieve the generic fill rate target mutually agreed upon by DCH and the Contractor.</p>	<p>Contractor will pay to DCH 5% of the month's administrative fees in which the Contractor does not meet this standard.</p> <p>Contractor will report compliance and pay annually.</p>
<p>30. Educational Materials and Reports</p>	<p>Contractor will provide a minimum of 1000 DCH customized and approved Physician Profiling reports per year</p>	<p>Contractor will report annually and pay to DCH \$1,000 per year in which the standard is not met. Payment of this amount does not relieve Contractor of its obligation to issue said reports and materials.</p> <p>Contractor will report compliance and pay annually.</p>
<b>Staffing</b>	<b>Standard</b>	<b>Guarantee</b>
<p>31. Contractor shall submit staffing plan to the DCH for review and approval, which shall not be unreasonably withheld.</p>	<p>Contractor shall provide a detailed staffing plan to the DCH within 90 calendar days of execution of the Agreement.</p>	<p>Contractor will pay to DCH \$1000 per calendar day that standard is not met.</p> <p>Contractor will report compliance and pay monthly.</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Staffing</b>	<b>Standard</b>	<b>Guarantee</b>
32. . DCH shall review Contractor's monthly staffing report.	Contractor shall not increase or decrease the number of assigned personnel performing work under this Agreement without the prior written consent and approval of the DCH which shall not be unreasonably withheld. In addition to its dedicated staff, Contractor shall have other staff available in sufficient numbers to service the DCH account at all times, replacing and training staff, or adding staff, with the DCH's approval, as population sizes shift for the SHBP. Contractor shall provide monthly reports to the DCH.	Contractor will pay to DCH 1% of the month's administrative fees in which the standard is not met.  Contractor will report compliance and pay monthly.
<b>Quality Assurance</b>	<b>Standard</b>	<b>Guarantee</b>
33. Conduct an annual client satisfaction survey each fiscal year	Contractor must conduct the survey in July and will meet a 90% satisfaction level measured by survey of key DCH staff.	Contractor will pay to DCH 1% of the month's administrative fees in which the standard is not met.
34. Annual Customized Member and Provider Satisfaction Surveys	Contractor will guarantee an annual member and provider satisfaction survey level by the SHBP PPO/PPO Choice and Indemnity plans of at least a 95% satisfaction level.	Contractor will pay to DCH \$5,000 per survey type (member or provider) if either survey type achieves a satisfaction level below the standard.

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Quality Assurance</b>	<b>Standard</b>	<b>Guarantee</b>
35. Corrective Action Plans	Contractor shall respond with a written corrective action plan and timeframes for resolution no later than five (5) business days after receipt of notification of non-compliance with Contractual obligations, unless otherwise agreed upon by DCH in writing.	<p>Contractor will pay to DCH \$500 each business day or any part thereof that the corrective action plan is late. If the corrective action plan is unacceptable* and not corrected within five (5) business days of written notification by DCH to the Contractor outlining reasons the plan is considered unacceptable, the Contractor will pay to DCH \$500 each business day or portion thereof until an acceptable corrective action plan is delivered .</p> <p><i>* Note: A Corrective Action Plan is considered unacceptable if one of the following occurs: (1) the Corrective Action Plan is not in the format requested by DCH; (2) the Corrective Action Plan does not contain the information requested by DCH; (3) the Corrective Action Plan contains incorrect information; or (4) the Corrective Action Plan does not sufficiently address the issue.</i></p> <p>Contractor will pay quarterly.</p>

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Quality Assurance</b>	<b>Standard</b>	<b>Guarantee</b>
36. Annual SAS-70 Audit	Contractor will conduct with an independent auditor to complete a SAS-70 financial control audit to be submitted to the DCH annually.	Contractor will pay DCH \$75,000 if the standard is not met. Additionally, \$5,000 per month will be assessed for each additional month in which the Audit report results are not provided to DCH.  Contractor will report compliance.
<b>Timely Payment to Providers</b>	<b>Standard</b>	<b>Guarantee</b>
37. Electronic Funds Transfer	The Contractor guarantees that electronic funds transfers (EFT's) will be made within the agreed upon seven (7) calendar day check cycle 100% of the time each week.  In the event of a missed EFT payment, Contractor will send a replacement EFT within seventy-two (72) hours of the missed payment.	Contractor will pay DCH \$5,000 per calendar day missed or late EFT.  Additionally, if the Contractor does not send a replacement EFT within 72 hours of the missed EFT, Contractor will pay an additional \$10,000 per occurrence.  Contractor will report compliance and pay monthly.

<b>PERFORMANCE MEASUREMENT†</b>	<b>STANDARD</b>	<b>PERFORMANCE GUARANTEE/ LIQUIDATED DAMAGE</b>
<b>Quality Assurance</b>	<b>Standard</b>	<b>Guarantee</b>
38. Pass-through Payment Requirement	Contractor guarantees that the “pass-through” requirement as stated in the RFP will not be violated.	<p>If Contractor violates the pass-through payment requirement, the Contractor will pay to DCH \$10,000 as well as the “spread” * plus an interest rate of 12% per annum.</p> <p>Contractor will pay within thirty (30) days after DCH discovery of such practice and written notification to Contractor.</p> <p><i>*Note: For purposes of this performance guarantee, spread is defined as the difference between the DCH payment to the Contractor for the service or product provided and the amount the Contractor paid to or received from the provider or vendor.</i></p>

† Achievement of Performance Guarantees is subject to independent verification by the DCH

## STATEMENT OF ETHICS

### Preamble

The Department of Community Health has embraced a mission to improve the health of all Georgians through health benefits, systems development, and education. In accomplishing this mission, DCH employees must work diligently and conscientiously to support the goals of improving health care delivery and health outcomes of the people we serve, empowering health care consumers to make the best decisions about their health and health care coverage, and ensuring the stability and continued availability of health care programs for the future. Ultimately, the mission and goals of the organization hinge on each employee's commitment to strong business and personal ethics. This Statement of Ethics requires that each employee:

- Promote fairness, equality, and impartiality in providing services to clients
- Safeguard and protect the privacy and confidentiality of clients' health information, in keeping with the public trust and mandates of law
- Treat clients and co-workers with respect, compassion, and dignity
- Demonstrate diligence, competence, and integrity in the performance of assigned duties
- Commit to the fulfillment of the organizational mission, goals, and objectives
- Be responsible for employee conduct and report ethics violations to the Ethics Officer
- Engage in carrying out DCH's mission in a professional manner
- Foster an environment that motivates DCH employees and vendors to comply with the Statement of Ethics
- Comply with the Code of Ethics set forth in O.C.G.A. Section 45-10-1 et seq.

Not only should DCH employees comply with this Statement of Ethics, but DCH expects that each vendor, contractor, and subcontractor will abide by the same requirements and guidelines delineated. Moreover, it is important that employees and members of any advisory committee or commission of DCH acknowledge the Statement of Ethics.

## **Ethical Guidelines**

### **1. Code of Conduct**

All employees of DCH are expected to maintain and exercise at all times the highest moral and ethical standards in carrying out their responsibilities and functions. Employees must conduct themselves in a manner that prevents all forms of impropriety, including placement of self-interest above public interest, partiality, prejudice, threats, favoritism and undue influence. There will be no reprisal or retaliation against any employee for questioning or reporting possible ethical issues.

### **2. Equal Employment**

The Department is committed to maintaining a diverse workforce and embraces a personnel management program which affords equal opportunities for employment and advancement based on objective criteria. DCH will provide recruitment, hiring, training, promotion, and other conditions of employment without regard to race, color, age, sex, religion, disability, nationality, origin, pregnancy, or other protected bases. The Department expects employees to support its commitment to equal employment. The failure of any employee to comply with the equal employment requirements provided in DCH Policy #21 may result in disciplinary action, up to and including termination.

### **3. Harassment**

DCH will foster a work environment free of harassment and will not tolerate harassment based on sex (with or without sexual conduct), race, color, religion, national origin, age, disability, protected activity (i.e., opposition to prohibited discrimination or participation in a complaint process) or other protected bases from anyone in the workplace: supervisors, co-workers, or vendors. The Department strongly urges employees to report to the Human Resources Section any incident in which he or she is subject to harassment. Additionally, any employee who witnesses another employee being subjected to harassment should report the incident to the Human Resources Section. If DCH determines that an employee has engaged in harassment, the employee shall be subject to disciplinary action, up to and including termination, depending on the severity of the offense.

### **4. Appropriate Use of DCH Property**

Employees should only use DCH property and facilities for DCH business and not for any type of personal gain. The use of DCH property and facilities, other than that prescribed by departmental policy, is not allowed. Furthermore, the use of DCH property and facilities for any purpose which is unlawful under the laws of the United States, or any state thereof, is strictly prohibited.

Employees who divert state property or resources for personal gain will be required to reimburse the Department and will be subject to the appropriate disciplinary action, up to and including, termination.

## **5. Secure Workplace**

DCH is committed to maintaining a safe, healthy work environment for its employees. Accordingly, it is DCH's expectation that employees refrain from being under the influence of alcohol or drugs in the workplace because such conduct poses a threat to the employee, as well as others present in the workplace. Additionally, DCH has a zero tolerance policy regarding violence in the workplace. Specifically, DCH will not condone the threat of, or actual assault or attack upon, a client, vendor, or other employee. If an employee engages in violent behavior which results in an assault of another person, he or she will be immediately terminated.

## **6. Political Activities**

Although the DCH recognizes that employees may have an interest in participating in political activities and desires to preserve employees' rights in participating in the political process, employees must be aware of certain allowances and prohibitions associated with particular political activities. DCH encourages employees to familiarize themselves with DCH Policy #416 to gain understanding about those instances when a political activity is disallowed and/or approval of such activity is warranted.

## **7. Confidentiality**

DCH has a dual mandate in terms of confidentiality and privacy. Foremost, as a state agency, DCH must comply with the Georgia Open Records Act and Open Meetings Act. The general rule that is captured by those laws is that all business of the agency is open to the public view upon request. The exceptions to the general rule are found in various federal and state laws. In order to protect the individuals' health information that is vital to the delivery of and payment for health care services, DCH sets high standards of staff conduct related to confidentiality and privacy. Those standards are reinforced through continuous workforce training, vendor contract provisions, policies and procedures, and web-based resources.

## **8. Conflicts of Interest**

Employees should always strive to avoid situations which constitute a conflict of interest or lend to the perception that a conflict of interest exists. Specifically, employees must avoid engaging in any business with the DCH which results in personal financial gain. Similarly, employees must encourage family members to avoid similar transactions since they are subject to the same restrictions as employees. DCH encourages its employees to seek guidance from the Office of General Counsel regarding questions on conflicts of interest.

## **9. Gifts**

Employees are strictly prohibited from individually accepting gifts from any person with whom the employee interacts on official state business. Gifts include, but are not limited to, money, services, loans, travel, meals, charitable donations, refreshments, hospitality,

promises, discounts or forbearance that are not generally available to members of the public. Any such item received must be returned to the sender with an explanation of DCH's Ethics Policy.

## **10. Relationships with Vendors and Lobbyists**

DCH values vendors who possess high business ethics and a strong commitment to quality and value. Business success can only be achieved when those involved behave honestly and responsibly. Therefore, it is critical that employees ensure that vendors contracting with DCH are fully informed of DCH policies concerning their relationships with DCH employees and that these policies be uniformly applied to all vendors. Among other requirements, DCH expects that each vendor will honor the terms and conditions of its contracts and agreements. If DCH determines that a vendor has violated the terms and conditions of a contract or agreement, the vendor shall be held responsible for its actions.

Employees must ensure that fair and open competition exists in all procurement activities and contracting relationships in order to avoid the appearance of and prevent the opportunity for favoritism. DCH strives to inspire public confidence that contracts are awarded equitably and economically. DCH will apply the state procurement rules, guidelines, and policies. Open and competitive bidding and contracting will be the rule.

DCH recognizes that lobbyists, both regulatory and legislative, may from time to time seek to meet with DCH employees to advance a particular interest. DCH recognizes that employees may have personal opinions, even those that may be contrary to a position that DCH has adopted. DCH employees, however, must recognize that the public, including legislators and lobbyists, may have difficulty differentiating between the official DCH position and a personal opinion. Accordingly, employees should always work directly with the Director of Legislative Affairs in preparing any responses to requests or questions from elected officials and their staff or lobbyists.

**ACKNOWLEDGEMENT**

I, the undersigned, hereby acknowledge that:

- A. I have received, read, and understand the Georgia Department of Community Health’s *Statement of Ethics*;
- B. I agree to comply with each provision of the Georgia Department of Community Health’s *Statement of Ethics*;
- C. I am a (please check which applies):
  - Contractor
  - Subcontractor
  - Vendor

**COMPANY NAME**

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
AFFIX CORPORATE SEAL HERE  
(Corporations without a seal, attach a  
Certificate of Corporate Resolution)

ATTEST: \_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
Date

\_\_\_\_\_  
TITLE

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\* Must be President, Vice President, CEO or Other Authorized Officer

\*\*Must be Corporate Secretary

GEORGIA DEPARTMENT OF COMMUNITY HEALTH

<b>DCH Ethics In Procurement Policy</b>	<b>Policy No. 402</b>
<b>Effective Date:</b> April 10 , 2006 <b>Release Date:</b> April 5, 2006	<b>Page 1 of 8</b>

**I. THE COMMITMENT**

The Department is committed to a procurement process that fosters fair and open competition, is conducted under the highest ethical standards, is fully compliant with all instruments of governance and has the complete confidence and trust of the public it serves. To achieve these important public purposes, it is critical that potential and current vendors, as well as employees, have a clear understanding of, and an appreciation for, the DCH Ethics in Procurement Policy (the “Policy”).

**II. SCOPE**

This Policy is applicable to all Vendors and Employees, as those terms are defined below.

**III. CONSIDERATIONS**

Procurement ethics must include, but is not limited to, the following considerations:

**A. Legitimate Business Needs**

The procurement of goods and services will be limited to those necessary to accomplish the mission, goals, and objectives of the Department.

**B. Conflicts of Interest**

A “conflict of interest” exists when personal interest interferes in any way with the interests of the Department. A conflict situation can arise when an individual takes actions or has interests that may make it difficult to perform his or her work objectively and effectively. Conflicts of interest also arise when an individual, or a member of his or her Immediate Family, receives improper personal benefits as a result of his or her action, decision, or disclosure of Confidential Information in a Procurement.

**C. Appearance of Impropriety**

Employees must take care to avoid any appearance of impropriety and must disclose to their supervisors any material transaction or relationship that reasonably could be expected to give rise to a conflict of interest. Similarly,

anyone engaged in a business relationship with the Department should avoid any appearances of impropriety.

**D. Influence**

An impartial, arms' length relationship will be maintained with anyone seeking to influence the outcome of a Procurement.

**E. Gifts**

DCH Employees are prohibited from soliciting, demanding, accepting, or agreeing to accept Gifts from a Vendor.

**F. Misrepresentations**

Employees and Vendors may not knowingly falsify, conceal or misrepresent material facts concerning a Procurement.

**G. Insufficient Authorization**

Employees may not obligate the Department without having received prior authorization from an approved official. Engaging in such activity is a misrepresentation of authority.

An Employee's failure to adhere to these considerations, as well as the guidelines set forth herein shall be grounds for disciplinary action, up to and including, termination. Similarly, a Vendor's failure to comply with this Policy will result in appropriate action as determined by governing state and/or federal law, rules and regulations, and other applicable Department policies and procedures.

**IV. DEFINITIONS**

For purposes of this policy:

“Affiliate Vendor Team” shall mean employees, directors, officers, contractors, and consultants of a Vendor that directly or indirectly assist the Vendor in the preparation of response to a Procurement.

“Confidential Information” shall mean all information not subject to disclosure pursuant to the Open Records Act, O.C.G.A. §50-18-70 et seq. that a current Vendor or potential Vendor might utilize for the purpose of responding to Procurement or that which is deemed disadvantageous or harmful to the Department and to the citizens of the State of Georgia in that such disclosure might lead to an unfair advantage of one Vendor over another in a Procurement.

“Contracting Officer” shall mean the Department Employee maintaining oversight of the Procurement process who may also be designated as the Point of Contact as described below.

“Department” shall mean the Georgia Department of Community Health.

“Employee” shall mean any person who is employed by the Department.

“Evaluation Team” shall mean a designated group of Department Employees who review, assess, and score documents submitted to the Department in response to a Procurement solicitation.

“Gifts” shall mean, for purposes of this Policy, money, advances, personal services, gratuities, loans, extensions of credit, forgiveness of debts, memberships, subscriptions, travel, meals, charitable donations, refreshments, hospitality, promises, discounts or forbearance that are not generally available to members of the public. A Gift need not be intended to influence or reward an Employee.

“Financial Interest” shall mean, for purposes of this Policy, an ownership interest in assets or stocks equaling or exceeding 0%.

“Immediate Family” shall mean a spouse, dependent children, parents, in-laws, or any person living in the household of the Employee.

“Kickback” shall mean compensation of any kind directly or indirectly accepted by an Employee from a Vendor competing for or doing business with the Department, for the purpose of influencing the award of a contract or the manner in which the Department conducts its business. Kickbacks include, but are not limited to, money, fees, commissions or credits.

“Procurement” shall mean buying, purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction. The term also includes all activities that pertain to obtaining any supply, service, or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract, as well as the disposition of any Protest.

“Protest” shall mean a written objection by an interested party to an RFQ or RFP solicitation, or to a proposed award or award of a contract, with the intention of receiving a remedial result.

“Protestor” shall mean an actual bidder/offeror who is aggrieved in connection with a contract award and who files a Protest.

“Point of Contact” shall mean the individual designated to be a Vendor’s only contact with the DCH following the public advertisement of a solicitation or the issuance of a request for a bid, proposal, or quote, until the award of a resulting contract and resolution of a Protest, if applicable.

“Prohibited Contact” shall mean contact with any officer, member of the Board or other Employee of the DCH, other than the Point of Contact, whereby it could be reasonably inferred that such contact was intended to influence, or could reasonably be expected to influence, the outcome of a Procurement. This prohibition includes, without limitation, personal meetings, meals, entertainment functions, telephonic communications, letters, faxes and e-mails, as well as any other activity that exposes the Employee to direct contact with a Vendor. This prohibition does not include contacts with Employees solely for the purpose of discussing existing on-going Department work which is unrelated to the subject of the Procurement. Inquiries regarding the status of a Procurement should also be directed to the Point of Contact.

“Vendor” shall mean any individual or entity seeking to or doing business with the Department within the scope of this Policy, including, without limitation, contractors, consultants, suppliers, manufacturers seeking to act as the primary contracting party, officers and Employees of the foregoing, any subcontractors, sub consultants and sub suppliers at all lower tiers, as well as any person or entity engaged by the Department to provide a good or service.

“DOAS Vendor Manual” shall mean the Georgia of Department of Administrative Services’ vendor manual.

## **V. EMPLOYEE RESPONSIBILITIES**

### **A. Evaluation Team Members**

1. The Contracting Officer must ensure that employees participating in any Procurement activities have sufficient understanding of the Procurement and evaluation process and the applicable DCH and DOAS rules and regulations and policies associated with the processes.
2. Evaluation team members are tasked with conducting objective, impartial evaluations, and therefore, must place aside any personal and/or professional biases or prejudices that may exist. Additionally, Employees serving on an Evaluation Team must not allow personal relationships (i.e. friendships, dating) with Employees, principals, directors, officers, etc. of a Vendor or individuals on the Affiliate Vendor Team to interfere with the ability to render objective and fair determinations. Such interference may constitute the appearance of, and/or an actual conflict of interest and should be immediately disclosed to the Contracting Officer prior to the Employee’s participation on the evaluation team. The Contracting Officer shall consult with the Ethics Officer to make a determination as to whether the Employee should participate on the evaluation team.
3. In the event that the Department determines that a conflict of interest does exist and the Employee failed to make the appropriate disclosure, the Department will disqualify the Employee from further participation on the

evaluation team. Furthermore, in the event that the Department determines that the conflict of interest did impact the outcome of a Procurement, such Employee may be subject to disciplinary action, up to and including termination.

4. In the event that the Department identifies that the employee maintains a relationship of any sort that lends to an appearance of a conflict of interest with respect to a Procurement, the Department may, in its discretion, take appropriate action to eliminate such an appearance, up to and including the disallowance of the Employee's participation in any Procurement activities. In such instances, the employee most likely will not be subject to disciplinary action.
5. Prior to participating on an evaluation team, each DCH Employee must execute a statement attesting and acknowledging that:
  - a. The Employee shall not participate in a decision or investigation, or render an approval, disapproval, or recommendation with respect to any aspect of a Procurement, knowing that the Employee, or member of their immediate family has an actual or potential Financial Interest in the Procurement, including prospective employment;
  - b. The Employee shall not solicit or accept Gifts, regardless of whether the intent is to influence purchasing decisions;
  - c. The Employee shall not be employed by, or agree to work for, a Vendor or potential Vendor or Affiliate Vendor Team during any phase of a Procurement;
  - d. The Employee shall not knowingly disclose Confidential Information;
  - e. The Employee is precluded from engaging in Prohibited Contact upon the release of a Procurement solicitation, during the Evaluation Process, and throughout a Protest period, period of stay or court injunction related to procurement with which Employee was associated or at any time prior to the final adjudication of the Protest;
  - f. The Employee is responsible for reporting any violations of this Policy in accordance with this Policy;
  - g. The Employee will be responsible for complying with all DOAS rules and regulations, as well as Georgia law pertaining to procurements and conflicts of interest; and

- h. The Employee shall not assist a potential Vendor in the Procurement process in evaluating the solicitation, preparing a bid in response to the evaluation, or negotiating a contract with the Department. This prohibition shall not prohibit the Contracting Officer from carrying out his or her prescribed duties as allowed by DCH policy and procedures or the DOAS Vendor Manual.

**B. Responsibilities of Non-Evaluation Team Members**

All Employees should be mindful of the importance of confidentiality during any Procurement. Even if an Employee is not serving in the capacity of a member on the Evaluation Team, the Employee must refrain from engaging in conduct with a Vendor that could result in a conflict of interest or be considered a Prohibited Contact.

**VI. VENDOR RESPONSIBILITIES**

**A. Gifts and Kick-Backs**

Vendors may neither offer nor give any Gift or Kick-backs, directly or indirectly, to an Employee. Similarly, no Vendor may offer or give any Gift or Kick-backs, directly or indirectly, to any member of an Employee's Immediate Family. Such prohibited activity may result in the termination of the contract, in those cases where the Vendor has executed a contract with the Department. In the event that a potential Vendor who has submitted a response to a Procurement solicitation engages in such activity, the Department shall act in accordance with DOAS protocol.

**B. Family Relationships with Department Employees**

If a Vendor has a family or personal relationship with the Employee, a Gift that is unconnected with the Employee's duties at the DCH is not necessarily prohibited. In determining whether the giving of an item was motivated by personal rather than business concerns, the history of the relationship between the Vendor and Employee shall be considered. However, regardless of the family or personal relationship between a Vendor and an Employee, a Gift is strictly forbidden where it is being given under circumstances where it can reasonably be inferred that it was intended to influence the Employee in the performance of his or her official duties.

**C. Vendor Submittals**

The Department expects all potential Vendors and current Vendors to be forthcoming, always submitting true and accurate information in response to a Procurement or with regard to an existing business relationship. If the Department determines that the Vendor has intentionally omitted or failed to provide pertinent information and/or falsified or misrepresented material

information submitted to the Department, the Department shall act in accordance with applicable state law and DOAS procurement policies and procedures.

Vendors must calculate the price(s) contained in any bid in accordance with Section 5.11 of the DOAS Vendor Manual.

#### **D. Business Relations**

A Vendor may not be allowed to conduct business with the Department for the following reasons:

1. Falsifying or misrepresenting any material information to the Department as set forth hereinabove;
2. Conferring or offering to confer upon an Employee participating in a Procurement (which the entity has bid or intends to submit a bid) any Gift, gratuity, favor, or advantage, present or future; and
3. Any other reasons not explicitly set forth herein that are contained in the DOAS Vendor Manual.

### **VII. USE OF CONFIDENTIAL INFORMATION**

Employees will not use Confidential Information for their own advantage or profit, nor will they disclose Confidential Information during a Procurement to any potential Vendor or to any other unauthorized recipient outside DCH.

### **VIII. ADDRESSING VIOLATIONS**

#### **A. The Process**

Adherence to this policy makes all DCH staff responsible for bringing violations to the attention of the Contracting Officer under Procurement protocols or to a supervisor/manager if the affected Employee is not a part of the Procurement. If for any reason it is not appropriate to report a violation to the Contracting Officer or the Employee's immediate supervisor, Employees will report such violations or concerns to the Ethics Officer. The Contracting Officer and managers are required to report suspected ethics violations to the Ethics Officer who has specific responsibility to investigate all reported violations.

Reporting suspected policy violations by others shall not jeopardize an Employee's tenure with the Department. Confirmed violations will result in appropriate disciplinary action, up to and including termination from employment. In some circumstances, criminal and civil penalties may be applicable.

The Ethics Officer will notify the employee making the report of the suspected violation of receipt of such report within five (5) business days. All reports will be promptly

investigated and appropriate corrective action will be taken if warranted by the investigation.

**B. Good Faith Filings**

Anyone filing a complaint concerning a violation of this policy must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

**C. Confidentiality**

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation. Additionally, all Employees are expected to cooperate in the investigation of such violations. Failure to cooperate in an investigation may result in disciplinary action, up to and including termination from employment.

**ACKNOWLEDGEMENT**

I, the undersigned, hereby acknowledge that:

- A. I have received, read, and understand the Georgia Department of Community Health’s Ethics In Procurement Policy;
- B. I agree to comply with each provision of the Georgia Department of Community Health’s *Ethics In Procurement Policy*;
- C. I am a (please check which applies):
  - ( ) Contractor
  - ( ) Subcontractor
  - ( ) Vendor

**CONTRACTOR**

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
AFFIX CORPORATE SEAL HERE  
(Corporations without a seal, attach a  
Certificate of Corporate Resolution)

ATTEST: \_\_\_\_\_  
SIGNATURE\*\*

\_\_\_\_\_  
Date

\_\_\_\_\_  
TITLE

---

\* Must be President, Vice President, CEO or Other Authorized Officer  
\*\*Must be Corporate Secretary

**PERFORMANCE BOND**

**KNOW ALL MEN BY THESE PRESENTS:**

That           ( Legal Name and Address of the Contractor ) as principal (hereinafter “Contractor”), and           ( Legal Name and Address of Surety ) as Surety (hereinafter “Surety”) are held and firmly bound unto the Insert Agency Name, an agency of the State of Georgia as Obligee (hereinafter “Obligee”) in the amount of \_\_\_ Dollars (\$ ), to which payment Contractor and Surety bind Themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

**WHEREAS**, the above bounden Contractor has entered into Contract No. Enter Contract Number with the Obligee bearing date of \_\_\_ for \_\_\_\_\_ in accordance with the specifications contained in Contract No Enter Contract Number (and all documents referenced or incorporated therein) (hereinafter, collectively, the “Contract”) which Contract is incorporated by reference into this bond and made a part hereof.

**NOW THEREFORE, THE CONDITION OF THIS OBLIGATION** is such that, if the Contractor shall promptly and faithfully perform and comply with the terms and conditions of said Contract; and shall indemnify and save harmless the Obligee against and from all cost, expenses, damages, injury or loss to which said Obligee may be subjected by reason of any wrongdoing, misconduct, want of care or skill, default or failure of performance on the part of said Contractor (or Contractor’s agents, subcontractors, employees or any other entity acting on Contractor’s behalf) in the execution or performance of said Contract, then this obligation shall be null and void; otherwise, it shall remain in full force and effect.

1. The said Surety to this bond, for value received, hereby stipulates and agrees that no change or changes, extension of time or extensions of time, alteration or alterations or addition or additions to the terms of the contract or to the work to be performed thereunder, or the specifications or drawings accompanying same, or the exercise of the Owner’s right to do work pursuant to the General Conditions, Section E, shall in any wise affect its obligation on this bond, and it does hereby waive notice of any such change or changes, extension of time or extensions of time, alteration or alterations or addition or additions to the terms of the contract or to the Work or to the specifications or drawings.
  
2. (2) If pursuant to the Contract, the Contractor shall be and is declared by Obligee to be in default or breach under the aforesaid Contract and the Obligee has performed Obligee’s payment obligations thereunder not then in dispute, the Surety may promptly perform the Contract in accordance with its terms and conditions. It shall be the duty of the Surety to give an unequivocal notice in writing to the Obligee within twenty-five (25) days after receipt of a declaration of default of the Surety’s election to either remedy the default or defaults promptly or to perform the Contract promptly, time being of the essence. In said notice of election, the Surety shall indicate the date on which the remedy or performance will commence, and it shall then be the duty of the Surety to give prompt notice in writing to the Obligee immediately upon completion of (a) the remedy and/or correction of each default, (b)

the remedy and/or correction of each item of condemned work, (c) the furnishing of each omitted item of work, and (d) the performance of the Contract. The Surety shall not assert its Contractor as justification for its failure to give notice of election or for its failure to promptly remedy the default or defaults or perform the Contract. A claimant is defined as any subcontractor and any person supplying labor, materials, machinery or equipment in the prosecution of the work provided for in said contract.

3. Every person entitled to the protection hereunder and who has not been paid in full for labor or materials furnished in the prosecution of the work referred to in said bond before the expiration of a period of ninety (90) days after the day on which the last of the labor was done or performed by him, or materials or equipment or machinery was furnished or supplied by him for which claim is made, shall have the right to sue on such payment bond for the amount, or the balance thereof, unpaid at the time of the commencement of such action and to prosecute such action to final execution and judgment for the sum or sums due him, provided, however, that any person having direct contractual relationship with a subcontractor, but no contractual relationship express or implied with the Contractor furnishing said payment bond upon giving written notice to said Contractor within ninety (90) days from the day on which such person did or performed the last of the labor, or furnished the last of the materials or machinery or equipment for which such claim is made stating with substantial accuracy the amount claimed and the name of the party to whom the materials were furnished or

Supplementary to and in addition to the foregoing, whenever the Obligee shall notify the Surety that the Obligee has notice that the Contractor has failed to pay any subcontractor, materialmen, or laborer for labor or materials certified by the Contractor as having been paid, the Surety shall, within twenty (20) days of receipt of such notice, cause to be paid any unpaid amounts for such labor and materials.

4. It is expressly agreed by the Contractor and the Surety that the Obligee, if he desires to do so, is at liberty to make inquiries at any time of subcontractors, laborers, materialmen, or other parties concerning the status of payments for labor, materials, or services furnished in the prosecution of the work.
5. No right of action shall accrue on this bond to or for the use of any person or corporation other than the Obligee named herein or the legal successors of the Obligee.
6. For the purposes of this bond, the name and address of the Authorized State of Georgia Licensed Agent to whom correspondence and telecommunications may be addressee and/or with whom business concerning this bond may be conducted will be as follows:

Ruth Carr, Interim Director of Contracts Administration  
Name  
Atlanta  
City  
(404) 657-9092  
Telephone

**SIGNATURE PAGE**

Individual's Name: (typed or printed): \_\_\_\_\_

\*Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone No.: \_\_\_\_\_ Fax No. \_\_\_\_\_

Company or Agency Name and Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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\* Must be President, Vice President, CEO or other Authorized Officer

\*\*Must be Corporate Secretary

# Appendix F

## FINANCIAL PROPOSAL

**Offeror Name:** \_\_\_\_\_

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

Please note upon receipt of the Letter of Intent and signed Confidentiality Agreement (Attachment D), Exhibits with claims and pharmacy information will be sent separately from this RFP.

The questions in this section have been carefully crafted in order to ensure an accurate and fair comparison of proposals. The instructions and notes at the beginning of each section detail the DCH's Financial Proposal requirements for each component of its pharmacy benefit program. Please keep these requirements in mind when constructing your financial proposal.

Complete all tables in this section using the provided format. Use footnote references to clearly explain all qualifications or conditions in your response. Financial Proposals that do not use these formats will not be considered.

### A. DCH Financial Proposal Requirements

A1. Indicate your organization's acceptance of the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) financial proposal requirements by completing the table below.

Proposal Element	DCH Requirement	Offeror Acceptance (Y/N)
Network Pass-through	Offeror must agree to pass-through 100% of its negotiated pharmacy provider discounts, Maximum Allowable Cost (MAC) rates and dispensing fees. Offeror will <u>not</u> be allowed to retain a margin or "spread" on any of its retail pharmacy reimbursement contracts.	
Network Reimbursement	Offeror must adjudicate all retail claims at the lesser of: (a) The contracted network discount + dispensing fee; (b) MAC + dispensing fee; or (c) The provider's Usual & Customary (U&C) amount.	
Claim Pricing	Offeror must agree that plan members always pay the lesser of the plan's co-pay, the provider's usual and customary (U&C) price or the eligible charge (i.e., discounted cost + dispensing fee).	
Retail Brand Discount	Offeror must offer a <u>minimum</u> brand discount guarantee based on the required full network pass-through arrangement.	

Proposal Element	DCH Requirement	Offeror Acceptance (Y/N)
Retail Generic Discount	Offeror must offer a <u>minimum</u> overall effective generic discount, inclusive of the Offeror's Maximum Allowable Cost (MAC) reimbursement.	
MAC Pricing	Offeror must offer a <u>minimum</u> effective MAC guarantee for retail multi-source generic drugs.	
Retail Dispensing Fees	Offeror must provide a <u>maximum</u> dispensing fee guarantee for retail brand and generic drugs.	
Mail Order Pricing	Offeror must provide guaranteed mail order discounts and dispensing fees. Each SHBP mail order claim must be priced at the guaranteed rates. Offeror must agree to pass-through 100% of discounts and dispensing fees, as Offeror will <u>not</u> be allowed to retain a margin or "spread" if mail order service is subcontracted.	
Mail Order Shipping Costs	Offeror must underwrite all mail order shipping costs in the proposed mail order pricing (except for instances where expedited delivery is requested by the member). Dispensing fees may not be adjusted during the contract term for postage rate increases.	
Administrative, Clinical and Other Miscellaneous Fees	Offeror must propose administrative fees on a per paid claim basis, unless otherwise indicated.	
Transition Fees	The proposed fees must include Offeror's cooperation in transitioning the DCH at the contract's end. No additional charges will be assessed to the State to support transitioning to a new Offeror for services including open prior authorization files, drug coverage documentation, custom formulary files, claims extracts, etc.	
Prior Authorization Fees	Offeror must agree to implement existing prior authorization lists and provide a minimum number of clinical prior authorization (PA) reviews at no additional cost to the DCH.	
Rebates	Offeror must agree to pass-through to all pharmaceutical rebates (e.g., formulary, incentive, market share, etc.) subject to the terms specified in Section G of the Financial Proposal	
Rebates	Offeror must offer a <u>minimum</u> 'per claim' rebate guarantee for the DCH based on each plan's respective formulary.	
Rebates	Offeror agrees that its rebate guarantees do not require mandatory participation of the DCH in therapeutic interchange or related formulary management programs.	
Guarantees	Offeror agrees that all of its proposed guarantees and liquidated damages per Attachment X shall be reconciled annually against actual results and shall be backed dollar-for-dollar such that the DCH is made whole if any guarantee/liquidated damage fails to be met. Shortfalls in one financial guarantee/liquidated damage may not be offset by overages in another financial guarantee.	
Guarantees	Offeror agrees that all the SHBP prescription claims that are reimbursed at the providers' U&C rates will be <u>excluded</u> from the reconciliation of all discount guarantees.	

**B. Retail Network Pricing and Provider Reimbursement**

B1. For the retail pharmacy network that you have listed in your response to question #? in Section 3.2.6 of the Technical Questionnaire, complete the table below with the proposed pharmacy network pricing for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans). If you are proposing more than one retail network, a separate pricing table should be provided for each network arrangement. A claims data summary from April 1, 2005 through March 31, 2006 for the SHBP PPO/PPO Consumer Choice and Indemnity health plans will be provided in Exhibits A and B of this Financial Proposal to assist with your response.

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

SHBP Retail Network		CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
a.	Name of Proposed Network					
b.	Total Number of Network Pharmacies					
c.	Number of Network Pharmacies in Georgia					
<b>Brand Drug Pricing</b>						
d.	Minimum aggregate discount guarantee. <i>Note: guarantee must exclude MAC'd multi-source brands and claims priced at U&amp;C.</i>	AWP – ___%				
e.	Maximum aggregate dispensing fee guarantee per paid claim.	\$___ per brand Rx				
f.	Estimated result of 100% pass-through of contracted network rates.	AWP - ___% + \$___ per brand Rx	AWP - ___% + \$___ per brand Rx	AWP - ___% + \$___ per brand Rx	AWP - ___% + \$___ per brand Rx	AWP - ___% + \$___ per brand Rx
<b>Generic Drug Pricing</b>						
g.	Minimum overall effective discount guarantee. <i>Note: guarantee must include both MAC and non-MAC generic claims but <u>exclude</u> claims priced at U&amp;C.</i>	AWP – ___%				
h.	Maximum aggregate dispensing fee guarantee per paid claim.	\$___ per generic Rx				
i.	Detail any generic dispensing incentive that will be paid to providers, if any, in addition to the dispensing fees identified above.	\$_____	\$_____	\$_____	\$_____	\$_____
<b>SHBP Retail Network</b>		<b>CY 2007</b>	<b>CY 2008</b>	<b>CY 2009</b>	<b>CY 2010</b>	<b>CY 2011</b>

j.	Estimated result of 100% pass-through of network rates.	AWP - ___% + \$____ per generic Rx				
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- B2. Please disclose any network re-contracting efforts, either planned or underway, that would affect your proposed pricing.
- B3. Complete Exhibit C with your organization's actual contracted rates for the pharmacies most highly utilized by SHBP PPO/PPO Consumer Choice and Indemnity health plan members.

**C. MAC Pricing**

- C1. For the MAC list your organization proposes for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) provide the following information. *Note: The DCH requires 100% pass-through of contracted retail network rates, including MAC pricing.*

MAC List for SHBP	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
<p>a. Name of the proposed MAC list: _____</p> <p>What percent of your multi-sourced generic drugs are subject to MAC? Please specify as a percentage: _____</p> <p>b. Guaranteed effective MAC generic discount</p>					
	AWP - ___%				

**D. Specialty Drug Pricing**

- D1. Provide your organization's proposed pricing for specialty and biotechnology drugs by completing table below for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) pharmacy programs. Note: The DCH is not seeking an exclusive provider arrangement at this time.

Specialty Pricing for SHBP	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Brand Discount	AWP – ___%				
Generic Discount <sup>1</sup>	AWP – ___%				
Dispensing Fee	\$_____ per Rx				

**E. Mail Order Pricing**

E1. Complete the following table with the proposed mail order pricing for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans).

Mail Order Pricing for SHBP	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Brand Discount	AWP – ___%				
Generic Discount <sup>2</sup>	AWP – ___%				
Dispensing Fee	\$_____ per Rx				

E2. For the generic drugs listed in the table in Exhibit E, provide the per unit MAC price that would be charged to the DCH. The unit MAC prices used to complete this table must be prices effective as of April 1, 2006.

**F. Administrative Fees**

F1. Complete the table below with the proposed administrative fee for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) Administrative Fee inclusive of all services, programs and activities specified in the Technical Proposal for each contract period. Postage costs (i.e., the cost of stamps or meters) should be treated as pass-through costs and not included in the proposed administrative fee. Quote your fee on a Per Paid Claim basis.

Administrative Fee	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Per Paid Claim	\$_____	\$_____	\$_____	\$_____	\$_____
Services to include all the SHBP requirements for: <ul style="list-style-type: none"> <li>▪ Claims Processing (retail,);</li> <li>▪ Account Services and Account Management;</li> <li>▪ Member Services and Call Center;</li> <li>▪ Medicare Part D</li> <li>▪ Coordination of Benefits</li> </ul>					

<sup>1</sup> The guaranteed specialty generic discount must be inclusive of all single-source generic (SSG) products.

<sup>2</sup> The guaranteed mail order generic discount must be inclusive of all single-source generic (SSG) products.

- Network Management;
- Systems Maintenance;
- Data Management and Reporting;
- Eligibility Administration;
- Clinical and Formulary Management;
- Decision Support and Plan Design/Formulary Modeling;
- Audit Support
- Quantity Level Limit (QLL) System Edits & Support
- Prior Authorization (PA) Edits & Support
- Duration of Therapy Edits & Support
- Step Therapy Edits & Support
- Dedicated Clinical Service Team
- All Administrative/Technical PA Reviews/Overrides<sup>3</sup>
- Clinical Reviews/Overrides for Current PA Volume<sup>4</sup>
- First Level Appeal Determinations
- PA and QLL Criteria Development
- Retrospective DUR
- Implementation/Transition Assistance, as applicable.

- F2. The DCH is considering offering a mail order benefit to its members enrolled in the SHBP PPO/PPO Consumer Choice and Indemnity health plans. If the DCH elects to offer this benefit, would prescriptions filled through mail be subject to an administrative fee? If yes, specify the fee that would be charged on a per paid claim basis.
- F4. Complete the table below with the proposed fees for clinical reviews (i.e., physician or pharmacist) associated with the current SHBP PPO/PPO Consumer Choice and Indemnity health plans' clinical protocols for prior authorization, step therapy, quantity level limits and related edits. Since the current volume of clinical reviews must be built into your administrative fee (F1, above), the fee detailed below is applicable only if the actual volume of clinical reviews exceeds the current volume detailed in the table below for the SHBP PPO/PPO Consumer Choice and Indemnity health plans. For individual clinical authorization requests where more than one review occurs (i.e., multiple reviews for same patient and drug), only one fee may be charged. Note: the selected Offeror must implement the current DCH criteria for all existing programs. Additionally, this fee will not apply to administrative reviews (e.g., refill too soon, vacation overrides) as any costs associated with administrative reviews are to be included in the administrative fee (F1, above).

<sup>3</sup> Includes vacation, refill-too-soon and other overrides that do not require a physician/pharmacist review.

<sup>4</sup> See additional information in F5 below. DCH wants the current volume of clinical reviews built into the base clinical fee (F3, above).

SHBP	
a. Current SHBP annual clinical review volume baseline	62,000
b. Number of annual clinical reviews included in the Administrative Fee (F3)	same as above
c. Additional cost per clinical review in excess of baseline (a)	\$____ per review

F5. Propose the cost for system modifications requested by the DCH (for the SHBP PPO/PPO Consumer Choice and Indemnity health plans) by completing the following table. Note: these charges shall only be billed for special system programming requested by SHBP following post-implementation approval of the Offeror's system design specifications. System modifications due to federal or state legislation may not be billed.

System Modification Charges		SHBP
a.	Number of annual programming hours offered at no additional cost:	_____ Hours
b.	Additional programming hourly rates for modifications in excess of the annual allotment of programming hours (a): <ul style="list-style-type: none"> <li>▪ System Analyst Level 1</li> <li>▪ System Analyst Level 2</li> <li>▪ System Operations Manager</li> </ul>	_____ \$ per hour _____ \$ per hour _____ \$ per hour
c.	Other programming charges by resource type not listed above (b)	_____ \$ per hour

**G. Rebate Administration**

G1. Complete the following table based on the guaranteed rebate proposal for the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans). Note: Offerors should propose a PDL for the SHBP health plans.

PPO & Indemnity Health Plans					
Estimated SFY2005 Results:	Average Membership		264,000		
	Total Rx Count		4.4 million		
	Percent of Formulary Rx		82%		
<b>Rebate Guarantees</b>	<b>CY 2007</b>	<b>CY 2008</b>	<b>CY 2009</b>	<b>CY 2010</b>	<b>CY 2011</b>
Name of Proposed PDL for the SHBP:					
Provide the <u>minimum</u> 'per claim' rebate you will guarantee for the SHBP Plans. Note: 100% of the excess must be passed through to SHBP.	\$____ per Rx	\$____ per Rx	\$____ per Rx	\$____ per Rx	\$____ per Rx

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

G3. Complete the formulary disruption analysis in Exhibit F using the formulary you propose in G1 above.

- G4. Detail any financial assumptions or qualifications pertaining to the minimum rebate guarantees provided for the DCH.
- G5. Will you be charging a fee to administer rebates? If yes, what amount expressed as a percent of total rebates (e.g., formulary, incentive, market share, etc.), are you proposing to retain? Is the proposed rebate guarantee provided in G1 above the amount that the DCH will receive or subject to application of your proposed rebate administration fee?

**H. Implementation/Transition Assistance**

H1. Detail any fees and/or credits proposed to the DCH (SHBP PPO/PPO Consumer Choice and Indemnity health plans) for implementation and transition assistance by completing the table below.

Implementation/Transition	Fee or (Credit)	Basis
a. SHBP Program Design, Development & Implementation (DDI) <sup>5</sup>	\$	Flat Dollar
d. Formulary Disruption Mailings	\$	Per Letter
e. Other (please specify)	\$	

H2. If your organization is proposing an implementation credit in item (a) in the table above, please provide the following:

- A list of qualified transition/implementation expenses;
- The payment terms to the DCH; and
- A description of the required documentation.

**I. Additional Communication Materials**

I1. If applicable, please complete the following table with your organization’s proposed development fee (flat fee) for communication materials for the DCH.

Misc. Communication Materials	
b. Benefit Design or Coverage Change Notification	\$___ Flat fee
c. Clinical Program Update/Change Notification	\$___ Flat fee
d. Other (please specify)	

<sup>5</sup> SHBP Implementation/Transition period: August 1 – December 31, 2006.

### III. EXHIBITS

**Please note upon receipt of the Letter of Intent and signed Confidentiality Agreement (Attachment D), Exhibits with claims and pharmacy information will be sent separately from this RFP.**

The following Exhibits A and B are provided for reference and informational purposes and to assist Offerors in developing a Financial Proposal for Pharmacy Benefit Management (PBM) Services.

Exhibits C-F is to be completed by each Offeror with its Financial Proposal for PBM Services. All responses should be submitted electronically in the format provided.

- A SHBP Claims and Utilization Summary for April 1, 2005 to March 31, 2006
- B SHBP Claims Data for April 1, 2005 to March 31, 2006.
- C Contracted Network Pricing for Top 50 SHBP Providers
- D MAC Pricing for Top 200 SHBP Generic Drugs
- F Formulary Disruption Analysis for SHBP Plans