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April 19, 2012

RE: Request for Proposal to provide Pharmacy Benefit Management Services for a Self-Funded Medicare Part D Employer Group Waiver Plan with a Commercial Wrap Prescription Drug Plan under the Texas Employees Group Benefits Program.

To Whom It May Concern:

The Employees Retirement System of Texas ("ERS") in accordance with Texas Insurance Code, Chapter 1551, is issuing a Request for Proposal ("RFP") seeking qualified Pharmacy Benefit Managers ("PBM") to administer a self-funded Medicare Part D Employer Group Waiver Plan with a Commercial Wrap Prescription Drug Plan ("EGWP + Wrap PDP") under the Texas Employees Group Benefits Program ("GBP") beginning January 1, 2013 through an initial term of December 31, 2016.

A Texas Register Notice has been published at: <http://www.sos.state.tx.us/texreg/index.shtml> and an Electronic State Business Daily ("ESBD") Notice has been published at: <http://esbd.cpa.state.tx.us> with additional RFP information. Your firm has been identified as offering the services listed above, and ERS encourages you to review the posting and request access to the secured bid materials when they become available on the ERS website.

ERS anticipates receiving high quality proposals for the services listed above, and we encourage your organization to give full consideration to the development of a proposal that complies with the RFP requirements.

If you have any questions regarding this process, please submit your inquiry directly to the iVendor Mailbox at: ivendorquestions@ers.state.tx.us.

Thank you for your interest in doing business with the GBP.

Sincerely,

A handwritten signature in black ink that reads "Robert P. Kukla". The signature is written in a cursive style.

ROBERT P. KUKLA
Director of Benefit Contracts

Request for Proposal

**To Provide Pharmacy Benefit Management
Services for a Self-Funded Medicare Part D
Employer Group Waiver Plan with a
Commercial Wrap Prescription Drug Plan**

ERS

EMPLOYEES RETIREMENT
SYSTEM OF TEXAS

April 19, 2012

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PBM RFP Deliverables Checklist

Order of Return: The entity submitting a Proposal in response to the RFP (“PBM”) is required to submit a total of eight (8) sets of the PBM’s Proposal in the following formats: One (1) printed “Original” and five (5) additional printed copies shall be submitted and include fully executed documents as appropriate, signed in **blue ink** and without amendment or revision. The remaining two (2) copies of the entire Response shall be submitted via CD-ROMs in Excel or Word format as applicable and labeled *PBM EGWP + Wrap PDP RFP Proposal Duplicate*. **No PDF documents may be reflected on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials.**

All binders must contain:

PAPER FORMAT	RFP REFERENCE
RFP FEEDBACK FORM	Page vii.
TAB I Instructions	I.
<input type="checkbox"/> One (1) printed “Original” (which shall be labeled as such) and five (5) additional printed copies, which shall be labeled as “copy”, and Two (2) copies of the entire Response, which includes all Confidential and Proprietary and all Public Information, shall be submitted via CD-ROMs in Excel and/or Word format and labeled <i>PBM EGWP + Wrap PDP RFP Proposal Duplicate</i> . No PDF documents may be included on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials. All bid materials shall be packaged collectively in one (1) sealed container and submitted to ERS.	I.B.4.a. – I.B.4.b.
<input type="checkbox"/> Executed RFP Signature Pages signed in blue ink (Appendix A)	I.B.8.
<input type="checkbox"/> Executed Data Security and Breach Notification, signed in blue ink (Appendix D)	I.B.14
<input type="checkbox"/> Executed Business Associate Agreement, signed in blue ink (Appendix C), this appendix is a preferred submission	I.B.15.
<input type="checkbox"/> Executed Contractual Agreement, signed in blue ink (Appendix B), this appendix is a preferred submission	I.B.16.
<input type="checkbox"/> Confidential and Proprietary Schedule	I.B.23.
<input type="checkbox"/> First two (2) CD-ROMs shall only contain copies of all information that the PBM considers to be its confidential and/or proprietary information . These CD-ROMs shall be labeled “ Confidential and/or Proprietary Information .” Second two (2) CD-ROMs shall only contain copies of all information that the PBM considers to be its public information. These CD-ROMs shall be labeled “ Public Information .”	I.B.24.
<input type="checkbox"/> HUB Designation Confirmation	I.B.25.
TAB II Proposal Evaluation Criteria	II.
<input type="checkbox"/> Minimum Requirements (<i>evidence of the PBM’s satisfaction of Requirements</i>)	II.B.
<input type="checkbox"/> Preferred Criteria (<i>evidence of the PBM’s satisfaction of Criteria</i>)	II.C.
TAB V Price Proposal and Response Format	V.
<input type="checkbox"/> Price Proposal and Response Format Responses	V.A. – V.C.

TAB VI Communication Requirements	VI.
<input type="checkbox"/> Provide PowerPoint presentations, all scripts to be used by the PBM's customer service representative and/or for presentations, newspaper/press releases, billboard, television, and radio advertisements for AE or for any other GBP-specific purpose	VI.A. and VI.B.3.
<input type="checkbox"/> Provide a draft of Exhibit "D", which shall describe the PBM's EGWP + Wrap PDPs Plan document to be included in the Master Benefit Plan Document. The PBM shall submit a proposed MBPD on a separate CD-ROM	VI.C.6. – VI.C.6.a.
<input type="checkbox"/> Provide draft language for the <i>Prescription Drug Benefits</i> , Section IV of the Benefits Book	VI.C.6.
<input type="checkbox"/> Welcome Packet - Provide a proposed sample with Response	VI.C.7.
<input type="checkbox"/> ID Card - Provide an electronic mock-up of a proposed GBP-specific ID card	VI.C.9.a.
<input type="checkbox"/> Provide a report evidencing the PBM's organization's Section 508, Level 1, compliance	VI.D.1.b.
<input type="checkbox"/> Provide a format of the PBM's proposed test website on CD-ROM to include: <ul style="list-style-type: none"> • Active URL address to access proposed GBP-specific FY 2013 TEST website; • Proposed screen shots of ALL web materials in the required GBP website format (draft copies); and • Instructions on how to access the Test website. 	VI.D.2.a.
TAB VII Operational Specifications	VII.
<input type="checkbox"/> Provide a detailed proposed implementation plan	VII.A.1.
<input type="checkbox"/> Provide brief summary resumes of the proposed Account and Implementation Team's points of contact	VII.A.3.
<input type="checkbox"/> Provide the methodology and sample source documents utilized by the PBM to arrive at the reporting requirements for the call center metrics	VII.C.1.a.iii.
<input type="checkbox"/> Submit all of PBM's claim forms and sample EOBs	VII.C.4.a.
TAB IX Organizational Information	IX.
<input type="checkbox"/> Organizational Information Responses and Requested Materials	IX.A.1. – IX.D.10.
TAB X Deviations	X.
<input type="checkbox"/> Deviation Responses	X.A.1. – X.A.14.
TAB XI Interrogatories	XI.
<input type="checkbox"/> Interrogatory Responses and Requested Materials	XI.A.1.a. – XI.T.21.a.

NOTE: Keep this Checklist for your records. Do not return with your submission.

Request for Feedback

Employees Retirement System of Texas

The Employees Retirement System of Texas, Benefit Contracts Division, periodically publishes requests for proposals, applications or information and is interested in your organization's feedback regarding our request. To assist the Benefit Contracts Division in creating future requests, we would be interested in knowing how we could improve our solicitation process or how we could make our request more user-friendly. Please take a moment to answer the following questions and return it at your earliest convenience.

1. Did your organization submit a bid?
 Yes
 No
2. If No, why did your organization elect not to bid? (Check all that apply)
 Timing, not enough time to complete bid
 Contract Provisions/Parts of the Contract
 Complexity of RFP
 Other:

3. Please elaborate on question #2 or provide other reasons for not submitting a bid.

4. Please provide any suggestions that might improve the bid process.

Additional Comments

About Your Organization

Name _____ Contact
Email _____
Address _____ Phone _____
City, State,
ZIP Code _____

An ERS representative may, if necessary, contact you by email or telephone for further clarification of your responses.

Thank you for your consideration and participation!

I. Instructions

A. Request for Proposal (“RFP”) Summary

A.1. **Introduction.** ERS is soliciting proposals from qualified Pharmacy Benefit Managers (“PBM”) to provide pharmacy benefit management services for a self-funded Medicare Part D Employer Group Waiver Plan with a Commercial Wrap Prescription Drug Plan (“EGWP + Wrap PDP”) for Medicare-primary Participants under the Texas Employees Group Benefits Program (“GBP”), for the four-year period beginning January 1, 2013 through an initial term of December 31, 2016. The PBM shall provide services for the level of benefits required in the RFP and meet other requirements that are in the best interests of ERS, the GBP, its Participants and the state of Texas, and shall be required to execute a Contractual Agreement (“Contract”) provided by, and satisfactory to, ERS.

A.1.a. A PBM wishing to respond to this request shall meet all of the minimum requirements as referenced in Article II of the RFP. A qualified PBM may submit a proposal (“Proposal”) and bid response materials to provide PBM services for the EGWP + Wrap PDP as specified herein.

FAILURE TO PROVIDE PROPOSALS IN THE FORMAT REQUESTED MAY RESULT IN THE PBM BEING ELIMINATED FROM FURTHER CONSIDERATION. ALL PROPOSALS SHALL BE VALID THROUGHOUT THE ENTIRE RFP PROCESS AND ANY RESULTING CONTRACT TERM.

A.2. **Schedule of RFP Process.** The RFP process and Contract award shall be conducted in accordance with the following schedule, unless notified otherwise by ERS:

On or After April 12, 2012	12:00 p.m. (CT)	RFP is available on ERS' website. To access the RFP, the PBM shall email a request to: ivendorquestions@ers.state.tx.us A USER ID and Password will be provided only to those qualified bidders requesting access to the secured sections of the RFP. The PBM is prohibited from contacting agency employees, officials, and its consulting actuaries regarding any aspect of the RFP by telephone or in person throughout the bid process other than as directed by ERS.
April 19, 2012	4:00 p.m. (CT)	To register for the Bidders Web Conference, send requests to: ivendorquestions@ers.state.tx.us
April 26, 2012	4:00 p.m. (CT)	Submission deadline for ALL RFP questions. RFP questions should be submitted to: ivendorquestions@ers.state.tx.us
May 1, 2012	2:00 p.m. (CT)	Bidders Web Conference
May 10, 2012	12:00 Noon (CT)	The PBM is required to submit all bid materials in the formats reflected below in one (1) sealed container: <ul style="list-style-type: none"> • One (1) fully executed "Original"; • Five (5) identical printed, hard copies; and • Two (2) identical copies of the entire Response provided on CD-ROMs. • Two (2) CD-ROMs that only includes all Confidential and Proprietary information; and • Two (2) CD-ROMs that only includes all Public information. <p>A total of six (6) CD-ROMS to be submitted with Response.</p> <p>No PDF documents may be reflected on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials.</p> <p>Submit Bid Materials to:</p> <p>Robert P. Kukla, Director of Benefit Contracts Employees Retirement System of Texas 200 E. 18th Street; P. O. Box 13207 Austin, Texas 78701; 78711-3207 RE: PBM EGWP + Wrap PDP RFP Proposal</p>
TBD		Bid finalists may be required to participate in a face-to-face or teleconference interview session that will be announced at an ERS designated time and location. Required PBM Participants and interview guidelines will be provided if an interview appointment is extended by ERS.
January 1, 2013		Calendar Year 2013 begins

ERS RESERVES THE RIGHT TO EXTEND ANY AND ALL DEADLINES ABOVE, TO REJECT ANY AND ALL PROPOSALS, TO CONTRACT WITH ONE OR MORE FIRMS, OR TO ISSUE A NEW RFP AT ANY TIME, IN ITS SOLE DISCRETION. ERS WILL NOT

NOTIFY RESPONDENTS UNLESS THEY ARE SELECTED FOR INTERVIEWS OR ENGAGEMENT.

- A.3. The PBM is responsible for reviewing ERS' website https://www.ers.state.tx.us/community_group.aspx?groupid=2&view=contracts, which provides instructions on how to receive access to the RFP materials. ERS' website provides interested PBMs with background information. The information contained in this RFP offering provides instructions for the PBM to submit a Proposal to ERS' RFP and specifies a deadline for the submission of questions as reflected in the table provided in Section I.A.2. above and Sections I.B.3. – I.B.4.d. below.

B. General Information

- B.1. **Agent of Record.** ERS shall not designate an Agent of Record or any other such company employee or commissioned representative to act on behalf of either ERS or the PBM. Any requests for ERS to provide such designation shall be rejected.
- B.2. **News Release.** Prior written approval by ERS shall be required for any news releases regarding a Contract awarded to a PBM. Additional requirements regarding the management of news releases are further outlined in Sections VI.A.8. – VI.A.8.d.
- B.3. **Inquiries.** Questions regarding ERS and/or the RFP shall be submitted via email no later than 4:00 p.m. CT on April 26, 2012. Questions received later than the date and time shown in Section I.A.2. above, shall not be answered.
- B.3.a. In its sole discretion, ERS shall post the question and response that it deems appropriate on ERS' website in a timely manner. Such inquiries should be directed to:

Robert P. Kukla, Director of Benefit Contracts
Email: ivendorquestions@ers.state.tx.us

- B.4. **Proposal Submission.** All bid materials shall be packaged collectively in one (1) sealed container and submitted to ERS as noted below. ERS may not consider a Proposal unless the original and all required copies and CD-ROMs are received by ERS at the appropriate address no later than 12:00 Noon CT on May 10, 2012. The mailing label for the Proposal shall be clearly marked as: *PBM EGWP + Wrap PDP RFP Proposal*.
- B.4.a. The one (1) printed "Original" (which shall be labeled as such) and five (5) additional printed copies, which shall be labeled as "copy", shall be submitted with all requested supporting documentation, including, but not limited to, the Data Security and Breach Notification (see Sections I.B.14. and I.B.14.a. below), and Signature Pages (see Section I.B.8. below) executed in *blue ink*.
- B.4.b. The remaining two (2) copies of the entire Response, which includes **all** Confidential and Proprietary and **all** Public Information, shall be submitted via CD-ROMs in Excel and/or Word format and labeled *PBM EGWP + Wrap PDP RFP Proposal Duplicate*. **No PDF documents may be included on the CD-ROMs with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials.**
- B.4.c. For instructions relating to the submission of Confidential and/or Proprietary Information in response to this RFP, please refer to Sections I.B.24. – I.B.24.a. below.
- B.4.d. ERS is not responsible for receipt of any Proposal that is not labeled, packaged or delivered properly. All bid materials shall include complete, properly executed, and detailed supporting documentation as required.

The PBM shall mail or deliver its sealed Proposal to ERS at the following address, as applicable:

For Couriers: Robert P. Kukla, Director of Benefit Contracts
Employees Retirement System of Texas
200 E. 18th Street
Austin, Texas 78701
RE: PBM EGWP + Wrap PDP RFP Proposal

For U.S. Mail: Robert P. Kukla, Director of Benefit Contracts
Employees Retirement System of Texas
P.O. Box 13207
Austin, Texas 78711-3207
RE: PBM EGWP + Wrap PDP RFP Proposal

- B.5. **Retention of Proposal.** All Proposals submitted become the sole property of ERS.
- B.6. **Notification of Withdrawal of Proposal.** A Proposal may be withdrawn prior to the date and time specified for Proposal submission with a formal written notice by an authorized representative of the PBM and accepted by the Executive Director of ERS.
- B.7. **Order of Proposal Materials.** The PBM shall submit its executed Signature Pages, as well as all Proposal materials, in the order prescribed in the *RFP Deliverables Checklist* located behind the *Table of Contents* contained in this RFP.
- B.8. **Signature Requirements.** The Chief Executive Officer or other authorized officer who is at a Vice President or higher level of the PBM shall execute, in **blue ink**, the Signature Pages referenced as Appendix A, which is a part of this RFP. The signature of the PBM's authorized representative on the Proposal's signature page and all other related documents submitted by the PBM reflects the PBM's agreement with the truth and accuracy of all statements, warranties and representations contained in the Proposal and other documents submitted by the PBM. The signature further reflects the PBM's authorization for ERS to rely on same for all purposes in connection with the RFP/Proposal process.
- B.9. **Supplements to RFP.** In the event that it becomes necessary, at ERS' sole discretion, to revise any part of this RFP, or if ERS determines that any additional information is needed to clarify the provisions of this RFP, supplemental information shall be provided to each PBM that has indicated interest in this RFP. However, ERS shall not be bound by any deviations from or to this RFP unless ERS specifically agrees in writing to the specific deviation.
- B.10. **Reserved Rights.** Section 1551.212, Texas Insurance Code ("TIC"), specifies that ERS retains the right to approve the Proposal of the PBM that is in the best interests of the retirees and their dependents covered under the Texas Employees Group Benefits Act ("the Act"), Chapter 1551, TIC, and further that ERS is not required to select the lowest proposed rate, but shall take into consideration other relevant criteria, including the PBM's ability to service contracts, past experience, quality and accessibility of the pharmacy network, financial stability and other factors as ERS may require. Evaluation criteria are described in Article II, *Proposal Evaluation Criteria*, of the RFP. ERS staff and Board of Trustees ("Board") may determine that other factors may be considered important based on their review of a PBM's response to the RFP and the Interrogatories. ERS and the PBM shall enter into a Contractual Agreement acceptable to ERS and in which shall include, but not be limited to, the Contractual Agreement identified in Appendix B.
- B.10.a. ERS reserves the right to reject any and all Proposals submitted that do not fully comply with the RFP's instructions and criteria, including minimum requirements for the EGWP + Wrap PDP as reflected in Sections II.B.1. – II.B.6., and call for new Proposals if deemed by ERS to be in the best interests of ERS, the GBP, its Participants and the state of Texas. ERS is under no legal requirement to execute a Contract on the basis of this RFP.
- B.10.b. ERS specifically reserves the right to revise any or all RFP or Contract provisions at any time prior to ERS' execution of a Contract where ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas. Furthermore, the selected PBM agrees to act in good faith and to cooperate with ERS in the execution of any document necessary to effect a change to the RFP or Contract, following execution of the Contract by ERS, if ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas.
- B.10.c. ERS reserves the right to modify the performance requirements and plans during this RFP process or Contract term.
- B.10.d. ERS reserves the exclusive right to make major changes to the Wrap portion of the HealthSelect PDP; pharmacy networks, the formulary, PBM compensation arrangements, or

other major areas likely to impact the EGWP + Wrap PDP or that may impact Medicare-primary Participants, and if applicable, when the changes would apply.

- B.11. **Costs incurred for Proposal preparation.** ERS will not pay any costs incurred by the PBM prior to execution of a Contract. Issuance of this RFP in no way obligates ERS to award a Contract or to pay any costs incurred by the PBM in the preparation of an offer or Proposal.
- B.12. **Prohibited Interest.** Except as a Participant in the GBP, a member, Board member, or employee of ERS may not have a direct or indirect interest in the gains or profits of any Contract executed by ERS pursuant to this RFP, and may not receive any payment or emolument for any service performed for the PBM.
- B.12.a. In the case where a Board member or employee of ERS receives any payment from the PBM for any services performed for the PBM, for being awarded the Contract or for any gains or profits from any Contract executed by ERS pursuant to this RFP, ERS may terminate its relationship with the PBM immediately, and ERS reserves the right to seek any legal, equitable or contractual relief to which it may be entitled. Under such circumstances, the PBM shall complete any outstanding transactions with ERS as soon as possible. In its discretion, ERS may choose not to consider any future Proposals from such PBM.
- B.12.b. By submitting its Proposal, the PBM warrants and represents that it does not have, nor shall it permit, any actual or perceived conflicts of interest that would impair its ability to perform the services required by the Contract in the best interests of ERS, the GBP, its Participants and the state of Texas. The Contract shall have additional requirements in this regard.
- B.13. **HIPAA.** As a business associate of ERS, the PBM shall comply with all privacy protections as provided in Tex. Health & Safety Code Ann. Chapter 181 (Vernon 2010) and in the "Privacy Rule" adopted pursuant to the federal Health Insurance Portability and Accountability Act of 1996 [Pub. L. No. 104-191], amended by the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009, and the implementing regulations issued and amended by the U.S. Department of Health and Human Services Secretary (45 C.F.R. Parts 160 and 164) (hereinafter referred to as "HIPAA").
- B.14. **Information and Data Security.** The PBM shall comply with the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, Texas Business and Commerce Code ("TBCC") and information security standards as outlined in Title 1, Texas Administrative Code § 202. Further, the PBM shall comply with the requirements for handling and use of personal information as more fully outlined in Appendix D, *Data Security and Breach Notification*. The execution of the Data Security and Breach Notification will be required prior to final execution of a Contract.
- B.14.a. The PBM shall utilize proven, industry-standard methods of ensuring the control and security of Participant and GBP information.
- B.15. **Business Associate Agreement.** The PBM is hereby notified that the execution of the Business Associate Agreement ("BAA") attached as Appendix C is a preferred submission requirement of this RFP. It includes additional duties and obligations the PBM is required to provide or perform. ERS prefers that the BAA be signed and returned without amendments or revisions with the Proposal submission. However, if a PBM in good faith determines that it does not agree with any provisions of the BAA in the form attached as Appendix C, the PBM may elect not to return an executed BAA with its Proposal, but must instead submit deviations to the BAA's terms, which must be provided in accordance with Section XII.A.12 of this RFP. Any such deviations will be considered by ERS; however, ERS will not be obligated to accept or agree to any such deviations, and ERS may determine in its sole discretion not to proceed with further negotiations with a PBM based upon such deviations. To prevent any misunderstanding, while the PBM's Proposal may be evaluated if returned with deviations, such deviations may themselves form a basis for ERS to conclude that the PBM's Proposal will not be considered further beyond its initial evaluation. Any PBM submitting a signed BAA with its Proposal shall have the BAA executed, in *blue ink*, by the duly authorized officer of the PBM as reflected in Sections I.B.8. and IX.A.9.
- B.15.a. ERS reserves the right to reject any Proposal if the BAA is revised or returned unsigned, and ERS further retains the right to modify the BAA and to add additional terms at its discretion.

Upon approval of the Proposal, notification to the PBM of its selection by the Board and any clarifications to be required in the Proposal, and upon execution of the BAA by ERS, it is ERS' intent that the written BAA shall be in force.

- B.16. **Contractual Agreement.** The PBM is hereby notified that the execution of the Contractual Agreement ("Contract") attached as Appendix B, is a preferred submission requirement of this RFP. ERS prefers that the Contract be signed and returned without amendments or revisions with the Proposal submission. However, if a PBM in good faith determines that it does not agree with any provisions of the Contract in the form attached as Appendix B, the PBM may elect not to return an executed Contract with its Proposal, but must instead submit deviations to the Contract's terms, which must be provided in accordance with Section XII.A.11.a. of this RFP. Any such deviations will be considered by ERS; however, ERS will not be obligated to accept or agree to any such deviations, and ERS may determine in its sole discretion not to proceed with further negotiations with a PBM based upon such deviations. To prevent any misunderstanding, while the PBM's Proposal may be evaluated if returned with deviations, such deviations may themselves form a basis for ERS to conclude that the PBM's Proposal will not be considered further beyond its initial evaluation. Any PBM submitting a signed Contract with its Proposal shall have the Contract executed, in **blue ink**, by the duly authorized officer of the PBM as reflected in Sections I.B.8. and IX.A.9.
- B.16.a. ERS reserves the right to reject any Proposal if the Contractual Agreement is revised or returned unsigned, and ERS further retains the right to modify the Contractual Agreement terms and to add additional terms at its discretion. Upon approval of the Proposal, notification to the PBM of its selection by the Board and any clarifications to be required in the Proposal, and upon execution of the Contractual Agreement by ERS, it is ERS' intent that the written Contract shall be in force.
- B.17. **Contract Term and Chronology of Responsibility.** The Contract shall be for an initial term beginning January 1, 2013, after the Board has accepted the PBM's Proposal and has notified the PBM of its selection and immediately upon the execution of the Contract by ERS, and extending through the 31st day of December 2016 ("initial contract term"), unless terminated, renewed or extended.
- B.17.a. The PBM products and services pursuant to the Contract's initial term shall be provided between January 1, 2013 and December 31, 2016. ERS and the PBM also agree and acknowledge that there are duties and obligations specified by the Contractual Agreement to be performed prior to January 1, 2013 and following December 31, 2016, and the parties each agree to perform all such duties and obligations, and all damage provisions included herein and in the Contractual Agreement shall thereby be in effect. Such prerequisites, duties and obligations include, but are not limited to, the following:
- Selection by the Board is anticipated at the August 21, 2012 meeting.
 - Execution of the Contractual Agreement by ERS' Executive Director after all clarifications have been agreed to and accepted or rejected by ERS.
 - The Contract includes the RFP, the Contractual Agreement including all exhibits, and any other information, duties or obligations the PBM may be required to provide or perform thereto as accepted by ERS and that does not conflict with terms of the Contractual Agreement executed by the parties, and the PBM's Proposal. The Contract includes important requirements that may not be expressly referenced in this RFP.
 - Any and all activities required by the PBM to effectively implement the requirements of the Contract.
 - The PBM shall coordinate and work cooperatively with other GBP vendors as applicable.
- B.18. **Termination of Contract.** In the event that the PBM fails or refuses to perform or it appears that the PBM is not capable of performing any of its duties or obligations as provided by the Contract, ERS, without limiting any other rights or remedies it may have by law, equity or under Contract, shall have the right to terminate the Contract immediately. The PBM understands and acknowledges that, notwithstanding any termination of the Contract, certain obligations of the PBM shall survive the termination of the Contract. The Contract expands upon this provision.
- B.19. **Liquidated Damages.** The PBM acknowledges that it is impossible or impractical to estimate certain damages with any degree of certainty. Therefore, the PBM understands and acknowledges that the Contract includes a liquidated damages provision that is in addition to any other remedies that ERS may have in the event the PBM fails or refuses to perform, or it

appears that the PBM is not capable of performing, any obligation it may have in connection with the Contract to the satisfaction of ERS. The Contract has additional requirements in this regard.

B.20. **Contract Implementation.** To ensure the successful implementation and delivery of the PBM's benefits, coverages and services to the GBP and its Participants, the PBM shall provide the proposed dollar value at risk by the PBM in Article V. *Price Proposal and Response Format*.

B.20.a. **Implementation Period.** Following selection of a PBM by the Board and upon ERS' execution of the Contract, the PBM shall immediately staff an implementation team and name an implementation project manager. The names, positions and qualifications of the implementation team shall be communicated to ERS no less than fifteen (15) business days from the award of the Contract. The period of time beginning with the selection of the PBM by the Board and ERS' execution of the Contract to the point at which the PBM assumes full responsibility for the duties specified hereunder, such date being no later than January 1, 2013, shall be known as the "Implementation Period."

During the Implementation Period, the PBM warrants and represents the following:

- The PBM shall maintain appropriate, sufficient and qualified staff, technical capabilities and resources that are fully devoted to the implementation of the EGWP + Wrap PDP. ERS reserves the right to require the PBM to add additional staff or to remove staff from the Implementation Team;
- The PBM shall not permit any current or prospective business, projects or other matters to interfere in any manner with the smooth and timely implementation of the EGWP + Wrap PDP;
- The PBM understands and agrees that time is of the essence in the performance of this Contract and in the implementation of the EGWP + Wrap PDP;
- The PBM acknowledges and agrees that the GBP, its Participants and ERS shall suffer irreparable harm if the EGWP + Wrap PDP is not fully and completely implemented on or before January 1, 2013;
- To the extent the Liquidated Damages and/or Performance Guarantee provisions of the Contract require prior notice, the PBM hereby waives such prior notice during the Implementation Period;
- ERS may immediately assess against the PBM the agreed upon Liquidated Damages and/or *Performance Guarantees* as referenced in Appendix G or pursue other legal remedies available to ERS in the Contract, without prior notice, in the event the PBM fails, refuses or if it reasonably appears that it will fail or refuse to complete or perform or will not be capable of completing or performing any aspect of the Contract in connection with the timely and smooth implementation of the EGWP + Wrap PDP; and
- All communication materials dealing with the implementation, including Participant communication materials, call center staff training materials, Interactive Voice System ("IVR"), and website design will be provided for ERS' review and approval prior to Implementation.

B.21. **Finalist Interview.** Following ERS' initial review of the RFP Proposals, if the PBM is selected as a finalist in the PBM selection process, ERS may request that personnel from the PBM, at the PBM's expense, attend a meeting at an ERS-designated location to clarify the PBM's Proposal and to answer questions regarding the PBM's Proposal. If ERS deems necessary, a site visit to the PBM may be conducted during the RFP review period at ERS' expense.

B.21.a. If the PBM is selected as a finalist and has been requested to participate in a finalist face-to-face or teleconference interview session, the PBM shall prepare and present a proposed Implementation Plan that will ensure the successful implementation and delivery of the PBM's benefits, coverages and services to the GBP and its Participants. The Implementation Plan shall include the following:

- A detailed project plan that will define the manner in which the Implementation project will be managed and guided. The project plan will clearly define all actions, activities and objectives that will be coordinated and the owners of said action and activities.
- A detailed description of all activities the PBM expects ERS to perform related to the Implementation Plan.

- A project schedule that defines the series of tasks, meetings and associated dates for the proposed implementation project to include the timeline with start and end dates for tasks to be completed over the life of the project.
 - Schedules of meetings between the PBM and ERS to facilitate the transition.
 - Schedules of meetings between other contracted vendor(s) and ERS to facilitate transition.
- A Sample Go-Live Contingency Plan as described in Section I.B.21.b. below.
- A list of sample reports relevant to RFP reporting – specific GBP reports will be determined following Contract award.

ERS recognizes that the PBM will have updates and/or amendments to the Implementation Plan to reflect mutually agreed-upon changes as additional work is defined throughout the Implementation Period.

- B.21.b. **Sample Go-Live Contingency Plan.** This document captures the priorities and major milestones of activities that shall occur in order to ensure a successful go-live date on January 1, 2013. In addition to reflecting the steps that shall occur along with their corresponding “drop dead dates,” the document outlines the steps that should be taken to avoid and resolve any disruptions or loss of service. This document also identifies the individuals from each functional area and the escalation path of contact. See Appendix P.
- B.22. **Public Information Act.** As reflected in greater detail in Sections I.B.23. – I.B.23.d. below, ERS is required to provide access to certain records in accordance with the provisions of Chapter 552, Tex. Gov’t Code, the Texas Public Information Act (“PIA”), formerly known as the Open Records Act.
- B.22.a. During the evaluation process, ERS shall make reasonable efforts as allowed by law to maintain Proposals in confidence, and shall release Proposals only to personnel involved with the evaluation of the Proposals and implementation of the Contract unless otherwise required by law.
- B.22.b. However, ERS cannot prevent the disclosure of public documents and may be required by law to release documents the PBM considers to be confidential and proprietary. By execution of the Signature Pages, as further referenced in Section I.B.8. above, the PBM warrants and represents that all information that the PBM in good faith considers to be properly excepted from disclosure under the PIA will be clearly labeled as confidential by the PBM upon submission to ERS. The PBM’s signature further reflects that all documents submitted by the PBM that are not marked “confidential” shall be considered to be public information. All public information in response to this RFP may be fully disclosed by ERS without liability and without prior notice to or consent of the PBM or any of the PBM’s subcontractors or agents.
- B.23. **Disclosure of Information.** In order to protect and prevent inadvertent access to confidential information submitted in support of its Proposal in accordance with the PIA as reflected in Sections I.B.22. - I.B.22.b. above, the PBM is required to supply in good faith and with legally sufficient justification, a separate schedule of all pages considered by the PBM to contain any confidential and/or proprietary information. The PBM shall supply its confidential and/or proprietary information to ERS each time it submits information to ERS, whether in its initial Proposal or in any supplemental information submitted to ERS. The PBM shall submit its confidential and proprietary information in accordance with the instructions given in Sections I.B.24. – I.B.24.a. below of this RFP.
- B.23.a. By submitting a Proposal, the PBM acknowledges and agrees that ERS shall have no liability to the PBM or to any other person or entity for disclosing information in accordance with the PIA. Furthermore, ERS shall have no obligation or duty to advocate the confidentiality of the PBM’s material to the Texas Attorney General, to a court, or to any other person or entity.
- B.23.b. The PBM further understands and agrees that, upon ERS’ receipt of a PIA request for the PBM’s information, the only information that ERS shall treat as the PBM’s confidential and proprietary information in accordance with the PIA shall be the documents the PBM identifies as required above.
- B.23.c. It is the PBM’s sole obligation to advocate in good faith and with legally sufficient justification the confidential or proprietary nature of any information it provides to ERS. The PBM

acknowledges and understands that the Texas Attorney General may nonetheless determine that all or part of the claimed confidential or proprietary information shall be publicly disclosed.

B.23.d. In addition, the PBM specifically agrees that ERS may release the PBM's information, including alleged confidential or proprietary information, upon request from individual members, agencies or committees of the Texas Legislature where needed for legislative purposes, as provided for in the PIA, or to any other person or entity as otherwise required by law.

B.24. **Confidential and/or Proprietary Schedule – Public Information Submission.** In order to protect and prevent inadvertent access to confidential and/or proprietary information submitted in support of its Proposal, each PBM submitting a Proposal to this RFP is required to supply four (4) CD-ROMs. The first two (2) CD-ROMs shall **only** contain copies of all information that the PBM (in good faith, and with sufficient legal justification) considers to be its **confidential and/or proprietary information**. The second two (2) CD-ROMs shall **only** contain copies of all information that the PBM considers to be its **public** information. The first two (2) CD-ROMs shall be labeled “**Confidential and/or Proprietary Information.**” The second two (2) CD-ROMs shall be labeled “**Public Information.**” The PBM shall supply full and complete copies of all information it submits to ERS in this manner each time it submits information to ERS, whether in its initial Proposal or in any supplemental information submitted to ERS. Otherwise ERS will presume that all information submitted by the PBM that does not comply with this directive is public information subject to disclosure. The documents reflected on the CD-ROMs shall correlate in order and by title to those reflected on the separate schedule required in Section I.B.23. above.

B.24.a. Upon ERS' receipt of a PIA request, ERS will provide the requestor the information provided on the PBM's public CD-ROM(s) under the applicable provisions above. If the PBM fails to submit its confidential and/or proprietary information as outlined herein, ERS shall consider PBM's information to be public, and it will, therefore, be released without notification to the PBM upon receipt of a PIA request.

B.25. **Historically Underutilized Businesses (“HUB”).** ERS makes a good faith effort to assist HUBs in receiving agency contract awards. As appropriate, the PBM shall provide the following information in the submitted Proposal materials:

- a. If Respondent is certified as a Texas HUB, please provide the TBPC VID/Certification Number.
- b. If an engagement is awarded and the PBM plans to engage a subcontractor for all or any of the Contract services, the PBM shall identify all proposed HUB subcontractors. The required forms with video instructions can be found at the following website:

<http://www.window.state.tx.us/procurement/prog/hub/hub-forms/>

B.26. **Subcontractors.** Any planned or proposed use of subcontractors by the PBM related to the management of or access to GBP Participant data shall be clearly disclosed and documented in the PBM's Proposal and shall not be accepted unless and until agreed to in writing prior to bid award by ERS. The PBM shall be completely responsible for all services performed and for fulfillment of its obligations under the Contract, even if such services are delegated to a subcontractor.

The PBM agrees that any and all subcontracts entered into by the PBM for the purpose of meeting the requirements of the Contract are the responsibility of the PBM. ERS will hold the PBM responsible for assuring that subcontractors meet all of the requirements of the Contract and all amendments thereto. The PBM shall provide complete information regarding each subcontractor used by the PBM to meet the requirements of the Contract.

B.26.a. The PBM shall agree to accept the following administrative requirements:

- A qualified PBM will be required to sign an ERS Contract;
- The PBM shall be solely responsible for all subcontracted activities in support of the benefits and services outlined in any executed agreement with ERS;
- The PBM and any subcontractor utilized to provide any services including, but not limited to: call center, billing, eligibility, claims processing and programming, etc. and in support

of any subsequent Contract, shall be located within the United States for the duration of the contracted term; and

- If a PBM subcontracts any part of the outlined benefits and services, the subcontractor(s) are subject to review and acceptance by ERS throughout any contracted term.

B.27. **The Employee Retirement Income Security Act of 1974 (“ERISA”).** As a state government plan, the GBP is not subject to ERISA; however, the PBM shall assume the same fiduciary responsibilities that apply to ERISA plan administrators for all claims processing and payments, adjudication and appeals.

B.28. **Board Rules.** The Board has sole rulemaking authority in connection with the GBP pursuant to Chapter 1551, TIC. In the event of a conflict of laws or regulations, then ERS’ interpretation of the applicability and controlling status of the law or rules shall control. The Board Rules are located at Title 34, Part 4, Tex. Admin. Code. The Board Rules, including any amendments, are a part of any Contract executed in accordance with this RFP process for all purposes as if they were contained verbatim therein. The PBM agrees to comply with all such Board Rules, and all applicable federal and Texas laws and regulations.

B.28.a. The determination of the amount of benefits to which any Participant is entitled shall initially rest with the PBM. However, the final determination of the extent of the benefit to which any Participant is entitled shall be made solely and exclusively by the Trustees in accordance with Article 1551.357, TIC, as amended.

B.29. **No Solicitation.** An approved PBM shall not use, or otherwise disseminate, copy, or make available to any person or entity, lists of GBP Participants or retirees, or any other Participant data to solicit any other insurance coverage, annuity products, or any other services or products, unless specifically approved in writing by ERS’ authorized representatives. This requirement shall survive the termination of the Contract. The Contract has additional requirements in this regard.

C. General Specifications

C.1. Changes Required by Statute, Regulation, Court Orders, or Program Funding: ERS acknowledges that certain factors may change conditions with regard to the EGWP + Wrap PDP benefits and administration. Some factors that may affect the EGWP + Wrap PDP include, but are not limited to:

- Changes in federal and state statutes, regulations, and new court decisions and administrative rulings;
- Changes in anticipated funding by the Texas Legislature; and
- Changes in plan design.

The PBM agrees to make a good faith effort to comply with any additional responsibilities or changes to the EGWP + Wrap PDP imposed as a result of the above factors, and other similar factors that may arise, requiring plan design changes and/or an increase or decrease of the PBM’s administrative fees, to cooperate with ERS to effect any such changes and to execute any agreements that may be required as a result. However, should a mandated change materially affect the PBM’s obligations under the Contract, ERS reserves the right to negotiate with the PBM regarding any administrative fees increase (or decrease) that may be appropriate under the circumstances, as provided in the Contract.

C.2. Alternative Benefit Design or Financial Arrangements

C.2.a. ERS will evaluate Proposals based on the current benefit design and financial arrangement. However, ERS reserves the right to revise the benefits and/or financial arrangements should that become necessary due to legislative, budgetary, or other factors. The purpose of this RFP and the subsequent review process is to select the PBM that ERS considers to be most qualified to provide the most effective, efficient and high-quality services, supplies and products to the GBP, its Participants, ERS and the state of Texas. ERS views the relationship with the PBM as a cooperative one, and nothing contained in this RFP, nor any action taken in the review and approval process, shall prevent ERS from continuing negotiations with the selected PBM after the selection is made.

C.2.b. The PBM agrees to act in good faith in connection with all such negotiations and in performing all of its services, duties, and provisions of coverage related to the GBP.

- C.3. The PBM shall maintain fidelity and liability insurance coverage throughout the term of the Contract, and any extension, amendment, or renewal thereof. Evidence that such coverage (declaration page of policy) is being maintained throughout the term of the Contract shall be submitted to ERS no later than fifteen (15) business days following the effective date and each subsequent anniversary date of such policy.
- C.4. **Service-Oriented Architecture.** ERS is moving toward a service-oriented architecture (“SOA”), which will combine a number of technologies to provide comprehensive and cost-effective technical solutions that will integrate our front-end information (website) and processes (login to the ERS website) with our back-end information systems. SOA deployment at ERS will be incremental and scaled as business processes, opportunities, and capabilities require. An example of such technology would include ERS’ ability to extract XML-tagged content from a GBP Vendor website through the use of “data feeds.” Throughout ERS’ SOA evolutionary processes, the PBM shall provide compliant information in a timely manner and afford all necessary technological support as required by ERS’ staff and consultants.
- C.5. **Claims Payments.** The PBM pays all claims based on the enrollment data certified by CMS.
- C.6. **Administrative Audit.** As plan administrator for the EGWP + Wrap PDP, ERS may access, request, and audit appropriate PBM documents and Participant records as required for purposes of administering the Plan.
- C.7. **Annual Audit of the PBM.** Pursuant to Chapter 1551 of the TIC, ERS shall commission an annual audit of the PBM’s claims administration by an independent auditor to determine the adequacy, timeliness, and accuracy of the PBM’s procedures and performance for the prior plan year. ERS will determine the scope of the audit, and the PBM shall be prepared to fully support the activities of and in good faith cooperate with the auditor. In addition, if ERS or any of its duly authorized representatives or designees request records, data, information, report analysis rebuttals, etc. of the PBM, timely release of all information requested shall be required by the PBM.
- The PBM’s support shall include maintaining readily available data that is accessible electronically as well as through hard copy. The PBM shall not designate any “black out” periods of time for any audit conducted on behalf of ERS. Neither ERS nor the Auditor shall reimburse or indemnify the PBM for any cost incurred or any claim that may arise in connection with or relating to these audits.
- In addition, ERS or any of its duly authorized representatives or designees shall, during the term of the Contract and until the expiration of seven (7) years after the final payment is made under the Contract, have access to and the right to examine any and all pertinent books, documents, papers and records involving transactions relating to the Contract. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits.
- C.8. **Employee Identification Number.** Current employee, retiree, and dependent (collectively referred to as Participants) enrollment reporting is based on each Participant’s unique employee identification number (“ID”). Texas law mandates the removal of Social Security Numbers from ID cards.
- The PBM’s system shall have the capability to manage an eleven (11) digit number in its reporting system. The PBM shall be required to issue ID cards to Participants within fifteen (15) business days of the transfer of the final enrollment file at the end of Annual Enrollment (“AE”) or by January 1, 2013, whichever is sooner. The PBM shall be capable of identifying Participants based on the enrollment information submitted by ERS.
- C.9. **ERS Actuary.** ERS retains a consulting actuary, Rudd & Wisdom, Inc., to advise the Board, ERS staff and management on insurance and other financial matters related to the GBP. The consulting actuary also assists and advises the Board on benefit plan designs, application reviews, rating analysis, and certain audit related activities as described herein.

- C.10. **PBM Personnel Changes.** The experience and professional qualifications of the PBM project personnel are critical elements to the awarding of the project; therefore, substitutions of or other changes in assigned personnel shall require the prior approval of ERS' Executive Director. In any event, ERS may, at any time, request the removal or reassignment of the PBM's staff, or the staff of any subcontractor, in connection with the PBM's performance under the Contract.
- C.11. **Calendar Year.** The calendar year ("CY") begins each January 1st, and ends the following December 31st. The CY shall be determinative for all Contract reporting requirements.
- C.12. **Online Access.** The PBM shall provide ERS and its designated representatives online access to any information reasonably related to the EGWP + Wrap PDP, its Participants, and the services, coverages, benefits, supplies and products specified herein. Such online access, at a minimum, must give ERS the ability to view, download and print such information. Thus, any information regarding the services, coverage, benefits, supplies or products that the PBM is required to perform, deliver or provide in connection with the GBP shall be fully accessible and available to ERS via online access.
- C.13. **Definitions.** A list of definitions applicable to certain terms used in this RFP is referenced in Appendix J, *Glossary of Definitions*.

D. EGWP + Wrap PDP Enrollment and Claims Data

Refer to the Experience Data, referenced as Appendix K. This appendix presents historical enrollment, financial, utilization, cost data and monthly claims information from the GBP's health plans.

To assist in the analysis of this information, electronic information is included in Appendix K which contains all of the data exhibits from this appendix. Instructions for reading the files are included in Exhibit H. In addition to the exhibits, the RFP contains (i) an enrollment file containing information on all Medicare-eligible GBP Participants, and, (ii) a set of files containing all PDP claims for Medicare-eligible HealthSelect Participants for the period January 2011 through December 2011. Exhibit H includes additional information regarding these electronic files.

II. Proposal Evaluation Criteria

A. General Evaluation Information

A.1. **Introduction.** Proposals submitted in response to this RFP shall be evaluated on the basis of the criteria listed below. The criteria are not listed in order of importance. While the criteria provides the basis for an objective evaluation of each Proposal, the experience and judgment of ERS' staff, Board and their advisors shall also be important in the selection process. The criteria include the PBM's response to all items reflected in its Proposal and any clarifications. The criteria also include:

- Compliance with, and adherence to, the RFP and Contractual Agreement;
- Minimum requirements and preferred criteria as reflected below;
- Experience serving large group programs and past experience;
- Experience in performing, delivering and providing PBM services, coverage, benefits, supplies and products;
- Administrative capability/Network Management;
- Tiered and/or Efficient Network;
- Retail Pharmacy Network;
- Financial strength and stability;
- PBM Price Proposal Response;
- Legal disclosure requirements;
- Technological capabilities;
- Operating requirements;
- References;
- Site Visits; and
- Other factors, as determined during the evaluation review process.

A.2. ERS reserves the right to reject any and/or all Proposals and/or call for new Proposals if ERS deems it to be in the best interests of ERS, the GBP, its Participants and the state of Texas.

A.2.a. The selected PBM shall adhere to these requirements upon Contract award and throughout the term of the Contract and any renewals or extensions thereof. ERS also reserves the right to reject any Proposal submitted that does not fully comply with the RFP's instructions and criteria. ERS is under no legal requirement to execute a Contract on the basis of this notice or upon issuance of the RFP or receipt of a Proposal.

A.2.b. Proposed deviations from the minimum requirements identified below shall not be considered, and submission of such may disqualify the PBM's Proposal package. Failure to satisfy the mandatory minimum requirements may result in elimination from the evaluation process.

B. Minimum Requirements

Those wishing to respond to the RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy each of the following minimum requirements by specifically identifying supporting documentation contained in the PBM's response.

B.1. The PBM shall maintain its principal place of business and provide all products and/or services including, but not limited to: call center, billing, eligibility, claims processing and programming, etc. within the United States of America and shall have a valid Certificate of Authority and/or license to do business in Texas as a PBM from the Texas Department of Insurance ("TDI") and be in good standing with all agencies of the state of Texas, including TDI.

B.1.a. The PBM shall disclose where PBM's principal place of business is located and the location from which the PBM's contracted services will be performed, including, but not limited to: call center, billing, eligibility, etc.

- B.2. The PBM shall have been providing EGWP + Wrap PDP services, for an organization with a member participation of no less than 10,000 or an aggregate of 50,000 covered lives for a minimum of one (1) year.
- B.2.a. The PBM shall provide a list of its top five (5) EGWP + Wrap PDP clients.
- B.3. The PBM shall have a current net worth of \$25 million as evidenced by a 2011 audited financial statement. Since the PBM may be required to advance up to two (2) weeks of claim payments totaling approximately \$6 million before being reimbursed by ERS, the PBM shall have at least \$12 million of cash and cash equivalents available, on average, throughout its 2011 financial period.
- B.3.a. If PBM is being financially supported by a sponsor or parent organization/entity, the PBM shall submit its sponsor or parent organization/entity 2011 audited financial statement.
- B.4. The PBM shall provide a pharmacy network capable of effectively servicing the GBP Medicare-primary Participants that reside within the United States (approximately 74,000) without member access disruption.
- B.5. The PBM shall have the capability to provide all reports and supporting documentation electronically and in CD-ROM format.
- B.6. The PBM shall provide uniform utilization, quality assurance, claims, grievance and other data on a regular basis as required by ERS and/or CMS requirements.

C. Preferred Criteria

- Those wishing to respond to the RFP shall demonstrate their competence to perform the services required by ERS, and shall evidence the ability to satisfy (or not), each of the following preferred requirements by specifically identifying supporting documentation contained in the PBM's response.
- C.1. The PBM shall have experience working with and/or extensive knowledge of applicable Texas and federal laws and regulations affecting the GBP.
 - C.2. The PBM shall have experience working with and/or extensive knowledge of public or governmental benefit plans that are not subject to ERISA.

III. Plan Design, Eligibility, Network and Program Requirements

This Article presents plan design, eligibility, funding sources, pharmacy network, and general program requirements.

Currently, prescription drug benefits for HealthSelect Participants for whom Medicare is primary (Medicare-primary Participants) are provided through the HealthSelect Prescription Drug Plan (HealthSelect PDP). Prescription drug benefits for Medicare-primary Participants are currently the same as those available to all other HealthSelect Participants. Those benefits are described in Appendix F.

ERS intends to provide prescription drug benefits to Medicare-primary Participants through the EGWP + Wrap PDP effective January 1, 2013; i.e., beginning January 1, 2013, Medicare-primary Participants will no longer be eligible for prescription drug benefits through the HealthSelect PDP. The following are the goals of this change.

1. ERS intends for the prescription drug benefits provided through the EGWP + Wrap PDP to duplicate those currently provided through the HealthSelect PDP to the greatest extent possible under federal law.
2. The EGWP + Wrap PDP will provide primary coverage through a self-funded EGWP. Secondary coverage will be provided through a self-funded wrap-around ("Wrap") arrangement. The purpose of the Wrap will be to (a) cover prescription drugs that the EGWP does not cover, prescription drugs not covered under Part D and brand drugs in the Part D coverage gap; and (b) match the HealthSelect PDP benefit structure. Both the EGWP and the Wrap will be administered by the PBM.
3. ERS intends to transfer administration of prescription drug benefits for Medicare-primary Participants from the HealthSelect PDP to the EGWP + Wrap PDP with minimal impact on the Medicare-primary Participants with respect to benefits, pharmacy access, services and administration.
4. The EGWP + Wrap PDP will provide a single transaction coordination of benefits ("COB") process in order to provide a single plan from the perspective of the Medicare-primary Participants.
5. The EGWP + Wrap PDP will be administered in a manner so as to maximize the various sources of federal funds available in connection with EGWP.
6. The EGWP + Wrap PDP will be administered in a manner so as to minimize the increased cost that may arise through conversion of prescription drug coverage to the EGWP + Wrap PDP; e.g., additional cost associated with low cost generics, reduced manufacturer rebates, etc.

ERS requires the selected PBM to replicate the benefits and program requirements presented in this Article.

The PBM shall administer the PDP benefits presented in Appendix F. Deviations from these required benefits are acceptable only to the extent required to comply with federal law. The EGWP + Wrap PDP will also provide coverage for prescriptions filled by pharmacies that do not participate in the pharmacy network. Participants who use non-network pharmacies submit a claim for benefits at non-network levels. The PBM shall be capable of administering this facet of the program. The cost of the requirements described in this article shall be recovered by the PBM only by making provision for such expenses in the PBM Price Proposal and Response Format.

The PBM understands and accepts that it is bound by various statutory, regulatory and fiduciary duties and responsibilities; therefore, the PBM expressly agrees that it shall accept and abide by such duties and responsibilities when acting on behalf of the GBP pursuant to this engagement. The PBM shall administer the EGWP + Wrap PDP in a manner consistent with applicable state and federal statutory law, regulations and rules of ERS and at the direction of the ERS Board, its Executive Director, and ERS' staff. The PBM shall recover any costs related to the requirements set forth in this Article by ERS only through PBM's *Price Proposal and Response Format*, Article V.

A. Eligibility

The PBM shall comply with the Medicare eligibility requirements stated herein.

- A.1. For purposes of this Contract, eligible Participants are those Medicare-primary retirees and their Medicare-primary dependents who are members of the GBP as defined in the statutes, rules and regulations or amendments thereto.
- A.2. Medicare-primary retirees and/or their Medicare-primary dependents may voluntarily terminate coverage at any time. If a Medicare-primary retiree, survivor or vested member terminates coverage with the GBP, he/she is no longer eligible for coverage with the GBP.

B. Annual Enrollment Period

- B.1. **HealthSelect Program.** The AE is conducted each plan year during the month of July for Participants to make changes to their Health, Dental, Flexible Spending, and Long Term and Short Term Care Programs. Participants may also add or drop dependents from their HealthSelect coverage. The Participants may also apply through the Evidence of Insurability ("EOI") process to add dependents for which HealthSelect coverage was previously declined. These changes (with the exception of HealthSelect coverage) become effective on September 1 following AE. Changes to HealthSelect coverage become effective following the Plan administrator's approval of the coverage through the EOI process.

C. Funding Sources

The cost for coverage provided under the GBP is funded from two (2) sources: Employer contributions and employee/retiree contributions. The Texas Legislature appropriates monies to fund group insurance benefits for all state and certain higher education employees, retirees and their dependents.

- C.1. The Texas Legislature will set the state contribution for FY 2013. Resulting budgetary constraints could require modifications to any Contract entered into as a result of this RFP. In the event that funding for FY 2013 is projected to be inadequate to support the benefits included in this RFP, ERS shall work with the PBM to administer a benefit plan that matches funding capability. The PBM shall, at the direction of ERS, implement benefit changes necessitated by budgetary constraints. The PBM shall be expected to negotiate in good faith regarding an adjustment in the PBM's fees, if any that may be warranted by required benefit changes.

D. Retail Pharmacy Network

- D.1. **Current Retail Network.** HealthSelect is a statewide POS plan with employees widely dispersed throughout the state in both urban and rural locations. In addition, some Participants reside outside Texas and the United States. The current pharmacy network has been designed with this characteristic in mind and with the express intent of providing a wide choice between independent and chain pharmacies. The current pharmacy network directory is reflected in Appendix N.
- D.2. **Retail Pharmacy Network.** ERS is interested in maintaining its current pharmacy network and is also interested in the PBM's most cost effective network that shall provide adequate access for EGWP + Wrap PDP Participants across the state and United States. For purposes of evaluating network adequacy, ERS will consider adequate access to equal one network pharmacy within five (5) miles of a Participant's residence. PBM will consider a retail pharmacy network that satisfies this access standard for 80% of the EGWP + Wrap PDP members. The PBM interested in providing an alternative retail networks shall complete a separate Table #2 in Appendix K that shall represent a more cost effective alternative to the current HealthSelect PDP retail network.

E. Retail Pharmacy Reimbursement

Subject to CMS plan qualifications, the PBM shall reimburse retail network pharmacies based on an amount determined as the lesser of (i) the pharmacy's usual and customary price ("U&C") or (ii) the sum of (a) ingredient cost, plus (b) dispensing fee. The payment to the

pharmacy shall be equal to the amount determined above less (a) retail copayment, less (b) retail maintenance fee, if applicable, and/or less (c) the deductible, if applicable.

- E.1. The retail maintenance fee is an amount paid by the member, in addition to the copayment, for maintenance medications purchased at retail pharmacies. The retail maintenance fee is \$5 for a Tier 1 drug, \$10 for a Tier 2 drug and \$15 for a Tier 3 drug. Additional information regarding the HealthSelect PDP benefit plan is included in Appendix F of the RFP.
- E.1.a. The EGWP + Wrap PDP deductible applies to both retail and mail service pharmacies. The deductible is applied prior to the application of the copayment.
- E.2. **Retail Copayment.** The PBM shall ensure that the retail pharmacy charges the Participant the lesser of (a) the pharmacy's U&C price (b) the ingredient cost plus the dispensing fee or (c) the copayment plus the retail maintenance fee, if applicable. For any prescription for which the Participant payment is limited to (a) or (b) above, there shall be no additional charge to the EGWP + Wrap PDP.

F. Mail Service

The selected PBM shall, at a minimum, be capable of providing mail services to meet the needs of the EGWP + Wrap PDP Participants.

- F.1. The EGWP + Wrap PDP has a mail service option that allows the Participant to obtain a ninety (90) day supply of most covered drugs for one mail service copayment, which is equal to three times the retail copayment. Participants may also purchase up to a thirty (30) day supply of covered drugs via mail service for one (1) retail copayment or a 31-60 day supply for two (2) retail copayments. To be eligible for consideration, a PBM shall provide access to at least one (1) mail service facility at no additional cost to the State, HealthSelect and the GBP or its Participants (cost shall be included in the PBM's Price Proposal and Response Format). The mail service facility shall be located within the continental United States.
- F.1.a. Currently, ERS reimburses the PBM for covered drugs dispensed by mail service based on an amount equal to (a) ingredient cost plus (b) dispensing fee less (c) mail service copayment and/or the deductible, if applicable.

The PBM shall submit its proposed mail service reimbursement levels in the PBM's *Price Proposal and Response Format*, Article V.

- F.2. **Extended Day Supply Retail Network.** Some pharmacies participating in the current pharmacy network have agreed to participate in the Extended Days Supply ("EDS") network. Pharmacies in the EDS network will fill a 31- to 90-day supply of maintenance medicines under the pricing arrangement applicable to the mail service pharmacy.
- F.3. **Mail Service Copayment.** If the amount of the applicable copayment for a mail service prescription exceeds the applicable ingredient cost plus dispensing fee, if any, the PBM shall return to the Participant an amount equal to the copayment less the sum of the applicable ingredient cost plus dispensing fee, if any. The mail service pricing formula shall include the following services:
 - Properly licensed pharmacists in good standing to oversee filling of prescriptions;
 - Handling and postage expense of mail service prescriptions, including special handling requirements for temperature-sensitive medications;
 - Braille labels on prescriptions for visually impaired Participants;
 - Drug Information Leaflet with each new prescription;
 - Access to the PBM's "Drug Information Service";
 - Receipts for medications obtained by Participants by mail service with the name of the drug dispensed, the date it was dispensed, the amount paid by the plan for the drug over and above the copayment, and the amount of the copayment;
 - Easy-open lids upon request; and
 - Cold pack shipping when necessary, including with all insulin orders.

G. Average Wholesale Price ("AWP")

The term used for any one of the recognized published averages of the prices charged by wholesalers in the United States for the drug products they sell to a Pharmacy.

- G.1. The current source for AWP is the National Drug Data File (“NDDF”) from Medi-Span. The PBM may use this source to determine ingredient cost for retail, mail and specialty pharmacy reimbursement. If the PBM, however, uses an alternative pricing standard basis for computing its pharmacy prices, please describe such method.
- G.2. ERS reserves the right to utilize any pricing index it believes to be in the best interests of the EGWP + Wrap PDP throughout the term of the Contractual Agreement.
- G.3. The PBM is required to enter into good faith negotiations with ERS prior to the time that Medi-Span AWP is replaced with the “sustainable benchmark for drug reimbursement” as called for in the FirstDataBank Settlement. Such negotiations shall, to the greatest extent possible, achieve a timely and cost neutral transition from Medi-Span AWP to the new index.

H. Formulary

- H.1. The HealthSelect PDP currently has a three-tier incentive formulary. The categories of drugs covered under the current formulary are presented in Appendix L. **To be eligible for selection, the PBM shall have a viable formulary covering each of the categories listed in Appendix L. The PBM’s Proposal shall include the specific formulary that the PBM intends to offer for HealthSelect Participants.** During the term of the Contract, the PBM shall not make changes to nor implement a new formulary for the EGWP + Wrap PDP without the express approval of ERS, unless required by law.

I. Therapeutic Substitution

- I.1. ERS does not allow the PBM to initiate therapeutic substitution under either the retail or mail program. However, ERS may implement such a program at its discretion.

J. Drug Utilization Review

- J.1. The PBM shall provide comprehensive drug utilization review (“DUR”) that meets or exceeds the standards set forth in the Omnibus Budget Reconciliation Act of 1990 (P. L. 101-508) (“OBRA”). The PBM shall provide concurrent (point-of-sale) DUR as well as retrospective DUR. The cost for such program shall be included in the Price Proposal and Response Format.

K. Disease Management

- K.1. The PBM shall provide Disease Management Programs on behalf of EGWP + Wrap PDP Participants in order to provide additional cost containment in the EGWP + Wrap PDP. The cost for such programs shall be included in the PBM Price Proposal and Response Format. The Disease Management Programs currently in place in the HealthSelect PDP are listed below.
- Respiratory Program;
 - Diabetes Program;
 - Cardiovascular Program;
 - Digestive Health Program;
 - Hepatitis C Program; and
 - Multiple Sclerosis Program.
- K.2. ERS requires the PBM to make available, implement, and administer the PBM's Disease Management Programs, as agreed from time-to-time between the PBM and ERS, to EGWP + Wrap PDP Participants. The PBM may, from time-to-time, recommend modifications to the Disease Management Programs for the EGWP + Wrap PDP that PBM determines to be in the best interest of Disease Management Program enrollees. The PBM shall notify ERS and obtain ERS’ consent to any modification of the Disease Management Programs prior to implementing or making same available to EGWP + Wrap Participants.
- K.3. The PBM may use the above-referenced information to profile Participants solely in order to do the following: to offer, implement and administer the Disease Management Programs; to assess patterns of care and outcomes measurements; and to provide opportunity analysis for interventions adherence analysis. Only non-identifying Participant information may be used

to administer, evaluate, and improve the PBM's Disease Management Programs and other managed care programs.

L. Prior Authorization

- L.1. The PBM shall provide prior authorization programs in order to provide additional cost containment in the EGWP + Wrap PDP. The prior authorization programs currently in place are listed in Appendix S for reference. The cost for such programs shall be included in the PBM Price Proposal. All savings attributable to such programs shall accrue solely to the EGWP + Wrap PDP.

M. Coordination of Benefits

- M.1. The PBM shall provide COB with any group plan under which a EGWP + Wrap PDP Participant has coverage, regardless of whether or not the PBM also services the other group plan as its PBM. The PBM shall establish integrated exchange of information for other health coverages with ERS' existing third-party administrator ("TPA"). ERS has determined that COB follows the normal rules of COB adopted by TDI. The cost for such programs shall be included in the PBM Price Proposal and Response Format. All savings attributable to such programs shall accrue solely to the EGWP + Wrap PDP.
- M.2. **Medicare Part B Coordination of Benefits.** The PBM shall include Medicare Part B coordination at point-of-sale in the PBM Price Proposal and Response Format.
- M.2.a The PBM shall process claims from various state and federal government agencies on behalf of EGWP + Wrap PDP Participants who also participate in other state and federal government institutional programs. ERS shall authorize the PBM to process these claims subject to the plan's edits and only in accordance with the approved plan design applicable to claims submitted by a plan Participant. PBM shall pay all claims that meet plan design parameters in accordance with the plan's terms, and reject those that do not meet those parameters, including those that are submitted in the wrong format or are missing one or more data elements that are required by the plan design.
- M.2.b. Because of the potential for variations in timely filing requirements among the various state and federal government agencies, claims should not be rejected solely because they do not meet the plan's timely filing edits. In processing such claims under these parameters, PBM should reimburse the applicable state or federal government agency at the lesser of (1) the amount the agency actually paid, or (2) the negotiated network price, minus any applicable deductible, copayment or coinsurance that the EGWP + Wrap PDP Participant is responsible for under the plan design. The cost for this process shall be included in the PBM Price Proposal and Response Format.

IV. Financial Specifications

This Article presents the specifications for a PBM to administer the self-funded EGWP + WRAP PDP under the GBP. The PBM shall provide a level of benefits and services consistent with those currently offered to Participants under the HealthSelect PDP.

The Contract to be executed in accordance with this document shall involve no insurance or reinsurance. The Contract for the PBM's services shall at minimum include, but not be limited to: administrative services, pharmacy network management and credentialing, establishment and maintenance of the formulary used in connection with the EGWP + Wrap PDP, rebate administration, DUR, disease management and Subsidy administration as described in this RFP and shall be executed in accordance with the requirements outlined in the Contract. Other financial requirements may be further outlined elsewhere in this RFP.

The PBM understands and accepts that it is bound by various statutory, regulatory and fiduciary duties and responsibilities and, therefore, the PBM expressly agrees that it shall accept and abide by such duties and responsibilities when acting on behalf of the GBP pursuant to this engagement. The PBM shall administer the EGWP + Wrap PDP in a manner consistent with applicable state and federal statutory law, regulations and rules of ERS and CMS and at the direction of the ERS Board, its Executive Director, and ERS' staff. The PBM shall recover any costs related to the requirements set forth in this Article by ERS only through the PBM's *Price Proposal and Response Format*, Article V.

A. Funding Methodology

A.1. **Funding Methodology.** ERS shall reimburse pharmacy claims paid by the PBM in accordance with the following:

A.1.a. **Reimbursement of Claims.** Under the self-funded arrangement, the PBM shall process and pay all claims submitted under the EGWP + Wrap PDP as described herein and in the Contract. The claims shall be paid by the PBM through the issuance of drafts or through Electronic Funds Transfer from the PBM's account prior to reimbursement from ERS. On the first business day of each week, the PBM shall present an invoice to ERS for all claim payments actually made and paid during the previous week. ERS will use reasonable efforts to process and submit the payment voucher to the Comptroller of Public Accounts ("CPA") for payment within five (5) business days following receipt of the invoice. It is anticipated that payment authorization from CPA shall be returned to ERS within four (4) business days and, upon receipt by ERS, shall be immediately deposited into the PBM's account at its designated financial institution via wire transfer. Although the PBM shall be responsible for maintaining sufficient funds to provide for the costs incurred under the EGWP + Wrap PDP, the PBM shall take on no risk for the sufficiency of plan contributions. Due to the timing of the claims reimbursements, the PBM may be required to advance up to two (2) weeks of claims payments before being reimbursed by ERS. It is expected that in the first year of the Contract, two (2) weeks of claim payments shall average approximately \$7 million.

In the event that the invoice is not presented to ERS on the first business day of each week requesting reimbursement for all payments actually made by the PBM during the previous week, ERS' Finance division will contact the PBM by telephone and email to obtain the invoice. ERS then will follow the process described in Section IV.A.1.a. above.

A.1.b. In connection with retail pharmacy claims, ERS shall reimburse the PBM on a pass-through arrangement under which the PBM may invoice ERS only for the exact amount paid to the pharmacies and only after the PBM has actually paid said claims to pharmacies. The PBM shall be reimbursed for actual payments made to pharmacies (i.e., it is not acceptable for the PBM to seek reimbursement from ERS in an amount that is different than the amount the PBM paid to the pharmacy). The PBM shall only be reimbursed for paid claims, and shall not be reimbursed for claims that have been processed but not yet paid to pharmacies.

A.1.c. ERS shall have the right to audit appropriate PBM records to determine the accuracy of the monthly payments. Further audit requirements are more fully discussed in Article VII., *Operational Specifications*.

- A.1.d. As required in Appendix G, *Performance Guarantees*, the PBM for the EGWP + Wrap PDP shall adjudicate 100% of the electronically-submitted retail pharmacy “clean” claims by remitting the total amount of the claim no later than the twenty-first (21st) calendar day following the date the PBM affirmatively adjudicates the retail pharmacy claim.
- A.2. **Administrative Fee.** In accordance with the Contract, ERS shall remit the administrative fee, if any, to the PBM within forty-five (45) days following the due date of such fee (i.e., within fifteen (15) days following the end of the month to which such fee applies.)
- A.2.a. In responding to this RFP, the PBM shall propose an administrative fee(s), which will be guaranteed during the initial term of the Contract.
- A.2.b. The proposed administrative fee(s) shall be provided as specified in Article V.
- A.2.c. The administrative fee proposed by the PBM must cover the cost incurred for the performance of all services described herein prior to for the initial term of the Contract and during any runoff period following termination of the Contract. The PBM shall not be paid any fees or earn any compensation in connection with the Contract except for the administrative fee.
- A.2.d. Section 1551.012, TIC exempts the GBP from any state tax, regulatory fee, or surcharge, including premium or maintenance taxes or fees. The administrative fee should not include any provision for such taxes or fees.
- No sales fees or commissions may be incorporated into any rating methodology utilized in response to this RFP.
- A.2.e. To the extent that the PBM intends to recover start-up costs through the administrative fee, such recovery should be amortized during the initial term of the Contract.
- A.3. **Runoff.** Following expiration or termination of the Contract for any reason, the PBM shall continue to be responsible for processing and paying claims incurred during the initial term of the Contract. The cost of such runoff administration should be included in any proposed administrative fee. Administrative fees will not be paid following termination of the Contract.
- However, in the event of termination, the PBM will be liable for adjudicating 100% of the claims incurred during the initial term of the Contract. There may be other obligations surviving termination of the Contract.
- A.4. **Annual Experience Accounting.** Within forty-five (45) calendar days after the end of each Contract year, the PBM must provide ERS with an accounting of the EGWP + Wrap PDP financial experience under the Contract. The accounting shall include monthly enrollment, paid claims, administrative fees, if any, rebates/pharmaceutical manufacturer’s revenue returned to ERS and *Performance Guarantees*. (This accounting is required by TIC, Chapter 1551.) In addition, the PBM shall provide ERS with such other experience data and accounting information as ERS shall reasonably require. Additional information in this regard may be provided post Contract award.

V. Price Proposal and Response Format

ERS requires the PBM to submit a pricing proposal as specified below. The PBM shall include provision for **ALL** services and/or programs referenced in the RFP in the PBM's *Price Proposal and Response Format*.

1. The PBM must structure its pricing proposal using any combination of (a) retail, mail service and specialty pharmacy reimbursement, (b) dispensing fees, and (c) administrative fees, if any, that it deems appropriate, recognizing that it:
 - a) May not bill ERS for an amount that is different from the amount paid to a retail pharmacy in connection with a prescription drug dispensed through the retail pharmacy;
 - b) Must pass through to ERS any and all federal funding, pharmaceutical manufacturer rebates and any other type of revenue generated from the prescription drug utilization of the EGWP + Wrap PDP Participants; and
 - c) Must base the charges for drugs dispensed through mail service and specialty pharmacy on wholesale acquisition cost ("WAC").
2. The pricing proposal must be guaranteed for the four-year term beginning January 1, 2013.
3. The pricing proposal should be adequate to cover all expenses to be incurred by the PBM for implementation of the Contract and for the performance of all services and other matters described herein and in the Contractual Agreement prior to and during the initial four-year term of the Contract, and during any runoff period following termination of the Contract.
4. Section 1551.012 of the TIC exempts the GBP from any state tax, regulatory fee, or surcharge, including premium or maintenance taxes or fees. As reflected in the Contractual Agreement, the administrative fee, if any, should not include any provision for such taxes or fees.
5. The arrangement must be fully subject to audit by ERS and/or its designated representatives as more fully described in the Contractual Agreement.
6. All AWP or WAC discount guarantees shall be a direct savings off of AWP or WAC and are not the result of incremental savings due to repackaging of drugs or blending non-Maximum Allowable Cost generics to achieve a higher brand discount.
7. Claims adjudicated on the basis of U&C pricing will not be considered in determining compliance with the brand and generic guaranteed discount rates.
8. The PBM shall not include expenses for clinical programs of any kind (i.e., retro/DUR) in any of the quoted discount rates.
9. The PBM shall pay dollar-for-dollar any shortfalls on guarantees.
10. Rebates must not be contingent upon days supply or acceptance of any programs whatsoever.
11. Any cost of case management for critical disease conditions shall be included in the PBM's Price Proposal and Response Format.
12. The PBM shall coordinate benefits with other prescription drug coverages and include the cost of such service in the PBM Price Proposal and Response Format.
13. The PBM shall use Medi-Span as the basis for determining whether a drug is brand or generic.

A. PBM Price Proposal and Response Format

		Current Network		Alternate
Pricing Element				Retail Network
I. Retail reimbursement				
A. Brand				
	1. Ingredient Cost	Complete Table 1		Complete Table 2
	2. Aggregate Ingredient Cost Guarantee ⁹	AWP ¹ less ___%		AWP ¹ less ___%
	3. Dispensing Fee	Complete Table 1		Complete Table 2
	4. Aggregate Dispensing Fee Guarantee ¹⁰	\$ ___ per script		\$ ___ per script
B. Generic				
	1. Ingredient Cost	Lesser of (a) U&C,		Lesser of (a) U&C,
		(b) MAC ⁸ or		(b) MAC ⁸ or
		(c) Table ¹ Formula ²		(c) Table ³ formula
	2. Aggregate Ingredient Cost Guarantee ⁹	AWP ¹ less ___%		AWP ¹ less ___%
	3. Dispensing Fee	Complete Table 1		Complete Table 2
	4. Aggregate Dispensing Fee Guarantee ¹⁰	\$ ___ per script		\$ ___ per script
II. Mail Service Reimbursement				
A. Brand				
	1. Ingredient Cost	WAC ⁴ less ___%		
	2. Dispensing Fee	\$ ___ per script		
B. Generic				
	1. Ingredient Cost	MAC ⁸		
	2. Aggregate Ingredient Cost Guarantee ⁹	WAC ⁴ less ___%		
	3. Dispensing Fee	\$ ___ per script		
III. Specialty Pharmacy Reimbursement				
A. Brand				
	1. Ingredient Cost	Complete Table 3		
	2. Dispensing Fee	Complete Table 3		
B. Generic				
	1. Ingredient Cost	Lesser of (a) U&C,		
		(b) MAC ⁸ or		
		(c) Table 3		

			Formula ⁹		
		2. Aggregate Ingredient Cost Guarantee ⁹	WAC ⁴ less ___%		
		3. Dispensing Fee	\$___ per script		
IV. Manufacturer Revenue					
		A. ERS Share	100%		
		B. Guaranteed Rebate			
		1. Retail	\$___ per paid script		
		2. Mail	\$___ per paid script		
		3. Specialty	\$___ per paid script		
V. Administrative Fee					
			\$___ PPM ⁷		
VI. Aggregate annual amount the PBM is willing to put at risk for Performance Guarantees (Appendix G)					
Performance Guarantees amount ¹¹					
\$ _____					

Footnotes:

- ¹AWP = Medi-Span Average Wholesale Price
²AWP less the discount for that particular pharmacy shown in Table 1
³AWP less the discount for that particular pharmacy shown in Table 2
⁴WAC = Medi-Span Wholesale Acquisition Cost
⁵AWP less the discount for that particular drug shown in Table 3
⁶WAC less the discount for that particular drug shown in Table 3
⁷PPPM denotes per Participant (retiree, spouse or survivor) per month
⁸MAC = Maximum Allowable Cost as established by the PBM. The PBM shall use the same MAC pricing in determining retail and mail reimbursement.
⁹The average discount for all applicable claims shall be no less than the percentage indicated.
¹⁰The average dispensing fee for all applicable claims shall be no greater than the amount indicated.
¹¹The *performance guarantees* shall reflect a total aggregate dollar amount equal to but no less than 5% of the total estimated cost for the Plan. At ERS' discretion, *Performance Guarantees* will be allocated to the various severity levels based on the total amount at risk. Assessments for any single Calendar Year will not exceed the total amount at risk.

B. Revenue from Other Sources

The PBM agrees to pay 100% of all revenue obtained from the following sources. In addition, the PBM provides the following minimum guarantees.

Revenue Source	Minimum Guarantee
Federal Direct Subsidy	_____ PPM
Coverage Gap Discount Program	_____ PPM
Catastrophic Reinsurance	_____ PPM
Low Income Cost Sharing Subsidies	_____ PPM
Low Income Premium Subsidies	_____ PPM

C. Projected Net Plan Cost of Prescription Drug Benefits under the EGWP + Wrap PDP

Based on the enrollment and claims data provided herein, project the net plan cost of prescription drug benefits under the EGWP + Wrap. The projection should take into consideration all factors impacting the net cost, including offsetting revenue from external sources. Provide the projection in the following format.

Cost Factor	Amount
Gross Cost of Prescription Drugs	
Participant Cost Sharing	
Plan Payments to Pharmacies	
PBM Administrative Fees	
Other Costs (describe)	
Federal Direct Subsidy	
Coverage Gap Discount Program	
Catastrophic Reinsurance	
Low Income Cost Sharing Subsidies	
Low Income Premium Subsidies	
Manufacturer Rebates	
Other Offsets (describe)	
Net Plan Cost	

VI. Communication Requirements

This Article describes the PBM's requirements in communicating with Medicare-primary Participants, other retirees, employers, ERS staff, and other constituents, as further described herein. The PBM shall administer the PDP in a manner consistent with all applicable state and federal laws, regulations and rules of ERS, and at the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described herein shall be recovered by the PBM only by making provision for such expenses in the PBM's *Price Proposal and Response Format* in Article V.

The PBM's communication materials designed for the Participants cannot, and the PBM represents and warrants that it shall not, advertise or promote coverage, services, products or materials, other than those relating to the PBM's participation in HealthSelect. Prior approval of all communication materials' design and content shall follow a formal process that requires ERS' documented authorization. In all cases, the PBM is not allowed to disseminate materials or information relating to the GBP program without prior written ERS approval. The final materials used by the PBM shall not differ in form or utility from those approved by ERS.

CMS rules and regulations may conflict with ERS' communication requirements as stated herein. In the event of such a conflict, CMS' rules and regulations will prevail over ERS' communication requirements. The PBM shall provide advance written notice of all CMS-required communications, including a list of all known CMS-required communications, triggers, and associated distribution dates.

A. General Information

In all cases, the PBM communication materials, whether disseminated via the Internet, in written, or oral form shall be in ERS' required format according to deadlines to be set by ERS and approved by ERS prior to dissemination. The PBM is required to submit to ERS for prior approval draft copies of all proposed marketing materials to include, but not be limited to: PowerPoint presentations, all scripts to be used by the PBM's customer service representative and/or for presentations, newspaper/press releases, billboard, television, and radio advertisements for AE or for any other GBP-specific purpose (as required in the latest version of the *Marketing Guidelines for GBP & ERS Vendors*, located in the ERS Style Guide and Usage Manual, Appendix M). The final materials used by the PBM shall not differ in form or utility from those approved by ERS.

- A.1. **Prohibition.** During AE, and any ongoing communication process, the PBM shall not discuss, advertise, distribute, or in any manner allude to coverage, products, or materials other than those explicitly relating to the PBM's participation in the GBP. This product marketing prohibition also applies to the GBP-specific website to be used by GBP Participants.
- A.2. ERS shall review and approve all communication materials designed for GBP Participants and GBP employers or that references the GBP. The PBM shall provide this material electronically in a format that allows for electronic editing. The PBM shall have the ability to customize said material to ERS specifications. The PBM shall not distribute these communication materials until they have gone through a formal review process at ERS and have received ERS' documented approval authorization. Following this approval, the PBM may not alter the materials in any way.
- A.3. In addition to GBP-specific materials, ERS may suggest refinements to other materials and will work with the PBM to modify materials as needed. These include operating documents such as Explanation of Benefits ("EOB"), claim approval and denial letters, other claims processing documents and promotional items.
- A.4. **PBM Training Requirement.** The PBM's Account Team shall have designated resources available to provide training as needed to ERS staff, and GBP Participants. Training may be conducted in person in individual or group settings or via webcast or conference call. Training related to the PBM internal operations shall be provided to ERS Customer Benefits and Benefit Contracts staff upon ERS' request. Staff training shall occur on an as needed basis as specified by ERS throughout the year based on changes to operations or plan design and as ERS determines to be necessary. The PBM should have resources sufficient to provide fifteen (15) full days of training each year. ERS must approve training agendas

and materials for external training. Training will be designed to meet specific learning goals. The PBM should be able to provide web-based training in addition to in-person training.

- A.5. **Plain Language Requirement.** The PBM is responsible for a wide variety of communication materials explaining the plan to eligible retirees and their dependents. ERS requires the PBM to comply with TDI's plain language requirements as outlined in the Texas Administrative Code, Title 28, Part 1, Chapter 3, subchapter G § 3.602, and as it may be amended in the future for all communication materials related to the PDP, except where TDI rules may conflict with the rules and regulations of CMS applicable to the PBM. Material submitted to ERS for approval should be at the 8th grade reading level with limited use of jargon. The material shall conform to ERS branding and communication guidelines. Material shall be subject to editing and customization, including legal disclaimers and other standard language.
- A.5.a. Communication to Participants in the PDP shall be clear and understandable, using terminology familiar to Participants, customized, as required by ERS, to comport with the GBP health benefit plan design and approved by ERS prior to dissemination. All of the PBM communication materials shall meet Americans with Disabilities Act ("ADA") requirements for accessibility.
- A.5.b. Communication material shall be available in both print and electronic forms. Certain material, such as pharmacy directories, may be made available electronically, only as long as printed materials can be provided upon request to Participants. Accommodations shall be made for individuals with visual and/or hearing impairments in the development, production, and deployment of all communication materials to include web information.
- A.6. **PBM Communication Materials.** ERS will assign a communications account manager to the PBM to manage communication material review and approval. The PBM will assign a communications representative to work with the ERS designee. This representative must be familiar with the applicable GBP program(s). In order to receive document approval, the PBM shall provide to the Communications and Research ("CAR") divisional designee for review all communication material that requires pre-approval, at least fifteen (15) business days prior to sending, disseminating or otherwise providing such written or oral communications to any person or entity. On occasion, review and approval may be required in less than fifteen (15) business days. These types of "rush" jobs require prior approval from ERS' CAR divisional designee. The PBM shall regularly review, revise and update, where necessary, all information contained on its website which relates to or may be utilized by any GBP Participants. The PBM shall not disseminate material without prior ERS approval or pressure ERS to advance the timeline as provided herein, other than at ERS' discretion.
- A.6.a. **Communication/Marketing Material Review Process.** Communication materials are considered "approved" when a final, watermarked "printer's proof" or "test email" is delivered to ERS and subsequently approved by the CAR divisional designee, in writing. The PBM may not alter printer's proof in any way without ERS' permission.
- A.7. **Advertising and Other Communications.** The PBM is required to acquire ERS approval for all proposed newspaper, web, social media, billboard, television, and radio advertisements used to promote GBP benefit programs.
- A.7.a. The PBM's failure to receive ERS' approval for the use of GBP-specific communication materials prior to dissemination may result in a monetary assessment as referenced in the *Performance Guarantees* in Appendix G or implementation of other legal remedies available to ERS in the Contract.
- A.8. **Media Relations, Public Information and Outreach.** As a PBM for the HealthSelect Program(s), the PBM may receive inquiries from interested third-parties relating to the PBM's program administration, benefits and/or services. Although information about and generated under this RFP and the Contract may fall within the public domain, the PBM shall not release information about or related to this Contract to the general public or media verbally, in writing, or by any electronic means without prior approval from the ERS Assistant Director ("AD") of Benefit Contracts, or designee, unless the PBM is required to release requested information by law.

ERS reserves the right to announce to the general public and media:

- award of the Contract;

- Contract terms and conditions;
- scope of work under the Contract;
- deliverables and results obtained under the Contract;
- impact of Contract activities; and
- assessment of the PBM's performance under the Contract.

Except where ERS approval has been granted in advance, the PBM shall not seek to publicize and shall not respond to unsolicited media queries requesting announcement of Contract award, Contract terms and conditions, Contract scope of work, government-furnished documents ERS may provide to the PBM to fulfill the Contract scope of work, deliverables required under the Contract, results obtained under the Contract, and impact of Contract activities. If contacted by the media about this Contract, the PBM agrees to notify the ERS AD of Benefit Contracts, or designee, in lieu of responding immediately to such media queries.

- A.8.a. **Media Inquiry Process.** The PBM shall verbally respond immediately to any media inquiries acknowledging receipt of query and shall provide the media with an expected timeframe for the PBM response based upon the PBM's understanding of the media request and an estimate of time required to respond.
- A.8.b. If the PBM identifies that an inquiry is directly related to a GBP program and/or GBP program Participant, the PBM shall immediately provide a high priority written notification to the AD of Benefit Contracts, or designee, outlining all details related to the media's inquiry and all known facts of the related circumstances. GBP Participant information is considered confidential under Texas law.
- A.8.c. If the media inquiry is GBP related, ERS will provide the PBM with:
- a. specific instructions on how to manage the media inquiry moving forward;
 - b. direction regarding the handling of the Participant related issue(s) and/or complaint(s); and
 - c. if appropriate, an ERS directive on Operational or Customer Service Representative ("CSR") internal control modifications necessary to avoid problem recurrence.
- A.8.d. If the PBM determines that neither a GBP program nor GBP program Participant is impacted, the PBM may respond as appropriate and agrees to provide ERS' AD of Benefit Contracts with a copy of the response information within 48 hours from dissemination.
- A.9. **Quality Control.** The PBM shall ensure that all communication materials submitted to ERS will reflect quality production, accuracy, timeliness, and thorough review. All GBP-approved benefit and legal documents, website, GBP-specific media responses, required reports (to include *ad hoc* reports), and dated materials shall at the minimum, but not be limited to, reflect the following criteria:
- Appropriate Calendar Year;
 - Accurate data related exclusively to the GBP, unless otherwise specified by ERS; and
 - Contain GBP-specific language.
- A.9.a. All such materials shall be provided within the required timelines as directed by ERS staff and/or its consultants and may not be released to outside sources without prior ERS consent.
- A.9.b. The PBM's failure to provide accurate, timely and GBP-specific communication materials may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.
- A.9.c. Following ERS' review, and once edited materials have been provided to the PBM, the PBM shall conform all documents as reflected by the ERS designated deliverable dates. If the edits, or other mutually agreed-upon resolution of those edits, have not been completed by the ERS designated due date, the PBM may risk a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.
- A.10. **Participant Requests for Communication Materials.** The PBM shall, at its expense, respond to all Participant requests for mailed materials no later than three (3) business days following a Participant's request.

B. Agency/Higher Education Institution Communications

- B.1. The PBM(s) approved by the Board for CY 2013 should be prepared to attend a meeting following Board approval to discuss the PBM's customer service and communications requirements.
- B.2. **Presentations and Events.** The PBM shall have a GBP-knowledgeable representative available to attend numerous ERS sponsored events throughout the year, to include, but not be limited to:
- AE fairs (additional resources will be needed during this 30-day period);
 - Wellness fairs;
 - Benefit seminars hosted by ERS throughout Texas;
 - Annual retiree conference;
 - Various association events and conferences; and
 - Benefit webinars.
- B.2.a. In addition to ERS-sponsored events, the PBM shall provide at least one (1) GBP knowledgeable representative to attend the following employer sponsored and miscellaneous events, to include, but not be limited to:
- Benefits fairs.
- B.2.b. The PBM shall provide no fewer than one (1) GBP knowledgeable representative at each fair who is well versed in the products and services to be offered to the GBP health benefit plan Participants.
- B.2.c. The dedicated resource must be an experienced presenter able to communicate effectively to large groups. Some events will require the representative to set up and staff an information table to offer GBP approved communication materials and individualized customer service.
- B.2.d. ERS' CAR divisional designee will designate those events for which the PBM's attendance is required. The PBM acknowledges and accepts that additional obligations and enhancements to these requirements may become necessary should benefit plan changes or other circumstances warrant.
- B.3 **Enrollment Campaign.** The PBM shall create custom communication materials for each enrollment campaign. This material includes, but is not limited to:
- An enrollment presentation to be recorded and posted on the ERS website and delivered upon request at enrollment events;
 - Targeted enrollment communication brochures;
 - Welcome Letter to new Participants;
 - Brochures explaining plan changes and updates; and
 - General plan information.

C. PBM Communication Materials

- C.1. **Printed and Web-Accessed Materials.** Sample copies of all proposed communication materials, including the pharmacy directory, drug formulary, EOB/order and claim forms, brochures, member communication and general information pieces, and consumer-targeted educational materials (in both print and electronic format) shall be included in one packet of materials in response to this RFP. Any cost for these forms should be included as a part of the PBM's proposed fees. ERS shall retain the right to change or modify such material to accommodate ERS' specific needs.
- C.2. All communication materials, printed or web-accessed, shall be included with the materials submitted for application in the format required in the latest version of the *Marketing Guidelines for GBP & ERS Vendors*, located in the ERS Style Guide and Usage Manual, Appendix M, and in the latest version of the *ERS Brand Guidelines*, Appendix H, and accessible on the CD-ROM in Word or Excel format (no PDF documents will be accepted, with the exception of sample GBP-specific marketing materials, financial statements, and audited financial materials).
- C.3. The PBM shall have the ability to provide customizable communication materials listed below. Communication materials include, but are not limited to:

- Master Benefit Plan Document (“MBPD”);
- Benefits book, if applicable;
- Welcome packet;
- Brochures and newsletters;
- The PBM’s GBP-specific website;
- Presentations;
- Scripted responses used by customer service representatives;
- IVR scripting;
- Member communication and general information pieces;
- Advertising materials in association with HealthSelect enrollment;
- Standard messaging for various systems’ downtime;
- Participant communication and general information pieces;
- Welcome Letters;
- Consumer-targeted educational materials;
- Pharmacy directory, including a specific disclaimer stating that the list of pharmacies is subject to change;
- Drug formulary, including a specific disclaimer stating that the formulary is subject to change;
- News releases/Contract signing announcements;
- Articles for ERS newsletters;
- News updates for ERS website;
- Disease management;
- Publications listing with audience and publish target dates;
- Token giveaways for enrollment fairs and events; and
- Other related statements.

The PBM will work with ERS staff to produce the MBPD subsequent to the Contract award. The web version shall not differ from that approved by ERS and published on the PBM’s GBP-specific website.

The PBM shall disseminate only GBP-specific approved materials at all events. Disseminating unapproved material or material that is not customized for GBP Participants could result in the levying of *Performance Guarantees* as referenced in Appendix G or implementation of other legal remedies available to ERS in the Contract.

Any cost for these forms and other communication-related materials should be included as a part of the PBM’s proposed fees. ERS shall retain the right to change or modify such material to accommodate ERS’ specific needs.

C.4. The PBM may in the future be asked to design and/or print certain ERS communication materials on behalf of ERS. These materials are in addition to the communication materials that the PBM must produce as part of the contract and must be approved by ERS in advance of such printing in accordance with ERS’ previously described formal review process. Each year, the PBM will secure a print/fulfillment vendor on ERS’ behalf and invoice ERS when the printing job is completed.

C.4.a. These tasks include, but are not limited to:

- Setting print/fulfillment bid specifications with assistance from ERS staff;
- Sending print/fulfillment bid specifications to prospective vendors;
- Receiving bids from prospective vendors on printing/fulfillment;
- Answering questions (with assistance from ERS staff) from prospective vendors on print/fulfillment bid specifications;
- Selecting an economical print/fulfillment vendor based on bid specifications;
- Conducting or attending periodic meetings on ERS print job with ERS staff and vendor;
- Serving as intermediary between ERS staff and vendor;
- Communicating with ERS staff and vendor in a timely fashion about printing and distribution specifications and deadlines;
- Comparing vendor invoices with the original bid, providing sign off, and obtaining sign off from ERS staff;
- Obtaining clarification (if needed) on vendor invoices;
- Submitting selected printing invoice to ERS staff for final approval;
- Paying printing vendor after invoices are approved by ERS; and
- Submitting the PBM’s invoice to ERS for reimbursement.

C.5. **Confidential Information.** Materials that contain protected health information or other confidential information such as the member ID number must be mailed in an envelope or other mailing service device designed to secure the confidential information from casual viewers.

C.6. **Master Benefit Plan Document (“MBPD”) and Benefits Books.** The PBM shall provide to the AD of Benefit Contracts or designee:

- **MBPD for EGWP + Wrap PDP Plan.** The PBM shall provide for FY 2013 a draft of Exhibit “D”, which shall describe the PBM’s EGWP + Wrap PDPs Plan document, with its Response and by the first business day in August for subsequent calendar years for ERS’ review. See Appendix F to use in preparation of the PBM’s EGWP + Wrap PDP MBPD Exhibit D draft.
- **Benefits Books.** The PBM shall provide draft language for the *Prescription Drug Benefits*, Section IV of the Benefits Book with its Response and by the first business day in August for subsequent calendar years for ERS’ review. See Appendix E to use in preparation of the PBM’s Benefits Book Section IV.
- Information to be included in the HealthSelect benefits materials as needed within fifteen (15) business days of a request includes explanations of the prescription drug program for:
 - HealthSelect Benefits Book;
 - *Ad hoc* publications; and
 - Newsletters.

The benefits books are comprehensive benefit plan summaries that interpret the MBPD in layman’s terms to retirees over age 65 or disabled retirees enrolled in Medicare, which includes information on COB with Medicare. It is the primary reference source for Participants explaining the plan design, covered benefits and out-of-pocket costs for deductibles, etc.

The PBM is required to provide the MBPD and Benefits Books along with any supplemental information and/or their amendments within thirty (30) calendar days of ERS’ request and by the first business day in August for subsequent calendar years as appropriate.

C.6.a. **MBPD Approval/Delivery Requirements.** The PBM shall submit a proposed MBPD on a separate CD-ROM for ERS’ review and approval. The PBM shall work with ERS to finalize all plan documents no later than December 1st of each plan year unless directed otherwise by ERS. ERS requires the MBPD be printed; therefore, the final printed product shall not differ from that approved by ERS and published on the PBM’s GBP-specific website.

C.6.b. The PBM shall provide a finalized and executed MBPD to the Benefit Contracts’ AD no later than December 1st of each plan year, and once executed shall make it available on the GBP-specific website no later than January 1, 2013 and December 1st of each plan year thereafter unless otherwise directed by ERS. The PBM shall follow ADA guidelines and provide an HTML version and printable version for download by the Participant.

All Participants shall have access to the MBPD as directed herein or as instructed by ERS. The PBM shall be prepared to mail the MBPD upon the request of a Participant no later than within five (5) business days. The PBM understands, agrees and acknowledges that the Contract between ERS and the PBM shall control over the MBPD in connection with the contractual relationship between ERS and the PBM.

Subsequent to applicable AE, the PBM shall mail the MBPD within five (5) business days upon request of the Participant.

C.7. **Welcome Packets.** The PBM’s packets shall be produced for CY 2013 by the selected PBM and mailed to approximately 65,000 Medicare eligible Participants during AE at ERS’ direction. The PBM shall coordinate with other appropriate GBP Vendors as appropriate to provide supplementary program information to be included in the Welcome Packets. New enrollment packets shall be mailed by the PBM throughout the calendar year. A proposed sample of a PBM packet shall be included in the PBM’s response to this RFP. This packet should contain, but not be limited to, the following materials:

- Welcome Letter;
- Brochure that provides the GBP benefit plan description;
- GBP Prescription drug formulary;
- Pharmacy directory;
- Mail service/claim forms;
- The PBM's customer service contact information;
- PBM Health Assessment form; and
- Sample EOB.

C.8. **Welcome Letter.** The Welcome Letter should contain information about the PBM. The communication piece shall contain instructions on how to access information and forms using the web and include the customer service address, phone numbers, and hours of operation. The PBM shall not utilize a postcard or flyer format for this communication piece.

C.8.a. The PBM shall create a customized GBP-specific Health Assessment form utilizing the Disease Management categories referenced in Article III.K. for use by GBP Participants and include the proposed draft version in the communication materials submitted with the PBM's response.

C.9. **Identification ("ID") Cards.** The PBM shall issue ID cards to all Medicare-primary Participants, including eligible spouses and dependents, who enrolled during AE and subsequent to AE, when a change is reported. Reference Sections VII.H.2. – VII.H.2.a. of Article VII., *Operational Specifications*, for further requirements.

If the PBM assigns its own ID Number to each Participant, it shall be capable of cross-referencing the PBM assigned ID Number to the Participant's ERS employee ID Number. The PBM shall not reference any web address other than ERS' and is required provide a toll-free customer service number.

C.9.a. The PBM shall submit an electronic mock-up of a proposed GBP-specific ID card with the PBM's Proposal. Failure to produce GBP-specific ID cards as outlined herein may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.

C.9.b. ID card delivery requirements are fully discussed in Sections VII.H.2. – VII.H.2.a., *Operational Specifications*.

C.9.c. Pursuant to § 1369.153, TIC, an issuer, of a health benefit plan that provides pharmacy benefits to Participants shall include on the front of the card:

- The name of the entity administering the pharmacy benefits if the entity is different from the PBM issuer;
- The group number applicable to the Participant;
- The identification number of the Participant, which may not be the Participant's social security number;
- The bank identification number necessary for electronic billing;
- The effective date of the coverage evidenced on the card; and
- The copayment information for generic and brand-name prescription drugs.

In addition to the above referenced information, the issuer of the PBM shall include:

- The logo of the entity administering the pharmacy benefits if the entity is different from the PBM issuer; and
- The telephone number for contacting an appropriate person to obtain information relating to the pharmacy benefits provided by the plan.

C.9.d. The PBM is not required to issue a separate pharmacy benefits ID card if the PBM administers its own pharmacy benefits; however, the health benefits ID card shall contain the information required in Section VI.C.9.c. above.

C.9.e. The PBM is responsible for the production and any mailing costs associated with the delivery of ID cards to Participants. Additional ID card requirements are located in Sections VII.H.2. – VII.H.2.a.. The cost of the ID card requirements described herein shall be recovered by the PBM only by making provisions for such expenses in the PBM's *Price Proposal and Response Format* in Article V.

- C.10. **Member and Consumer Information Sources.** The PBM shall have a variety of tools and information sources for the Participants. This includes, but is not limited to, the following:
- New Participant and AE information;
 - Examples of cost scenarios to help members understand how the PBM works; and
 - Non-web information similar to web tools for those without web access.

D. Web Specifications

- D.1. **PBM Website Technical Specifications.** ERS' primary focus in its web page design is to provide information to retirees and their dependents. The PBM shall adhere to all website access, format, content, and technical requirements outlined in both the ADA and Section 508 of the Rehabilitation Act in order to accommodate the needs of all individuals accessing information.

- D.1.a. **Section 508 Requirement.** The PBM shall comply with Section 508 accessibility standards. Section 508 requires that when state agencies develop, procure, maintain, or use electronic and information technology, they shall ensure that such information technology allows retirees and members of the public with disabilities to have access to and use of information and data that is comparable to the access to and use of information and data by retirees and members of the public who are not individuals with disabilities, unless an undue burden would be imposed on the state agency. In other words, all visitors to the ERS website should get a full and complete understanding of the information contained on the site, as well as the full and complete ability to interact with the site. Exceptions to this rule are only acceptable on a case-by-case basis and shall require prior approval by ERS.

- D.1.b. To validate the PBM's Section 508 compliance, the PBM shall provide a report in responding to this RFP evidencing its organization's Section 508, Level 1, compliance.

- D.2. **GBP Custom Website.** The PBM shall publish and maintain a custom website for GBP Participants and prospective Participants in a format prescribed by ERS. Neither the PBM nor its subcontractors can advertise or link to products or services without the express prior written permission of the CAR divisional designee.

The GBP website shall be directly linked to the ERS homepage. The GBP website shall be in final form and linked as required by ERS no later than the first business day of December of each year. The PBM's failure to provide the GBP-specific website as outlined below may result in a monetary assessment as reflected in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.

- D.2.a. **Proposed website materials.** The PBM shall provide ERS with a test site for review sixty (60) days prior to the website go-live date. The URL address, all screen shots, and instructions on how to access the PBM's test website are required for submission with the PBM's bid response materials.

- D.2.b. **All PBM "Test" websites.** The PBM shall provide a fully developed GBP-specific test website, capable of being linked to the ERS Internet home page. Following ERS' approval of test websites and prior to being linked to the ERS website, the PBM shall provide documentation of a test plan, test scripts (e.g., to ensure all links are working), completion of testing, and final sign off. The PBM's test website shall transition from a test phase to fully operational and be linked to the ERS website with all information and components as reflected below no later than the thirty (30) business prior to the go-live date or risk a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract.

- D.2.c. The PBM's home page shall include the following primary access links:
- The PBM's Privacy Plan;
 - Customer Service contact information;
 - Account specific information with PIN access;
 - On demand real time pharmacy information and search capabilities;
 - Disease Management Services;
 - Search function; and
 - Link to ERS website.

- D.2.d. The GBP's home page shall include both the GBP pharmacy plans' logo and the ERS logo as required by the latest version of the *Marketing Guidelines for GBP and ERS Vendors*, located in the ERS Style Guide and Usage Manual, Appendix M, and the *ERS Brand Guidelines*, Appendix H, and specified below:
- D.2.e. The final, approved PBM website shall provide real-time data related to the pharmacy network and drug formulary. The Participants shall be capable of obtaining the same information using the website as they would if they were to contact a PBM customer service representative.
- D.3. **PBM Access Portal.** The PBM shall provide an easy to use member portal that provides access to a secure website that allows Participants to:
- Search capabilities regarding formularies;
 - Review online drug pricing to allow for price comparison by Participant;
 - Locate a pharmacy using specified search criteria, including location;
 - Take a health risk assessment;
 - Download forms;
 - Acquire a temporary ID card;
 - Stop paper statements;
 - Utilize coinsurance calculator; and
 - Utilize member cost-share saving opportunities.

E. PBM Website Content

All content for the PDP website shall be approved by ERS prior to publication. The final materials used by the PBM shall not differ in form or utility from those approved by ERS. The PBM GBP-specific website shall include the following information:

- E.1. The website shall provide self-service transactions for Participants to:
- Easily access the formulary, research which drugs are in the formulary and what the member and plan costs are for those drugs, throughout the entire Calendar Year during the term of the Contract;
 - Locate a retail pharmacy based on specific geographic requirements;
 - Order prescriptions on-line and to track the status of a mail-order prescription;
 - See and print an annual summary of out-of-pocket expenses for prescription drugs, both retail and mail, suitable for submission to the Internal Revenue Service for income tax purposes and to the flexible benefits administrator for Section 125 claims;
 - Lodge a service complaint, to escalate unresolved complaints and to request a telephone call back within one (1) business day;
 - Communicate with customer service representatives using live chat;
 - Search the full website using a key word and/or phrase; and
 - Provide a "return to home" button, which returns the viewer to the ERS home page.
- E.2. **Calendar Year Information.** The GBP home page shall include the following information:
- Information that welcomes new Participants and introduces the Participant to the PBM and summarizes the basic coverage benefits;
 - Direct link to ERS' website. The PBM shall indicate the current dates for AE and remove all references to AE no later than January 1 of that calendar year; and
 - Helpful Phone Numbers and Websites.
- E.2.a. **Link to PBM's Privacy Plan**
- E.2.b. **Link to Customer Service Page** to include the following information:
- Phone numbers and hours of operation;
 - Physical address;
 - Link to PBM's Complaint Process;
 - An email address or a link to a mailbox for Participants to send customer complaints and questions directly to the PBM. The PBM should respond to email complaints/inquiries with no more than a 24 hour (one (1) business day) turnaround. A tracking system for email complaints shall be in place that is similar to the tracking of telephone complaints to provide complaint responses to ERS;
 - Any applicable interactive forms; i.e., Claims forms; and
 - Link to PBM's Appeals/Grievance Process.

E.2.c. **Link to Benefits** to include the following information:

- Welcome Letter; and
- MBPD.

E.2.d. **Link to Prescription Drug Information** as determined by ERS and provided by the PBM.

VII. Operational Specifications

This Article describes general operational specifications, including administrative requirements and functions, customer service, interface requirements and the statistical reporting requirements as mandated by ERS. The PBM shall administer the Plan in a manner consistent with all applicable state and federal laws and regulations, as well as ERS' administrative rules and at the direction of the ERS Board, its Executive Director, and staff. The cost of the requirements described herein shall be recovered by the PBM only by making provisions for such expenses in the PBM's *Price Proposal and Response Format* in Article V.

The PBM shall submit its "group number" and provide a list of lead contacts to both the ERS Communications and Research and Benefit Contracts Divisions by the first working day of the month following Board selection. The PBM agrees that it shall cooperate with ERS and be flexible in its efforts to ensure a smooth program implementation.

The PBM must provide a technical contact that will provide support to ERS' Information Systems Division for Electronic Data Interchange issues. ERS will work with the PBM on these requirements following Contract award.

The Contract will include *Performance Guarantees* and other legal remedies to ensure proper administration of the GBP Programs as outlined in Appendix G or implementation of other legal remedies available to ERS. Performance guarantees referenced throughout the RFP are not all-inclusive. For a comprehensive listing of the *Performance Guarantees* refer to Appendix G.

A. Implementation Operational Requirements

The PBM shall provide all services specified in this RFP, including, but not limited to, the following:

A.1. **Implementation Plan.** The PBM shall provide in its Proposal for review and approval by ERS a detailed proposed Implementation Plan, which shall include, without limitation, the following:

- A detailed description and manner in which all work is to be performed;
- A list of sample reports relevant to the PBM reporting (specific GBP reports will be determined following Contract award);
- A detailed description of all activities the PBM expects ERS to perform related to the Implementation Plan;
- Schedules of meetings between the PBM and ERS to facilitate the transition; and
- Scheduled updates and/or amendments to the Implementation Plan, at least monthly, to reflect mutually agreed upon changes as additional work is defined.

A.2. **Account and Implementation Teams.** No later than the fifteenth (15th) calendar day following Board selection, the PBM shall provide to the Benefit Contracts' AD or designee a thorough listing of the PBM's Account and Implementation Team contacts assigned to support the PBM's Contract. The list shall identify an account "key point of contact" responsible for the implementation, coordination, and maintenance of the business relationship and continuity pertaining to all business matters in support of the Contractual Agreement.

The PBM's Implementation and Post-Implementation Account Management Teams contact list should reflect key contact information (resume, office, fax, and cell phone numbers, email and physical addresses) for each PBM Account and Implementation Team representative. The required representatives for the Account and Implementation Teams are listed in Section VII.B.1. below. The PBM shall ensure a smooth transition, without exception, of all ERS communication processes and requirements as follows:

- The PBM shall inform, via email notification, the AD or designee of Benefit Contracts, in advance of any planned periods of unavailability by the Team's key point of contact.
- In any instance where a Team "key point of contact" is not available to ERS, the PBM shall immediately secure and provide details of alternate coverage sufficient to meet ERS expectations.

- Should staffing adjustments or additional team members become necessary to support the account functions, the PBM shall dedicate such appropriate staff as required by and acceptable to ERS.

A.3. **Implementation Team.** The PBM shall provide an Implementation Team to coordinate and expedite all Contract requirements as outlined and prioritized by the AD or designee of Benefit Contracts to ensure complete continuity, without exception, of all interactive PBM functions, deliverables, and objectives prior to and during the Contract's onset. At minimum, the Implementation Team shall have a dedicated Project Manager and back-up Project Manager with availability to ERS staff throughout the Implementation Period. Should staffing adjustments or additional team members become necessary to support implementation functions, the PBM shall dedicate such appropriate staff as required by and acceptable to ERS. The PBM shall provide brief summary resumes with its Proposal of the proposed Account and Implementation Team's points of contact for ERS.

A.4. **Implementation Project Manager.** The Implementation Project Manager shall serve as ERS' primary contact throughout the Implementation Period, shall have the legal authority to make binding decisions for the PBM, and be accessible to ERS seven (7) days a week and twenty-four (24) hours per day during the Implementation Period.

A.4.a. The PBM acknowledges that it is impossible or impractical to estimate with any degree of certainty the impact or damage that the failure of particular Implementation activities may have on the GBP and/or its Participants. Therefore, the PBM agrees that Implementation failures, judged by ERS to have adversely harmed the GBP and/or its Participants may immediately subject the PBM to the Liquidated Damages as described in the Contract and *Performance Assessments* provisions as reflected in Appendix G, or implementation of other legal remedies available to ERS in the Contract.

B. Post-Implementation Operational Requirements

B.1. Account Management

The PBM shall establish and maintain throughout the term of the Contract an account management team that will work directly with ERS staff. This team shall include, but is not limited to, a designated account executive, a customer service manager, medical director, a clinical contact, a practicing attorney, consulting actuary, a person responsible for preparing reports, and a management information systems representative. Approval of the account management team rests with ERS. The PBM's account management team shall provide all services specified in this RFP, including, but not limited to, the following:

B.1.a. The PBM shall provide an Account Executive Team and make staffing adjustments, as required by and acceptable to ERS. The results from the formal performance evaluation of the assigned account management team may be used in this determination. An Account Executive Team shall be established no later than thirty (30) calendar days following Board selection, and be available Monday through Friday from 8:00 a.m. to 5:00 p.m., central time, excluding national holidays.

B.1.b. The PBM shall provide an annual face-to-face Account Executive review to ERS on the utilization and performance of the EGWP + Wrap PDP. The review shall include, but not be limited to, a presentation of the following information:

- Industry trends and best practices;
- Plan recommendations; and
- Other cost saving recommendations.

B.1.c. **Meetings.** The PBM shall develop meeting agendas, coordinate meetings and provide documentation of actions in the form of meeting minutes for designated meetings with ERS at a scheduled time agreed upon by ERS and the PBM to include, but not be limited to:

- Implementation, if applicable;
- Operational;
- Analytical;
- Information Systems; and
- Communications, etc.

- B.1.c.i. The PBM shall utilize ERS' meeting agenda template and provide meeting agendas one (1) day prior to the scheduled meetings.
- B.1.c.ii. The PBM shall provide the meeting minutes within four (4) business days from the day of the scheduled meeting for ERS' review and approval.
- B.1.d. ERS strongly believes that the account service relationship is the critical link in developing and maintaining a strong working relationship dedicated toward the achievement of plan objectives. As such, the PBM shall be committed to providing ERS with service attention that is at the highest levels in the industry, and fully consistent with ERS' expectations. ERS shall define the criteria for measurement and evaluation of service performance.
- B.1.e. The PBM shall notify the Director of Benefit Contracts, in writing, no less than ninety (90) calendar days prior to anticipated major changes to its network(s), the formulary, pharmacy reimbursement or other areas likely to impact the EGWP + Wrap PDP. The PBM shall receive prior written approval from ERS' authorized representative prior to making any changes as addressed in this section.
- B.1.f. In addition to the above requirement, the PBM shall notify ERS' Benefit Contracts Director, in writing, thirty (30) calendar days prior to implementing material changes in policies, business, and key personnel connected with the ERS account.
- B.1.g. The PBM's pharmaceutical experts shall advise and consult with ERS at least monthly regarding coverage of newly approved drug therapies and generics when going off patent, which could have a substantial cost impact on the HealthSelect Plan.
- B.1.h. The PBM shall provide general administrative, legal and statistical support to assist ERS in the operation of the EGWP + Wrap PDP and shall recover any associated costs by making provision for such expenses in the PBM's *Price Proposal and Response Format*, Article V.
- B.1.i. The PBM shall provide ERS with priority positioning for delivery of *ad hoc* system service requests and/or issue resolutions. As reflected in Article IX, *Organizational Information* Section IX.C.8., the PBM shall designate a Technical Consultant ("TC") to lead the management of all technical issues, including, but not limited to, system service requests. The TC shall ensure that all ERS system requests and issues are thoroughly analyzed and given priority positioning to ensure prompt resolution. The PBM shall provide competent, focused attention to ERS' system requests/issues. The PBM shall use its best efforts to implement all ERS system requests and to correct all ERS system issues as soon as reasonably practicable, but no event later than thirty (30) calendar days or sooner from receipt of ERS' written notification to the PBM of the request/issue. ERS shall fully supply any and all information reasonably necessary for the PBM to complete the requested services as outlined herein. If an ERS request cannot be implemented by the PBM within thirty (30) calendar days from the date of ERS' request, then the PBM shall provide ERS with a written explanation as to why the issues cannot be resolved within this time frame and provide a written plan for implementation to include a timeline for resolution, within five (5) business days from receipt of the PBM's written notification as noted above. This section does not apply to disaster recovery matters, which are covered specifically in the Contract.

An example of a system issue includes, but is not limited to:

Eligibility and/or Benefit modifications shall be reviewed, responded to, and approved by the PBM within fifteen (15) business days of such request. If changes to the modifications are required, the PBM shall notify ERS and set up weekly updates until ERS agrees that the modifications meet ERS' operating requirements. After eligibility and/or benefit modifications have been mutually agreed upon, the PBM shall complete the eligibility and/or benefit project, including required testing, within forty-five (45) calendar days from ERS' approval.

- B.1.j. In addition to the TC, the PBM shall provide ERS with access to a designated Clinical Consultant and/or Pharmacy Consultant to advise and support ERS on analyzing emerging clinical and utilization trends within the scope of reviewing both standard and *ad hoc* reports.
- B.1.k. The account management team shall be thoroughly familiar with all of the PBM's functions that relate directly or indirectly to the GBP account.

- B.1.l. The PBM shall provide the GBP with priority placement in all aspects of Contract performance provided by the PBM.
- B.1.m. The PBM agrees to provide ERS with advance notice as soon as reasonably practicable of any material change to its account management and servicing methodology or to a personnel change in the PBM's account management team.
- B.1.n. The PBM agrees to allow ERS to complete a formal performance evaluation of the assigned account management team annually as deemed appropriate by ERS.
- B.1.o. ERS requires the PBM to meet with ERS staff and/or Board of Trustees as requested to discuss the status of the EGWP + Wrap PDP account in terms of utilization patterns and costs, as well as to propose new ideas that may benefit the GBP and its Participants.
- B.1.p. The PBM is expected to present actual EGWP + Wrap PDP claims experience and offer suggestions as to ways the benefits could be modified in order to reduce costs or improve the health of HealthSelect Participants. Suggestions must be modeled against actual HealthSelect Medicare-primary membership and claims experience to determine the financial impact as well as the number of Participants impacted.
- B.1.q. The PBM shall also present benchmark data by using the health plan's entire book of business, a comparable client to HealthSelect, and/or some other industry norm.
- B.1.r. The PBM shall provide a high quality and experienced customer service unit. The health plan staff members shall be fully trained in the HealthSelect and MA benefit designs, and the PBM shall have the ability to track and report performance of call center matrices.
- B.1.s. The PBM shall provide ERS access to a dedicated/designated Reporting and Analytical team to advise and support ERS to include, but not be limited to:
 - Create statistical reports;
 - Develop templates for ERS data;
 - Benchmarking analysis;
 - Provide data for a regional map on the website; and
 - Develop, review, and fact check ERS publications, (i.e., Cost Containment and Fraud Report). A sample of the Cost Containment and Fraud Report is located at http://www.ers.state.tx.us/About_ERS/Reports/.

C. PBM Customer Service Call Center

- The PBM Customer Service Call Centers functions shall be located within the United States, and preferably in the state of Texas.
- C.1. **Call Center/Customer Service Unit.** The PBM shall establish and provide for staffing of one (1) customer service unit designated exclusively to ERS' EGWP + Wrap PDP. The unit shall be adequately staffed to manage EGWP + Wrap PDP-related questions and provide for resolution of complaints, clarifications, escalated issues, and assist in pharmacy selections.
 - C.1.a. The hours of operation for the PBM's customer service unit shall be, at a minimum, Monday through Friday from 8:00 a.m. to 7:00 p.m., central time. The PBM shall also provide Saturday coverage from 7:00 a.m. to 3:00 p.m., central time, and emergency service coverage outside of the required business hours, excluding national holidays.
 - C.1.a.i. **Call Center Specialists.** The PBM shall designate as many Call Center Specialists as necessary whose sole responsibility shall be to respond to and resolve, within a reasonable timeframe as determined by ERS, plan-related customer service needs. ERS and the PBM shall jointly monitor and adjust staffing levels to ERS' sole satisfaction as work and service requirements demand. The PBM warrants and represents that it shall provide thorough training of additional team members in support of the EGWP + Wrap PDP. Any training deficiencies noted by ERS shall be immediately rectified by the PBM to ERS' sole satisfaction.
 - C.1.a.ii. **Back-up Staffing.** The PBM shall designate additional staff, as needed or at ERS' request, to update and maintain HealthSelect-related records and accounts. This staff will also provide additional support for the PBM's customer service team.

- C.1.a.iii. **Call Center Management Criteria.** The PBM shall establish toll free lines (telephone and facsimile). The PBM shall also employ appropriate and adequate customer service staff to maintain *Performance Guarantees* for average speed to answer, abandonment rate and blockage rate as referenced in Appendix G of the RFP. The PBM shall provide in its Proposal the methodology and sample source documents utilized by the PBM to arrive at the reporting requirements for the call center metrics referenced in Appendix O.
- C.1.a.iv. **Access for Hearing Impaired.** Access for ERS' deaf and hearing impaired members should be directed to 7-1-1 Relay Texas on publications and website.
- C.1.a.v. **Language Accessibility.** The PBM's Call Center shall have at least two (2) member service representatives who are bilingual in English and Spanish and provide Limited English Proficiency ("LEP") support or have a language translation organization available for such support.
- C.2. **Enrollment Verification.** To assist the PBM in verifying enrollment, ERS may provide online access to its enrollment system, PeopleSoft. Online access is available through the PBM's Internet provider and shall be operational one (1) week prior to the start of AE. Staff trained on ERS' enrollment system shall be available during all customer service open hours.
- C.2.a. The PBM shall accept oral verification of a GBP Participant's coverage by an authorized representative of ERS or verify the Participant's coverage through utilization of ERS web access. Coverage shall be updated in the PBM's system prior to receipt of the next ERS weekly enrollment information.
- C.3. **Audit.**
- C.3.a. ERS may contract with an auditing firm to conduct periodic audits of the PBM. The PBM shall be required to cooperate with and support the efforts of the auditors. Neither ERS nor the auditors will be required to indemnify the PBM for any costs incurred in connection with these audits.
- C.3.b. ERS or any of its duly authorized representatives shall have access to any GBP-related information during the term of the Contract and until the expiration of seven (7) years after the final payment is made under the Contract. This includes access to and the right to examine any pertinent books, documents, papers, and records of the PBM involving transactions relating to the Contract. In the event there arises any claim, dispute, or litigation concerning the Contract, the period of access and examination described above may continue until the disposition of such claim, dispute, or litigation has been deemed final.
- C.4. **Claims Processing.**
- C.4.a. The PBM shall administer and process all claims functions required for the EGWP + Wrap PDP. The PBM shall process and administer all Medicare-primary PDP claims incurred in connection with prescriptions dispensed on and after January 1, 2013, and throughout the term of the Contract. The PBM selected in accordance with this RFP shall have no responsibility under this Contract for the administration of claims incurred prior to the effective date of the Contract. However, following termination of the Contract for any reason, the PBM shall continue to be responsible for processing and paying claims incurred during the term of the Contract. General requirements for claims processing include the following:
- Using ERS enrollment records, the PBM shall create and maintain participation records to be used for the processing of claims and other administrative functions for EGWP + Wrap PDP. ERS enrollment records, however, shall control in the event of a conflict.
 - The PBM shall review claims for eligibility against dates of services covered under PDP.
 - The PBM shall process Medicare-primary Participants' submitted claims. Each claim payment must include an EOB for EGWP + Wrap PDP network and non-network claims. The PBM must submit all claim forms and sample EOBs to ERS as an attachment to the Proposal for ERS' review and approval.
 - The EGWP + Wrap PDP claims filed by Medicare-primary Participants shall be processed within five (5) calendar days of submission to the PBM unless additional information and/or investigation are required.

- C.4.b. In the event the PBM issues excess payments or payments for ineligible claims or Participants, it will:
- Take all steps necessary to recover the overpayment, including recoupment (offset) from Participants, pharmacies or subsequent claim payments.
 - Assume 100% liability for mispayments which result from policy, PBM or system errors attributable to the PBM in whole or in part.
 - Refrain from initiating litigation to recover such overpayment unless authorized by ERS.
 - Provide ERS with detailed reports on a monthly basis that itemize the amounts of each overpayment; the reason for the overpayment; a listing of payees with outstanding overpayment recoveries due; an accounting of: (a) prior balances of recoveries due, (b) current month overpayments, (c) recoveries, (d) new balances, and (e) percentage of overpayment dollars recovered; and an aging of receivables report for 30, 60, 90 and 91+ days.
 - Reimburse the EGWP + Wrap PDP for any covered drug dispensed to a former EGWP + Wrap PDP Participant reported by ERS as no longer a plan Participant, if the PBM receives such notification at least two (2) full business days prior to the date of such services.
- C.4.c. The PBM shall provide legal services and litigation support. Legal services and litigation support include, but are not limited to, the PBM assisting and supporting ERS in administrative hearings and providing its own legal representation in administrative hearings, lawsuits, and subrogation-related suits when appropriate. The PBM shall coordinate its legal services and legal support with the ERS Legal Services division.
- C.4.d. The PBM shall investigate unusual or extraordinary charges to determine all relevant circumstances and report its findings to ERS. The PBM's staff shall determine eligible charges, subject to the final authority of ERS on all claims matters.
- C.4.e. HealthSelect PDP claims filed by Participants shall be processed within fifteen (15) calendar days of submission to the PBM unless additional information and/or investigation are required.
- C.4.f. The PBM shall process and pay PDP claims using its own funds first before seeking reimbursement from ERS on a weekly basis. The required reimbursement methodology is described in Article IV. *Financial Specifications*, Section A, *Funding Methodology*.
- C.5. **Subrogation and Reimbursement.**
- C.5.a. Subrogation and Reimbursement may apply when another party (person or organization) is or may be considered responsible for payment resulting from a Participant's injury or sickness for which benefits under the EGWP + Wrap PDP shall be or have been provided. The PBM shall provide subrogation services, which will include, but not be limited to, investigating claims to determine potential third-party liability, contacting Participants to obtain information related to third-party liability, initiating demands and assessments to protect EGWP + Wrap PDP's interests, supporting intervention in litigation when necessary, and enforcing remedies for violation by Participants of their subrogation and reimbursement obligations (including, but not limited to, termination of coverage).
- C.5.b. When a Provider settles with or is found liable for medical malpractice, the PBM will seek recoupment of benefits paid in connection with services negligently rendered by Provider prior to seeking subrogation from Participant. The PBM will be expected to incorporate a provision in the PBM's contracts with Providers to implement this provision.
- C.5.c. The PBM shall be responsible for all costs associated with subrogation activities and litigation. The PBM's provision for such costs should be included in its administrative fee.
- C.6. **Fraud and Abuse.** The PBM shall use automated systems to detect fraud and misuse of the program, overpayments, wrongful or incorrect payments, falsification of eligibility, unusual or extraordinary charges and verification of enrollment and unnecessary and/or wrongful drug prescribing practices and abuses. The PBM shall also conduct thorough, diligent, and timely investigations with regard to fraudulent and suspicious claims and immediately upon discovery, notify ERS' Director of Benefit Contracts of any fraudulent or suspicious activity. The PBM shall also provide a monthly report on all such fraudulent and/or suspicious claims to ERS' Benefit Contracts division. The PBM understands that ERS may develop further

policies in connection with the detection and prevention of fraud or abuse of the GBP and HealthSelect. The PBM shall comply with all applicable laws and regulations and shall also comply with all ERS policies and is encouraged to develop additional safeguards as allowed by law. The Contract has additional requirements in this regard. Examples of standards for detecting fraud and abuse are as follows:

- The PBM shall provide a toll-free number and an Internet link for Participants to report fraud and abuse;
- The PBM shall utilize EOBs for the tracking of phantom billing;
- The PBM shall monitor claims utilized to identify excessive claims/number of prescribers and number of pharmacies for narcotic/addictive drugs; and
- The PBM shall monitor the licensure of pharmacies to ensure claims of non-licensed providers are denied.

C.6.a. The PBM shall maintain a complete and accurate claims reporting system and provide for the retention, maintenance, and storage of all payment records with provision for appropriate reporting to ERS. The PBM shall maintain all such records throughout the term of the Contract and for at least seven (7) years following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS' request. In the event the PBM is scheduled to destroy payment records, the PBM must contact ERS for approval prior to the destruction of the payment records. If ERS approves destruction, verification of the destroyed records shall be required at ERS' direction. In the event there arises any claim, dispute or litigation concerning the Contract, the period of access and examination described above shall continue until the disposition of such claim, dispute, or litigation is final. The Contract has additional requirements regarding audits and maintenance and destruction of records.

C.7. **Pharmacy Network Management Requirements.** The PBM shall provide all services specified in this RFP including, but not limited to the following:

C.7.a. The PBM shall provide initial and ongoing recruitment, credentialing, and contracting with a sufficient number of Pharmacies, as specified herein to provide reasonably convenient, accessible, and quality pharmaceutical coverage throughout the state of Texas and the United States in accordance with applicable state and federal laws, regulations and industry practice.

C.7.b. The PBM shall provide ongoing management of the Pharmacy network.

C.7.c. The PBM shall require that its network Pharmacies cooperate with reasonable requests by EGWP + Wrap PDP Participants to prepare and provide, without charge to the Participants, any records pertaining to prescriptions or copayment amounts.

C.7.d. The PBM shall provide ongoing review of retail Pharmacy reimbursement rates and recommend adjustments as appropriate, subject to consultation with and approval by ERS.

C.7.e. The PBM shall make available to ERS staff the ability to listen to and monitor calls to and from the PBM call center(s).

C.7.f. The PBM shall provide initial and ongoing education to ensure that network Pharmacies are familiar with and knowledgeable regarding the benefits (including any benefit design changes) and other plan provisions.

C.7.g. The PBM shall provide ongoing review of the fees paid to network pharmacies and recommend adjustments as appropriate, subject to consultation with and approval by ERS.

C.7.h. The PBM shall conduct an ongoing provider quality assurance review to be monitored via periodic Participant surveys and other reporting mechanisms.

C.7.i. As it relates to the management of the pharmacy network, the PBM shall provide ongoing utilization management, including preauthorization of services and monitoring, and enforcement of compliance with pharmacy protocol.

C.7.j. The PBM shall provide ongoing review of complaints received from Participants and providers and respond as necessary and appropriate; monitor the denials of benefits made

under the utilization management program to maintain the appropriateness of the program; and provide information about the utilization management program to ERS as requested.

- C.7.k. As it relates to the management of the pharmacy network, the PBM shall provide to an authorized representative of ERS, for ERS' approval, a template or form letter or other means of standardized communication prior to sending, disseminating or otherwise providing such written or oral communications to any person or entity reasonably connected to or involved in EGWP + Wrap PDP or the GBP. The PBM shall regularly review, revise and update where necessary, all information contained on its website that relates to or may be utilized by EGWP + Wrap PDP and any of its Participants.
- C.7.l. The PBM shall use commercially reasonable efforts to personally contact and notify a Participant immediately when such Participant's mail service prescription is not filled for any reason. The PBM further agrees to contact a Participant immediately if it is determined that a medication the Participant ordered has been discontinued or is out-of-stock at the PBM's mail service facility, and to provide the anticipated time to dispense the medication if it will take longer than seven (7) calendar days. In such case, the PBM shall contact the Participant's health care provider to obtain the provider's approval for dispensing an alternative medication. The PBM warrants and represents that it has in place a tested and proven process to enable the PBM to immediately contact the Participant and inform the Participant of the provider's determination.
- C.7.m. The PBM shall provide receipts for medications obtained by the Participants by mail service. Such receipts shall include the name of the drug dispensed, the prescribing physicians name, the date dispensed, the amount paid by the plan for the drug and the amount of the copayment reflecting the application of the annual deductible (if applicable).
- C.7.n. In the event ERS elects a brand-to-brand mail service interchange program and a substitution is not rejected by a health care provider when filling a mail service prescription for a Participant, a substitution may be made, at the discretion of the PBM, in accordance with licensed pharmacy practice.

D. Clinical Management

- D.1. When permitted by CMS, the PBM shall apply clinical utilization management programs with a focus on managing conditions rather than finding an application for pre-developed "Programs."
- D.2. When permitted by CMS, the PBM shall provide all cost savings programs to the GBP at no additional cost to ERS, the GBP, its Participants or the State of Texas. Any fees associated with these programs must be recovered solely through the PBM Price Proposal quoted with this RFP.
- D.3. When permitted by CMS, the PBM shall provide ongoing utilization management, including, but not limited to, DUR and disease management programs described herein.
- D.4. When permitted by CMS, the PBM shall act in the best interests of the EGWP + Wrap PDP as required by the Contractual Agreement in determining when it should substitute a generic medication for a brand medication in filling a EGWP + Wrap Participant's mail service prescriptions. To this end, if necessary, the PBM shall contact the Participant's health care provider who authorized the filling of the original prescription and obtain the provider's authorization to substitute generic medication as contemplated by the PBM and as permitted by applicable laws and regulations.
- D.5. The PBM shall warrant and represent that it provides appropriate coverage management services in accordance with applicable state and federal laws, regulations and protocol regarding pharmacy benefit managers. Such services include reviewing claims to determine whether they are medically and pharmaceutically necessary. These services are used to make coverage decisions that are required when the information needed to determine coverage for a particular drug is not available from the ordinary claims transaction. Each coverage management service adopted by ERS shall be determined based on the recommendations and expertise of the PBM. In making coverage decisions for claims incurred by PDP Participants, the PBM gathers the necessary information from health care providers prescribing the applicable drugs and from PDP Participants, compares that

information with the EGWP + Wrap PDP plan design, and informs the health care providers and Participants of the coverage decision.

- D.6. The PBM shall make copies of its formulary available to each Medicare-primary Participant, at no additional cost, upon request of the Participant or ERS. The PBM shall train its employees to assist EGWP + Wrap PDP Participants who call, e-mail or write to the PBM with formulary questions, including, but not limited to, answering questions about the process for creating the formulary and transferring or otherwise making available to EGWP + Wrap PDP Participants a PBM pharmacist to discuss preferred and generic alternatives in the event any formulary change affects the Participant. If a change in the formulary affects a particular Participant's medication, such that a medication that was on the formulary becomes a non-formulary item, the PBM agrees to notify that Participant individually, in writing, of the effect of the change. Within ten (10) business days of any formulary change, the PBM shall update its formulary listing on its web site.

E. PBM Program Reporting

E.1. Actuarial Reporting

- E.1.a. As previously noted, ERS retains a consulting actuary on insurance matters. The consulting actuary assists and advises the ERS staff on benefit plan design, Proposal review, and the PBM's Price Proposal analysis. ERS staff or the consulting actuary may, from time to time, request that the PBM provide additional information specific to the HealthSelect Plan. The PBM shall cooperate with and act in good faith in working with ERS and/or the consulting actuary and shall be prepared to respond to these requests promptly. In that regard, or for other GBP Program purposes, from time to time ERS may, on an *ad hoc* basis, request that the PBM prepare customized reports on a timely basis at no additional cost to ERS.

- E.1.b. The PBM shall submit to ERS' consulting actuary, at minimum, on a monthly basis and to an ERS agency designee on a timeframe to be defined post contract award, via SFTP within a site-to-site VPN tunnel utilizing file encryption with ERS' public key (PGP), all claims (retail, mail, and Participant-submitted) processed during the previous calendar month. This data shall be used by ERS' Benefit Contracts Underwriting section to analyze claims experience and reconcile the weekly invoices. Notwithstanding the foregoing, ERS shall at all times have online access to such information at no additional charge. The detailed claims file shall include, but not be limited to, for each claim record:

- Employee ID Number;
- Subscriber Social Security Number;
- Patient Social Security Number;
- Patient Date of Birth;
- Patient Gender;
- Patient Relationship Code;
- Service Date;
- National Drug Code;
- Drug Name;
- Drug Type Indicator (single source, multi-source, generic);
- Quantity;
- Days Supply;
- Maintenance Drug Indicator;
- Formulary Drug Indicator;
- Adjustment Code (original claim, adjustment, etc.);
- Dispense as Written Code;
- Pharmacy Number ("NCPDP");
- Pharmacy Name;
- Date Adjudicated;
- Date Pharmacy Paid;
- Average Wholesale Price ("AWP");
- WAC/Unit;
- Ingredient Cost;
- Dispensing Fee;
- Member Pay the Difference Amount;
- Deductible Amount;
- Participant Copayment;
- Plan Payment;

- Pharmacy's Usual and Customary Charge;
- Pricing Formula used to Determine Ingredient Cost (AWP formula, MAC, usual and customary charge, etc.);
- Participant RDS Eligibility Indicator;
- Drug RDS Eligibility Indicator;
- Group ID – ERS Employee Group ID (Humana MA, HealthSelect In-Network, HealthSelect Out-of-Network, etc.);
- Claims Number – Unique ID number;
- Compound Indicator;
- Medicaid Claim Indicator;
- Specialty Drug Indicator; and
- Drug Class – GPI Number.

The PBM will provide the above information to ERS and/or its consulting actuary with no restrictions or qualifications on the use of the data other than as included herein. ERS will agree to treat the PBM's pharmacy reimbursement provisions (dispensing fee, discounts and MAC pricing) as confidential.

- E.1.c. The PBM shall notify ERS' Benefit Contracts AD of all GBP-identified issues in connection with reports and/or audit findings, and provide supporting documentation for all such reports.
- E.1.d. The PBM shall provide online access to statistical information associated with the EGWP + Wrap PDP. The information will include current calendar year information and the full twelve (12) months of the previous calendar year. Examples of statistical analyses as may be periodically requested by ERS include, but are not limited to:
- Top 100 Drugs by expenditure;
 - High Utilization Reports;
 - Executive Management Summary; and
 - Separation of experience by Mail and Retail.
- E.1.e. Additionally, the PBM shall provide a prescription drug data base with search capabilities, and provide any related training necessary as requested by ERS staff. All necessary software, hardware, and system access shall be furnished by the PBM at no additional cost to ERS.
- E.1.f. The PBM shall provide certain reports that are required to administer a self-funded plan including, but not limited to, IRS Form 1099.

E.2. Administrative Reporting Requirements

ERS shall utilize information reported by the PBM to proactively monitor trends and to identify/address variances on targeted PBM performance requirements. ERS shall specify the reporting timelines, quality standards and formats. Some formats shall include a column indicating a performance standard for the item being reported that ERS shall use as a benchmark to monitor compliance and to analyze the reported statistics. A sample of the administrative reporting requirements is referenced in Appendix Q. Minimum reporting requirements shall include, but not be limited to, the following:

- Performance Guarantee reports as required;
- Customer Service Standards;
- Utilization and Experience History;
- Statistical information (i.e., Lag report); and
- *Ad hoc* reports at ERS' request.

Reports shall vary in frequency and scope based on ERS' designation after selection of the PBM and execution of the Contract as reflected herein. However, all reports provided by the PBM shall reflect quality production with attention to detail, accurate data, and shall meet additional requirements as specified by ERS. Costs associated with reporting shall be included in the PBM's *Price Proposal and Response Format*, Article V.

To ensure the accuracy of the self-reported information and reliability of the PBM's internal operational controls, the PBM shall provide documentation verifying all reported statistics associated with the *Performance Guarantees* referenced in Appendix G or implementation of other legal remedies available to ERS in the Contract. The document type and due date shall be specified by ERS.

E.3. **Annual Reporting Requirements.** The PBM shall be required to submit GBP utilization and cost data on an annual basis using the ERS-prescribed format by February 15th following the end of the calendar year. For example: by February 15, 2014, the participating PBM shall be required to provide utilization and cost data for the experience period January 1, 2013 through December 31, 2013. These obligations survive termination of the Contract for any reason, and the PBM is required to provide the required experience information for the previous calendar year regardless of whether or not the PBM continues as a participating PBM under the GBP.

E.4. **Quarterly Reporting Requirements.** ERS requires the PBM to provide the following reports as reflected in Sections VII.E.4. – VII.E.4.b. below using either GBP-specific or book of business statistics: Subrogation Reimbursements and Cost Management Activity Report (Fraud and EOI Misrepresentation). The data shall include the entire previous quarter, and shall be received in the ERS-prescribed format via email by the 20th of the month following at quarter end. The current requirements are:

E.4.a. **Subrogation Reimbursements.** This report tracks Subrogation cases that involve ERS Legal.

Calendar Year	Total Recoveries
CY2013	
CY2014	
CY2015	
Grand Total	

E.4.b. **Cost Management Activity Report (Fraud & EOI Misrepresentation).** This report provides a narrative describing the activity of the Fraud Investigations Division with regard to projects the dedicated Analyst is currently working, as well as arrests, convictions and other law enforcement activity related to healthcare fraud. It also includes a summary of the activity for the EOI Misrepresentation program.

Activity	Q1	Q2	Q3	Q4	YTD
Referrals					
Cases of Interest					
Opened Cases					
Closed Cases					
Cases Referred to Law Enforcement					
Recoveries Subtotal					
Hospital Audits – Post Payment Audits					
Recovery Claim Count					
Recovery Subtotal					
Subrogation with ERS Legal					
Case Count					
Subrogation Savings Subtotal					
Prepayment Claims Edits: Costs Avoided					
Ineligible Claim Count					
Duplicate Charges					
Non-Covered Charges					
Ineligible Members					
Incomplete claims documentation, ineligible amount such as late charges and other					
Prepayment Claims Edits Subtotal					
System Claim Count					
Recoveries Subtotal					
Grand Total: Cost Containment Activity					

E.5. **Monthly Reporting Requirements.** ERS requires the PBM to provide the following reports as reflected in Sections VII.E.5. – VII.E.5.g. below using either GBP-specific or book of business statistics: Monthly Administrative Performance Report and Pharmacy Network Additions/Terminations Detail Report. The data shall include the entire previous month, and shall be received in the ERS-prescribed format via email by the 20th of the following month. Failure to provide the required data may result in a monetary assessment as required in the *Performance Guarantees*, Appendix G or implementation of other legal remedies available to ERS in the Contract. The required data and format are subject to change as required by ERS. The current requirements are:

E.5.a. **Monthly Administrative Performance Report.** This document reflects the specific Contract performance areas upon which the PBM must report each month. The last tab of the document reflects the calculation and methodology used to identify the reported measure. On an annual basis, the PBM will be responsible for providing ERS with the source document in order to allow ERS the opportunity to certify that the self-reported data is accurate. A sample monthly administrative performance report is referenced in Appendix R.

ERS shall utilize information reported by the PBM to proactively monitor trends and to identify/address variances on the targeted PBM performance requirements. ERS shall specify the reporting timelines and formats. Some formats shall include a column indicating a performance standard for the item being reported that ERS shall use as a benchmark to monitor compliance and to analyze the reported statistics. The standard to be reported is based on availability in the following order of priority:

1. Stated in the Contract;
2. As required by applicable statute or regulation;
3. The PBM internal standard; and
4. Generally accepted industry standard.

To ensure the accuracy of the self-reported information and reliability of the PBM's internal operational controls, the PBM shall provide documentation verifying the statistics. The document type and due date shall be specified by ERS.

The statistics required to be reported by the PBM include, but are not limited to:

- The number of written and emailed complaints received from GBP Participants, and the average length of time to resolve those complaints. Complaints shall be resolved within thirty (30) calendar days.
- The number of and percentage of ID cards mailed within five (5) business days of the PBM's receipt of enrollment data from ERS or Participant request.
- The number of and percentage of MBPDs mailed within five (5) business days of the PBM's receipt of enrollment data from ERS or Participant request.
- Answer time, in seconds, for calls in the queue.
- Average call-blockage rate.
- Pharmacy network additions and terminations, by primary care, specialty and facility.
- GBP-specific dollars recovered through fraud investigation activity.

E.5.b. **Monthly Pharmacy Network Additions/Terminations Detail Report.** This information is utilized by ERS to proactively monitor and respond to changes in the pharmacy network. The following data elements are required in the ERS-prescribed format: Pharmacy Name, Full Pharmacy Address, Date Pharmacy Added To or Terminated from the Network.

To ensure the accuracy of the self-reported information and reliability of the PBM's internal operational controls, the PBM shall provide documentation verifying the statistics. The document type and due date shall be specified by ERS and is not intended to convey proprietary and confidential provider contracting information.

E.5.c. **Claims Lag Report.** The PBM shall be required to submit a claim lag report outlining the total number and amount of incurred claims by payment duration and benefit duration. Payment duration is the number of months since the incurrence of service. Benefit duration is the duration (in years) of enrollment for the Participant.

E.5.d. The PBM shall provide ERS with monthly reporting of HealthSelect-specific data relating to these requirements. In addition, an auditing firm shall conduct an annual audit of the PBM on behalf of ERS to determine compliance with these and other standards. The PBM's

compliance with all Contract requirements will be a factor ERS will weigh when considering renewal.

E.5.e **Other Reporting Requirements.** The PBM shall submit to ERS varied reports on a monthly basis. This data shall be used by ERS to analyze the EGWP + Wrap PDP. Notwithstanding the foregoing, ERS shall at all times have online access to EGWP + Wrap PDP statistical reporting information with search capabilities at no additional charge to ERS. The information shall include current and previous years' data.

E.5.f. **Special Reporting Requirements.** The PBM shall provide ERS with knowledgeable, dedicated personnel resources to provide varied reports and analytical data as requested by ERS. This data shall be used by ERS to analyze the EGWP + Wrap PDP. The information shall include current and previous year data. Special reporting requirements shall include, but not be limited to, the following:

- Trend Reporting;
- Annual Statistical Report;
- Cost Management & Fraud Report; and
- Other *ad hoc* reports.

ERS may request the PBM to provide additional, customized *ad hoc* reports specific to the PDP program. The PBM shall cooperate, act in good faith in working with ERS, and shall be prepared to respond to these requests promptly at no additional costs to ERS.

F. **Process for Grievance and Appeals**

1. If a claim for benefits under the Plan is denied, the Participant must first appeal the denial to the PBM and the PBM shall provide the Participant with a written or oral explanation, including the specific reason(s) for the denial.
2. If the Participant does not agree with a claim denial, he may call or write to the PBM and request that the claim be reviewed. Additional information may be submitted with the request for review.
3. If the claim is again denied, the PBM shall furnish written instructions to the Participant on how to file a grievance with ERS. The grievance must be in writing, signed and postmarked or received by ERS within ninety (90) days of the date of the PBM's letter to the Participant. After a grievance is filed with ERS, ERS shall notify the Participant of the decision in writing. Participants who do not accept ERS' decision may appeal the decision to the designee of the ERS Board of Trustees, provided the decision grants a right of appeal. This appeal must be in writing, signed and postmarked or received by ERS within thirty (30) days of the date the decision is mailed by certified or first class mail.
4. Grievance and appeal rights are not provided on plan design issues including, but not limited to, the terms of the MBPD, the scope of coverage provided in the MBPD, Prior Authorization determinations under Appendix V, Exhibit C, Article I.AA. and Formulary and Quantity Limitation determinations under Exhibit C, Article I.BB.

F.1. **Grievance and Appeals.** The PBM's grievance procedure shall be in compliance with all applicable statutes and regulations. The PBM shall provide support for this function.

G. **Coordination with Other GBP Vendors**

The PBM shall coordinate with all other GBP Vendors as required by ERS, including, but not limited to:

G.1. **HealthSelect TPA.** The HealthSelect health plan is administered through a TPA selected by ERS through a separate RFP process. ERS currently utilizes BlueCross and BlueShield of Texas as its TPA for all GBP Participants. Regardless of the TPA utilized to administer the HealthSelect health plan, the PBM shall be required to coordinate with the designated TPA to include the appropriate pharmacy copayments and PBM logos on the HealthSelect ID cards prior to mailing to program Participants, as required in Section VI.C.9.c.

- G.1.a. The PBM shall coordinate with the HealthSelect health plan TPA to exchange patient health care information and to educate network physicians and pharmacies only as necessary to administer prescription drug dispensing and usage needs.
- G.2. **Medicare Advantage PPO:** Humana Insurance Company (“Humana”) currently provides a Medicare Advantage Plan with a statewide Preferred Provider Organization to members and their spouses eligible for Medicare. The PBM may be required to coordinate Medicare participation with Humana.

H. Other Administrative Requirements

H.1. Site Visits

At ERS’ discretion, agency personnel may conduct site visits at ERS’ sole expense. The PBM may be asked to assist ERS staff with arranging and identifying travel and lodging arrangements that shall be in compliance with state of Texas travel guidelines.

H.2. Identification (“ID”) Cards

The PBM shall send an ID card to all new Participants, including dependents who enrolled during AE within five (5) business days of the transfer of the final enrollment file at the end of AE. A draft copy of the ID card shall be included in the PBM’s response.

- H.2.a. Subsequent to AE, the PBM shall issue ID cards within five (5) business days of the successful transfer of the enrollment file to the PBM. For on-going ID cards, the PBM shall send a new ID card to all adult Participants when a change is reported within five (5) business days following the PBM’s receipt of the enrollment information. Once initially distributed, ID cards do not need to be replaced unless changes are made to Participant’s name or covered dependents.

VIII. Information Systems Requirements

This Article describes system requirements including information security, data processing interface requirements, enrollment and eligibility, security breach, fraud, and web specifications, as mandated by ERS. The PBM shall administer the Plan in a manner consistent with all applicable state and federal laws and regulations, as well as ERS' administrative rules and at the direction of the ERS Board, its Executive Director, and ERS staff. The cost of the requirements described herein shall be recovered by the PBM only by making provisions for such expenses in the PBM's *Price Proposal and Response Format* in Article V.

A. Systems Requirements

A.1. Data Processing Interface

A.1.a. **Enrollment/Eligibility.** ERS is responsible for determining the eligibility of Participants in the EGWP + Wrap PDP and Health Program and for reporting coverage. ERS provides a 100% Weekly Enrollment Interface File via SFTP within a site-to-site VPN tunnel and the file shall be encrypted with the ERS' public key (PGP). The PBM's corresponding enrollment records shall be updated within twenty-four (24) hours of receipt of the SFTP file to reflect any adjustments based on the data provided by ERS inclusive of terminations reported in arrears as required in Appendix G, *Performance Guarantees* or implementation of other legal remedies available to ERS in the Contract

The Participants are responsible for their own AE choices. The Participants' selections shall be processed and reported to the PBM through web access in the 100% Enrollment Interface file. The PBM shall implement automated enrollment (i.e., via telephone and Internet) and accept enrollment via verbal instruction from an ERS authorized representative to allow the Participant immediate access to benefits. The PBM shall adjust appropriate information in its enrollment system immediately upon receiving updated Participant eligibility information from an ERS representative. ERS may report future effective dates for changes during AE. The PBM shall be required to accept data and shall be prepared to process reporting of future effective dates by November 1 of each calendar year. Enhancements for future plan years during the initial term of the Contract are likely to require the PBM to accept enrollment on a real-time basis.

A.1.b. **Web Access.** ERS provides the PBM with the opportunity to view ERS' enrollment system through web access. The PBM shall be prepared to access enrollment via web access no less than thirty (30) business days from the go-live date. The PBM shall utilize the enrollment information to assist in the verification of eligibility. The PBM shall provide Customer Service staff proficient with web access during all ERS designated customer service hours. The PBM shall expend the necessary funds to provide electronic access to ERS' enrollment system by all departments involved in customer service, eligibility, and enrollment administration.

For the purpose of responding to this RFP, the PBM shall recover any costs involved in the adaptation of its system requirements to those set forth by ERS only through Article V, *Price Proposal and Response Format*.

A.1.c. **File Interface.** The PBM shall be fully capable of accepting and processing all File Interfaces forty-five (45) business days before the go-live date. ERS will define the file layouts as specified in Appendix I.

A.1.c.i. **SFTP.** The PBM is required to accept enrollment and all other data file via SFTP. The PBM is required to utilize SFTP for all purposes and test process data files sent to ERS.

A.1.c.ii. **Encryption.** The PBM is required to accept and receive all data files encrypted in a PGP compatible format. The PBM will provide the PBM's public key for files prepared by ERS. The PBM will utilize ERS' public key for all files transmitted to ERS. ERS utilizes .pgp extension on all files.

A.1.d. **Information Security.** The PBM shall comply with the Privacy Act of 1974, Computer Matching and Privacy Protection Act of 1988, TBCC and information security standards as outlined in Title 1, Texas Administrative Code § 202. Further, the PBM shall comply with the

requirements for handling and use of personal information. The execution of the Data Security and Breach Notification will be required prior to final execution of a Contract.

- A.1.d.i. The PBM shall ensure the confidentiality, integrity, and availability of Participant and Program information through the utilization of mutually agreed upon industry best practices coordinated with the Information Security Officer of ERS.
- A.1.e. **Data Backup Security.** The PBM shall maintain duplicate or back-up computer encrypted data files maintained securely in connection with all HealthSelect Programs in a secure, hardened facility which provides environmental and access controls. The PBM shall utilize 256Bit AES encryption standard for tapes or equivalent backup medium. Decryption keys shall be access controlled and provided to ERS upon demand.
- A.1.e.i. All computer data files of the Plan, as maintained by the PBM, shall at all times remain the property of ERS notwithstanding the fact that such records may be stored upon or within one or more computer or data retention systems owned, operated, or leased by the PBM.
- A.1.e.ii. Electronic communications, to include, but not be limited to, email and file transfers (SFTP), between the PBM and ERS shall be encrypted to protect Participant's confidential information.
- A.1.e.iii. The PBM must establish Transport Layer Security ("TLS") protocols with ERS for email communications.
- A.1.f. **Multi-Factor Authentication.** The PBM shall provide non-repudiation services up to and including second factor authentication for PBM employees, contractors, and service providers capable of accessing ERS data outside the PBM's physical facilities (i.e., VPN or other remote access methods).
- A.1.g. **Identity Theft Enforcement and Protection Act.** Texas Business and Commerce Code (521.001, *et seq.*). A person cannot obtain, transfer, possess, or use another's personal identifying information without consent in order to get something of value in another's name. Businesses must take reasonable steps to safeguard customers' personal identifying information and must notify customers of any electronic security breach involving their sensitive personal information.
- A.1.h. **Security Breach.** The PBM shall comply with the Data Security and Breach Notification as attached hereto as Appendix D with regard to Security Breaches. In addition, the PBM shall comply with the BAA as attached hereto as Appendix C.
- A.1.i. **Data/Records Accessibility.** The PBM shall maintain a complete and accurate reporting system and provide for the retention, maintenance, and storage of all Program and Participant records for appropriate reporting to ERS. The PBM shall securely maintain all such records throughout the term of the Contract, and for at least seven (7) years or as dictated by statute following the end of the Contract, and shall make such records accessible and available to ERS for inspection and audit upon ERS' request. In addition, the PBM shall maintain such records indefinitely to the extent there is any legal action, investigation or audit related to the Contract or the Plan and the PBM is notified of same.
- A.1.j. **Data/Records Availability.** At all reasonable times, ERS or its representatives shall have access to ERS and HealthSelect records. To the extent that any such records are to be maintained upon a computer system or any other data retention system which is not owned by the PBM, the PBM shall provide ERS with assurances from the owner of such computer facilities, satisfactory to ERS, of continued availability and security of such records at all times. ERS must be permitted to personally inspect such facilities and systems.
- A.1.k. **Data/Records Destruction.** The PBM shall maintain records in accordance with the Contract. In the event the PBM is scheduled to destroy records, the PBM shall contact ERS for approval prior to the destruction of the records. If ERS approves destruction, verification of the destroyed records shall be required at ERS' direction. This requirement shall survive the termination of the Contract for a minimum of seven (7) years or indefinitely to the extent there is any legal action, investigation or audit related to the Contract or the Plan and the PBM is notified of the same.

A.1.l. **Fraud Detection.** The PBM shall use a comprehensive plan, including automated systems, to prevent and detect fraud and misuse of the program, overpayments, wrongful or incorrect payments, and falsification of eligibility, verification of enrollment and unnecessary and/or wrongful drug prescribing practices and abuses. The PBM shall comply with all applicable state and federal laws and regulations and shall also comply with all ERS policies, and is encouraged to develop additional safeguards as allowed by law. The PBM understands that ERS may develop further policies in connection with the detection and prevention of fraud or abuse. The PBM shall also conduct thorough, diligent, and timely investigations with regard to fraudulent and suspicious claims, and report all such suspicious claims to ERS' Benefit Contracts division. The Contract contains additional anti-fraud and abuse requirements. Examples of practices for preventing and detecting PDP fraud and abuse include, but are not limited to:

- Enhancing prospective PDP utilization review to prevent waste;
- Using technology at the point of service to prevent abuse and errors;
- Using data and education to change provider behavior; and
- Auditing claims data to profile both pharmacies and clients.

A.1.m. **IVR System.** The PBM shall provide all annual updates and/or equipment re-configuration recommendations for future years no later than the first business day of October of each subsequent year. The PBM is required to communicate and submit to ERS for prior approval all changes, updates and re-configurations.

A.1.n. **Mobile Devices.** All laptop computers, mobile devices and external storage devices which contain, process, or interact with ERS data shall be encrypted at rest. If ERS data is to be transmitted using a mobile device or laptop computer, the transmission shall be encrypted as well.

A.2. **Web Specifications**

A.2.a. **Internet Availability Specification.** The PBM providing Internet access to Participants guarantees that the Internet Availability Rate for each calendar year shall be 99.5% or greater, and that no single thirty (30) day period shall exceed eight (8) hours of outage. "Internet Availability Rate" means the percentage of available hours that the PBM's GBP-specific Internet site is operational, excluding scheduled and pre-approved maintenance time, measured on a Plan Year basis, as reflected in Appendix G, *Performance Guarantees* or implementation of other legal remedies available to ERS in the Contract

The PBM shall correct inaccuracies within ten (10) days of being notified by ERS, as reflected in Appendix G, *Performance Guarantees* or implementation of other legal remedies available to ERS in the Contract.

A.2.b. **Internet Accessibility Specification.** In addition to ADA and Section 508 requirements, the PBM shall adhere to the following website guidelines:

- The PBM's web page shall be compatible with a wide spectrum of web browsers, including, but not limited to:
 - Microsoft Internet Explorer IE 7.0 or newer;
 - Google Chrome 16.0.912.63 or newer;
 - Mozilla Firefox 10.0 or newer;
 - Apple Safari 5.0 or newer;
- If providing a PDF document, assure ADA and Section 508 compliance;
- Warn user if "cookies" are used; however, do not use permanent "cookies";
- When linking to an external file (i.e., PDF, Word, etc.), reflect the file size and type;
- List ERS-approved security and privacy policies on the PBM's GBP-specific Home page;
- Reflect the ERS logo or appropriate branding on the PBM's GBP-specific Home page as specified by ERS for each calendar year;
- Create text for all links used that makes sense when read out of context. For example, avoid "click here";
- The PBM shall maintain Single Sign-On ("SSO") capabilities for security access;
- Each page of the PBM's website shall have a link back to the GBP-specific PDP Home page;
- The PBM's website shall use SSL wherever Participant's Personally Identifiable Information is presented; and
- Provide a link to prescription drug mail service or a process whereby Participants can order drugs over PBM's website linked through ERS' website.

- A.2.c. **Testing prior to Rolling out Program Changes.** The PBM shall provide testing environments for all circumstances utilized prior to rolling out program changes that run the logic to achieve predicted outcomes of programming prior to pushing-out a new process or enhancement/modification of an existing program.
- A.2.d. **XML.** The PBM shall be prepared to provide ERS with XML-tagged content for purposes of extracting content on the PBM websites, through “feeds.”
- A.2.e. **Single-Sign-On (“SSO”).** ERS expects that the selected PBM shall act in good faith and cooperate with ERS in the implementation of an SSO environment with respect to ERS’ external website and the PBM’s website. As further described in the Contractual Agreement, ERS member records are confidential by law, and ERS maintains other records and information that the PBM shall have access to and which the PBM must keep confidential. Additionally, the Contractual Agreement contains prohibitions on using GBP Participant information for marketing purposes. The PBM must cooperate with ERS in implementing an SSO environment that complies with these provisions of the Contract.

IX. Organizational Information

The PBM shall provide the following information listed below regarding the Organization responding to this RFP.

A. General Information

A.1. The PBM's full legal name, physical/email address(es), and telephone/facsimile numbers.

Full legal name: [redacted]
Physical address: [redacted]
Email address: [redacted]
Telephone number: [redacted]
Facsimile number: [redacted]

A.2. Identify the PBM's type of incorporation:

Publicly owned Privately owned
 For Profit Not-for-Profit / Non-Profit

A.3. Provide the PBM's Federal Identification Number: [redacted]

A.4. In which state was the PBM incorporated or formatted? [redacted]

A.5. Date of state of Texas license or Certificate of Authority from TDI. [redacted]

A.5.a. If the PBM is licensed through TDI as a PBM, include a copy of the PBM's current license or Certificate of Authority. [redacted]

A.6. Is the PBM required to maintain any other license(s)? If so, describe and confirm the validity of any valid license(s). [redacted]

A.7. Has the PBM ever had its certificate of authority or license to conduct business in Texas revoked? Yes No

If yes, explain. [redacted]

A.8. Provide the date that PBM products and services were first provided by the PBM. [redacted]

A.9. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for **the person authorized to execute this Proposal** and any subsequent contract that may be awarded. **This person shall be a company vice president or higher level in authority.**

Name: [redacted]
Title: [redacted]
Mailing address: [redacted]
Email address: [redacted]
Telephone number: [redacted]
Facsimile number: [redacted]
Biographical summary: [redacted]

A.10. Provide the name(s), title(s), mailing/email address(es), telephone/facsimile number(s) and biographical summary for **the individual(s)** responsible for the preparation of all materials contained in the PBM's Proposal (other than the *Price Proposal and Response Format*).

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.11. Provide the firm/attorney names, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for the person who shall serve as the **PBM's Legal Counsel** and/or all such information as it relates to any outside law firm retained by the PBM for purposes of the PBM's RFP Proposal or Contract performance.

Firm name: [REDACTED]
Attorney name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.12. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for the person who shall serve as the **PBM's Account Management Team Lead**.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.13. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for the person who shall serve as the **PBM's Account Implementation Team Lead**.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.14. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) and biographical summary for the **individual** responsible for preparation of the **PBM's Price Proposal and Response Format** submitted in Article V.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

A.15. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for the **PBM's Website Management**.

Name: [Redacted]
Title: [Redacted]
Mailing address: [Redacted]
Email address: [Redacted]
Telephone number: [Redacted]
Facsimile number: [Redacted]
Biographical summary: [Redacted]

A.16. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for the person responsible for supervision of the **PBM's Customer Service Division** that will be assigned to manage the GBP account.

Name: [Redacted]
Title: [Redacted]
Mailing address: [Redacted]
Email address: [Redacted]
Telephone number: [Redacted]
Facsimile number: [Redacted]
Biographical summary: [Redacted]

A.16.a. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary of the person responsible for the supervision of the **PBM's Call Center Operations** that will be assigned to manage the GBP account, including Manager of Call Center Operations.

Name: [Redacted]
Title: [Redacted]
Mailing address: [Redacted]
Email address: [Redacted]
Telephone number: [Redacted]
Facsimile number: [Redacted]
Biographical summary: [Redacted]

A.17. Provide the name(s), title(s), and corporate affiliation to the PBM's firm of **ALL officers and ALL directors or principals, as applicable**. List each in the following format:

Name: [Redacted]
Title: [Redacted]
Corporate affiliation: [Redacted]

A.18. Does the PBM propose to utilize subcontractors in the performance, delivery and provision of services and products requested hereunder? Yes No

A.18.a. If applicable, provide the information below for each subcontractor and specify what services may be performed by each subcontractor. List each in the following format:

Name: [Redacted]
Mailing address: [Redacted]
Email address: [Redacted]
Telephone number: [Redacted]
Facsimile number: [Redacted]
Services performed: [Redacted]

A.19. Confirm the PBM's understanding, acknowledgement and agreement that the PBM shall be fully liable and responsible for the performance of any subcontractor that the PBM utilizes to perform any of the services, coverages, etc. required under the RFP and Contractual Agreement. Confirm

A.19.a. Confirm the PBM's understanding, acknowledgement and agreement that all operations, staff and facilities being proposed in support of the RFP and Contractual Agreement will be onshore within the United States of America ("United States"). Confirm

- A.19.b. The PBM shall also confirm that all products and related services, including, but not limited to, access to and retention of ERS and Participant-related data, shall be done and performed solely within the 50 states of the United States. Confirm
- A.19.c. Furthermore, the PBM shall confirm that any of its subcontractors or independent contractors will prevent any person or entity located outside of any of the 50 states of the United States from having access to all ERS, GBP, and PDP information, including, but not limited to, confidential or Participant-related information and data. Confirm
- A.20. Provide a company-wide organizational chart reflecting employee name(s) and title(s) for the PBM and any subcontractor(s) (if applicable) to be utilized in support of the Contract. Chart should also identify those positions open but not yet filled.
- The PBM's organizational chart: 
Subcontractor organizational charts: 
- A.21. Describe the staff (including numbers of full-time equivalent employees) that the PBM and any subcontractor shall utilize to perform, deliver and provide the services, coverages, benefits, equipment, supplies and products requested herein.
- The PBM's staff description: 
Subcontractor staff description: 
- A.22. How many of these employees are located in Texas? Describe the functions these employees perform.
- Number of PBM staff in Texas: 
Description of PBM's staff functions: 
If applicable, number of Subcontractor staff in Texas: 
If applicable, description of Subcontractor staff functions: 
- A.23. Provide a list of individuals who shall comprise the PBM's proposed Account Service team and submit brief resumes, as applicable, for each team member. 
- A.24. Provide a list of individuals who shall comprise the PBM's proposed Implementation Team and submit brief resumes, as applicable, for each team member. 
- A.25. Provide brief resume(s) identifying key personnel for the PBM's subcontractor who shall be responsible for any administrative and/or managerial functions of the Contract which shall include a listing of the PBM-related duties and length of time contracted with the PBM.
- Subcontractor personnel resumes: 
- A.26. Confirm that ALL relevant personnel's licensure(s), including subcontractors if applicable, shall be validated and current throughout the entire term of the Contract. Confirm
- A.27. Provide the name, mailing/email addresses, telephone/facsimile numbers and contact person for the professional associations to which the PBM belongs.
- Name: 
Mailing address: 
Email address: 
Telephone number: 
Facsimile number: 
Contact person: 
- A.28. The PBM shall identify five (5) major employers or carriers for which the PBM currently provides PBM services. For these five (5) employers or carriers, the PBM shall provide the company name, the PBM's primary contact, title, email address, and telephone and facsimile numbers of representatives who are familiar with the services the PBM provides for the services previously identified, the number of retirees, Participants and dependents for whom pharmacy benefits are administered and the annual pharmacy claims paid. Indicate the

nature of the PBM's relationship with the organization, i.e., PDP administrator, manager of pharmacy network, etc.

Note: The PBM's response to this request officially authorizes ERS to contact these organizations or any other person or entity to discuss the services that the PBM has provided and authorizes any person or entity contacted to provide such information to ERS, and shall release and hold harmless ERS and any person or entity contacted of any and all liability whatsoever in connection with providing and receiving all such information. **The PBM may not provide sponsoring, parent organizations, subsidiaries, or subcontractors as references.**

Company name:
Account primary contact:
Title:
Email address:
Telephone number:
Facsimile number:
Type of relationship:
Number of retirees and dependents:
Annual pharmacy claims paid:
Type of relationship:



- A.29. For the last five (5) years, provide the information for the five (5) largest organizations/entities that have terminated the PBM services for Cause by providing the information listed below. Do not include any entity terminated due to mergers or acquisitions.

Note: The PBM's response to this request officially authorizes ERS to contact these organizations or any other person or entity to discuss the services that the PBM has provided and authorizes any person or entity contacted to provide such information to ERS, and shall release and hold harmless ERS and any person or entity contacted of any and all liability whatsoever in connection with providing and receiving all such information. **The PBM may not provide sponsoring, parent organizations, subsidiaries, or subcontractors as references.**

Company name:
Account primary contact:
Title:
Email address:
Telephone number:
Facsimile number:
Type of relationship:
Number of retirees and dependents:
Annual pharmacy claims paid:
Type of relationship:



- A.30. Provide the name, title, mailing/email address(es), and telephone/facsimile number(s) of the individual responsible for the preparation of the PBM's **Clarifications** during the RFP evaluation period.

Name:
Title:
Mailing address:
Email address:
Telephone number:
Facsimile number:



- A.31. In the event that the PBM is selected as a finalist, ERS may request a site visit to the PBM's Operational and Information System facilities. To better assist ERS with future travel arrangements, the PBM shall provide the following information for the Operation and Information System facilities:

Physical address of the Operation Facility:
Physical address of the Information Systems Facility:



B. Legal Disclosure Requirements

- B.1. For the most recent ten (10) year period, describe any litigation, regulatory proceedings, investigations, and/or inquiries completed, pending or threatened against the PBM and/or any of its related affiliates, officers, directors, parent companies, subcontractors and any individuals identified by the PBM who will be performing any services and providing coverages required under the RFP and Contractual Agreement. Identify the case number, date filed, full style of each suit, proceeding, inquiry or investigation, including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any. **The PBM shall not refer ERS to any third party websites or other sources in order for ERS to obtain this information. The PBM must address each aspect of the above paragraph in its response to this question.**

Case Number:
Date filed:
Full style of matter:
County and State:
Regulatory Body:
Brief summary:
Current status:
Resolution:

- B.2. Provide a schedule and describe in detail previous contract implementation breakdowns, performance assessments, contract disputes resulting in suit or settlement and/or contract breaches for the **past ten (10) years** by the PBM (if any), and discuss all measures the PBM took to rectify the situation or remedy the breach. Please separate by governmental and non-governmental clients indicating the reason for the assessment and the amount paid. **List in most recent chronological order.**

Governmental:
Non-governmental:
Action taken to resolve issue:
Assessment amount paid:

- B.3. Confirm that neither the PBM nor any of its affiliates, subsidiaries, employees, principals, directors, or officers, nor, to its knowledge, the PBM's agents, assigns, representatives, independent contractors, and/or subcontractors who are involved, either directly or indirectly, in the PBM's performance of the Contract, are or may, in the time such parties become involved, be the subjects of any inquiry, investigation, suit, action or prosecution by any state or federal regulatory or law enforcement authority, including, but not limited to, such actions by the U.S. Department of Justice or the offices of any states' attorney general, the U.S. Department of Labor, Department of Health & Human Services, Centers for Medicare and Medicaid Services, or any self-regulatory organization with oversight authorization over the PBM or such parties concerning any violation of state and federal statutes, rules, regulations, or other laws. Confirm

- B.3.a. During the past ten (10) years, describe any investigations, proceedings, suits, inquiries or disciplinary actions by any state or federal regulatory agency, states' attorney general or any other law enforcement or applicable oversight body against the PBM and/or any of its related affiliates, officers, directors and any person or subcontractor performing any part of the services or providing any of the coverages or supplies in connection with the Contract. Identify the full style of each disciplinary action, suit, inquiry, proceeding or investigation including county and state, regulatory body and/or federal district, and provide a brief summary of the matters in dispute, current status and resolution, if any. **The PBM shall not refer ERS to any third-party websites or other sources in order for ERS to obtain this information. The PBM must address each aspect of the above paragraph in its response to this question.**

Case Number:
Date filed:
Full style of matter:
County and State:
Regulatory Body:
Brief summary:

Current status: [redacted]
Resolution: [redacted]

- B.4. Describe any pending agreements, negotiations, and/or offers to merge or sell the PBM's organization. This should include any joint ventures or other financial arrangements regarding a pending change in ownership of the PBM's organization. [redacted]
- B.4.a. Disclose any obligation or arrangement to purchase another firm that would involve substantial commitment of assets or capital. [redacted]
- B.4.b. If applicable, outline the anticipated timelines for the actions reflected in the PBM's responses to items IX.B.4. and IX.B.4.a. above. [redacted]
- B.4.c. Confirm that the PBM shall notify ERS' Executive Director immediately upon reaching any form of binding agreement in connection with any merger, acquisition or reorganization of the PBM's management as permitted by applicable law. Confirm
- B.5. Confirm that the PBM shall notify the Director of Benefit Contracts with any anticipated changes to the ERS' Account Management and/or Implementation Team(s) structure and the PBM's Senior Officers. Confirm
- B.6. Does the PBM sell or report any data from its clients, either specifically or in aggregate, to any organizations? Yes No
- B.6.a. If yes, disclose the arrangements and information shared in detail. [redacted]
- B.7. Provide a copy of the PBM's current fidelity and liability insurance declarations page reflecting the required coverage limits as specified in the Contractual Agreement. [redacted]

If the PBM considers this document to be confidential and proprietary, place this on your separate schedule as required in Section I.B.24. However, this document will need to be provided for appropriate evaluation of the PBM's Proposal.
- B.7.a. Describe the various types of insurance coverage and indemnification provided to protect clients, including for each insurance type: risks covered, carriers, levels, limits, and deductibles. [redacted]
- B.8. Describe the errors and omissions coverage to be provided by the PBM. [redacted]
- B.9. Confirm that PBM agrees to add ERS as an additional insured on each such policy. Confirm
- B.10. The PBM shall identify any potential conflicts of interest that exist which would prohibit its firm from providing unbiased pharmacy benefit management services. [redacted]

C. Data and Information Services

- C.1. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for the **PBM's Privacy Officer**.
Name: [redacted]
Title: [redacted]
Mailing address: [redacted]
Email address: [redacted]
Telephone number: [redacted]
Facsimile number: [redacted]
Biographical summary: [redacted]
- C.2. Is the PBM currently in compliance with all HIPAA requirements? Yes No

If yes, the PBM shall confirm that there have been no HIPAA violations alleged against the PBM. Confirm

If no, the PBM shall provide a full description of any HIPAA violations alleged against the PBM within the past five (5) years. The description shall include, but not be limited to:

- a. The identity of the entity that made the complaint;
- b. The date the complaint was made;
- c. A description of the complaint;
- d. The date the complaint was resolved; and
- e. How the complaint was resolved.

C.2.a. Please provide a brief description of any HIPAA violations alleged against the PBM. This should include the date of the occurrence, a brief description of what occurred, any fines or penalties assessed against the PBM, and any regulatory body that assessed any such claim.

C.2.b. Confirm that the PBM has the ability to transmit HIPAA-related data from and to its site via secured site-to-site VPN or other federally approved means of data transmission.
 Confirm

C.3. Confirm the PBM's ability to accept data via SFTP within site-to-site VPN tunnel.
 Confirm

C.4. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for the PBM's **Security Compliance Officer**.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

C.5. Confirm that the PBM has the ability to transmit encrypted data from and to its site via secured direct transmission line or other federally approved means of data transmission.
 Confirm

C.6. Confirm that the PBM is currently in compliance with the requirements of all state and federal Privacy rules and regulations. Confirm

C.7. For the five (5) year period preceding this Proposal, please provide a brief description of any violations alleged against the PBM with regard to any state or federal Privacy rules and/or regulations. [REDACTED]

C.8. Provide the name, title, mailing/email address(es), telephone/facsimile number(s) and biographical summary for the **PBM's Technical Consultant** contact for SFTP file management and system service concerns.

Name: [REDACTED]
Title: [REDACTED]
Mailing address: [REDACTED]
Email address: [REDACTED]
Telephone number: [REDACTED]
Facsimile number: [REDACTED]
Biographical summary: [REDACTED]

C.9. Related to the PBM's administrative and customer service support functions, what are the PBM's contingency plans and procedures for providing back-up service in the event of strike, natural disaster, act of God, backlog, or other events that might interrupt, delay or shut down service? Provide a brief description. [REDACTED]

C.10. Provide a copy of the PBM's disaster recovery plan and/or business resumption plan. If the PBM considers this document to be confidential and proprietary, place this on the PBM's separate schedule as required in Section I.B.24. However, the PBM shall provide this document for appropriate evaluation of the PBM's Application. [REDACTED]

- C.10.a. Provide the results of the PBM's most recent test of the disaster recovery plan and/or business resumption plan.
- C.11. The PBM shall confirm that all ERS-specific Information Technology programming will be performed using personnel located within the 50 states of the United States. Confirm
- C.11.a. The PBM shall confirm that ERS-specific identifiable Participant data shall be cleansed for any system-wide Information Technology programming being performed using personnel located outside the 50 states of the United States. Confirm

D. Financial Reporting Requirements

- D.1. The PBM shall provide copies of the PBM's 2011, or most current NAIC annual statement and a copy of the PBM's most recent audited financial statement. [REDACTED]
- D.2. For each year contracted, the PBM shall submit a copy of its annual audited financial statement by the last business day of June. Affirm that the PBM will provide financial statements as required. [REDACTED]
- D.3. Is the PBM's company a subsidiary or affiliate of another company? Yes No
 If yes, provide full disclosure of all direct or indirect ownership and include an organization chart depicting the parent company, other companies owned by the parent company, and any subsidiary relationships. [REDACTED]
- D.4. Does the PBM have a sponsoring or parent company? Yes No
- D.4.a. Does the PBM have any legal relationships or financial agreements with any other entity?
 Yes No
- D.4.b. If yes, state the name and address of any sponsoring or parent organization, others who provide financial support to the PBM and please describe the following:
 Full Legal Name: [REDACTED]
 Mailing Address: [REDACTED]
 Type of Support: [REDACTED]
 Type of Relationship: [REDACTED]
- D.4.c. Provide an indication of the type of support, i.e., guarantees, letters of credit, etc., if applicable. [REDACTED]
- D.4.d. Provide the maximum limits of additional financial support from other entities or persons, if applicable. [REDACTED]
- D.4.e. Provide a copy of the sponsoring or parent organization's most current audited financial statement, if applicable. [REDACTED]
- D.5. Does a pharmaceutical manufacturer own the PBM or does the PBM have any legal relationships or financial agreements (other than rebate contracts) with pharmaceutical manufacturers? Yes No
 If yes, please describe. [REDACTED]
- D.5.a. What steps has the PBM taken to ensure that such relationships do not constitute a conflict of interest? [REDACTED]
- D.5.b. The PBM shall disclose any relationships, contractual, employment or otherwise, with affiliates, manufacturers or any person or entity that could present a conflict of interest with the PBM's role as administrator for the EGWP + Wrap PDP. [REDACTED]
- D.6. Describe all areas of remuneration provided to the PBM from pharmaceutical manufacturers including, but not limited to, rebates, administrative fees, data compilation fees and promotional grants directly related to ERS utilization. [REDACTED]

- D.7. The PBM shall provide a list reflecting all persons or entities that have a 20% or greater ownership interest in the PBM. [REDACTED]
- D.7.a. The PBM shall provide a list reflecting all persons or entities that have a 20% or greater ownership interest in the PBM's sponsoring or parent company, if applicable. [REDACTED]
- D.8. Provide a copy of the PBM's current Statement of Standards for Attestation Engagements ("SSAE16"), SAS 70, Level 2, report, or other outside auditor results pertaining to the accuracy/validity of the PBM's internal operational controls, if available, or explain why such report is not available if applicable. [REDACTED]
- If the PBM considers this document to be confidential and proprietary, place this on the PBM's separate schedule as required in Section I.B.24. However, this document will need to be provided for appropriate evaluation of the PBM's Proposal.
- D.8.a. Provide a copy of the PBM's sponsoring or parent company's current SSAE16, SAS 70, Level 2, report, if applicable. [REDACTED]
- D.9. The PBM shall confirm compliance with the Sarbanes-Oxley Act of 2002, if applicable. Confirm [REDACTED]
- D.10. Provide copies of ratings and reports on the PBM issued by independent insurance rating organizations or similar entities, e.g., A.M. Best's, Moody's, NCQA, Standard & Poor's, etc.

X. Deviations

ERS shall interpret any lack of deviation as the PBM's full agreement to the provisions of the Contractual Agreement and RFP requirements unless specifically and unequivocally stated in detail under Article X., Deviations in the PBM's Proposal. ERS shall interpret the PBM's Proposal to match the specifications herein except for deviations specifically noted and described in response to this item. Deviations will not become a part of the final Contract unless expressly accepted by ERS and agreed to by ERS in writing. In all cases, the RFP and all Contractual Agreement terms shall control. In the event of any conflict between the two, the terms of the Contractual Agreement shall prevail.

Deviations, which are strongly discouraged, must be specifically identified below in order to be considered. General references to or comparisons with a different standard shall not be considered as satisfactory identification of a deviation and shall be deemed void. The PBM understands and agrees that ERS is relying on the truth and accuracy of the PBM's Proposal, that the PBM shall comply with all requirements set forth throughout the entire RFP, and that ERS shall interpret the PBM's Proposal to match the RFP specifications, except for deviations specifically noted and described below.

- A.1. Affirm that the PBM shall comply with all of the **Instructions** described in **Article I** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:

- A.2. Affirm that the PBM shall comply with all of the **Proposal Evaluation Criteria** described in **Article II** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:

- A.3. Affirm that the PBM shall comply with all of the **Plan Design, Eligibility, Network and Program Information Requirements** described in **Article III** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:

- A.4. Affirm that the PBM shall comply with all of the **Financial Specifications** described in **Article IV** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:

- A.5. Affirm that the PBM shall comply with all of the **Price Proposal and Response Format Requirements** described in **Article V** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:

- A.6. Affirm that the PBM shall comply with all of the **Communication Requirements** described in **Article VI**, and be bound to the rates the PBM provides in Proposal to the Rate Proposal Section of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:
- A.7. Affirm that the PBM shall comply with all of the **Operational Specifications** described in **Article VII** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:
- A.8. Affirm that the PBM shall comply with all of the **Information Systems Requirements** described in **Article VIII** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:
- A.9. Affirm that the PBM shall comply with all of the **Organizational Information** described in **Article IX** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:
- A.10. Affirm that the PBM shall comply with all of the **Interrogatories** described in **Article XI** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each deviation between the PBM's Proposal and these specifications.
The PBM's Requested Deviation Detail:
- A.11. While deviations to the Contractual Agreement are strongly discouraged, clearly identify any provisions found in the Contractual Agreement, referenced as Appendix B, to which the PBM is requesting a deviation. ERS is seeking a PBM that will agree to, and comply with, all provisions of the Contractual Agreement. ERS shall presume that the PBM agrees with and will execute the Contractual Agreement unless it clearly and unequivocally specifies any deviations thereto in the PBM's Proposal. In any event, ERS shall not be required to accept any deviations to the Contractual Agreement or to the terms of this RFP. Any such deviations must be specifically agreed to in writing by ERS before they shall form a part of the final agreement between ERS and the chosen PBM.
- A.11.a. Affirm that the PBM shall comply with all of the provisions in the **Contractual Agreement** provided in **Appendix B** of this RFP.
 Affirm Affirm with the proposed Deviation
- If applicable, enumerate and provide a detailed description of each Contractual Agreement deviation.
The PBM's Requested Deviation Detail:
- A.12. Affirm that the PBM shall comply with all of the provisions provided in **Appendix C, Business Associate Agreement** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix C, Business Associate Agreement deviation.

The PBM's Requested Deviation Detail:

- A.13. Affirm that the PBM shall comply with all of the provisions provided in **Appendix D, Data Security and Breach Notification** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix D, Data Security and Breach Notification deviation.

The PBM's Requested Deviation Detail:

- A.14. Affirm that the PBM shall comply with all of the provisions provided in **Appendix G, Performance Guarantees** of this RFP.
 Affirm Affirm with the proposed Deviation

If applicable, enumerate and provide a detailed description of each Appendix G, Performance Guarantees deviation.

The PBM's Requested Deviation Detail:

XI. Interrogatories

In order for the PBM's Proposal to be considered and accepted, the PBM must provide answers to all of the questions presented herein. Each question must be answered specifically and in detail. Reference should not be made to a prior response, or to another document, unless the question involved specifically provides such an option. Be sure to refer to the earlier articles of this RFP and the Contract before responding to any of the questions, so that the PBM has a complete understanding of all of ERS' requirements with respect to the bid. For purposes of the Contract and the RFP, "PBM" necessarily includes the PBM, its officers, directors, employees, representatives, agents, subsidiaries, affiliates and any subcontractors and independent contractors.

Answers to the questions included in this Article should be detailed enough to satisfactorily explain the PBM's position on each particular issue. It is the PBM's responsibility to respond to these questions in such a way that ERS has a full and complete understanding of its intent. **It is important that the PBM carefully define any key words or phrases used in answering these questions that are not otherwise defined in the Contract or the RFP. The PBM's Proposal shall use the terms defined in the Contract and the RFP only as they are so defined.**

The PBM shall provide individualized responses to any other questions for which the PBM believes such responses are necessary in order to fully disclose differences in processes or procedures which may exist among different products and services, if any, included in the PBM's Proposal.

PBM acknowledges, understands and agrees that its responses to these Interrogatories and all other provisions of the RFP are material and are being relied on by ERS in connection with the selection of the PBM to provide the services, benefits, equipment, coverages, supplies, products and other services as specified in the RFP.

A. General Information

- A.1. Discuss the key advantages of contracting with the PBM to administer the EGWP + Wrap PDP and describe particular differentiators that set the PBM's organization apart from other industry competitors. [REDACTED]
- A.2. Describe what position and actions the PBM took during the past year on the following market industry events:
- The move to Over the Counter ("OTC") status of various prescription products;
 - The continued growth of Specialty drugs;
 - The government and media scrutiny of the PBM business model;
 - Importation of prescription drugs;
 - Implementation of Affordable Care Act Provisions; and
 - Medicare Part D drug card and the coverage provided.
- A.3. Describe fully any recommendations the PBM has to improve the cost efficiency of the EGWP + Wrap PDP. Include in the PBM's response at least the following:
- A.3.a. Proposed pharmacy reimbursement arrangement(s); and
- A.3.b. Description of the network, including numbers of pharmacies and areas of the state where access to a network pharmacy could be a customer service concern.
- A.4. Describe the PBM's experience in providing cost containment enhancements to former and current clients.
- A.5. Discuss audit methods to ensure that all manufacturer revenue has been passed through from the PBM to ERS.
- A.6. Is the PBM currently certified by CMS as an EGWP Administrator? Yes No
- If so, provide documentation which verifies CMS certification.

- A.7. Describe the PBM's experience with customers, or industry knowledge, regarding what considerations any decision whether or not to share additional EGWP + Wrap savings or not with plan Participants. Include any statistical data on how many employers have decided to do so, and what monetary amounts they shared, if applicable.
- A.8. How long has the PBM provided:
- Retail pharmacy network administration services;
 - Mail services;
 - Integrated retail and mail services; and
 - Specialty drug services?
- A.9. Provide the PBM's total commercial enrollment as of:
- Commercial Enrollment Total as of December 31, 2011:
- A.10. Provide a statement of the PBM's capacity to enroll new Participants and the likelihood of any future limitations on enrollment.
- A.11. Describe procedures for notifying Participants of changes in the pharmacy network. How much notice is provided to Participants in the event the PBM terminates its Contract with a pharmacy? How much notice does the PBM require the pharmacy to give the organization prior to the pharmacy terminating its Contract with the PBM?
- A.12. Confirm the PBM's ability to accept enrollment data via SFTP.
- A.13. Is the PBM currently a fiduciary for any other plan(s)? Yes No
- If yes, describe how the PBM acts as a fiduciary.
- A.14. Provide the total number of EGWP + Wrap plans that PBM has implemented into production. Include the largest five (5) implementations and the number of covered lives for each and the number of total lives for all plans currently in operation.
- A.15. If the EGWP + Wrap plan is custom designed and self-insured, describe the potential additional costs and/or insurance risks, if any, that may be incurred.
- A.16. Describe the assistance, if any, the PBM can provide in connection with the Part D Income Related Monthly Adjustment Amount ("IRMAA") applicable to High Income EGWP + Wrap PDP Participants.
- A.17. Describe the business, financial and/or administrative processes that would be utilized to collect funding from the following sources the EGWP + Wrap PDP, including the timing and frequency with which such funds would be submitted to ERS.
- A.17.a. Direct Subsidy;
- A.17.b. Coverage Gap Discount Program ("CGDP");
- A.17.c. Catastrophic Reinsurance;
- A.17.d. Low Income Cost Sharing Subsidies ("LICSS");
- A.17.e. Low Income Premium Subsidies ("LIPS"); and
- A.17.f. Manufacturer Rebates.
- A.18. Describe how Out Of Pocket ("OOP") and True Out Of Pocket ("TrOOP") expenses are applicable to EGWP + Wrap PDP Participants for 2013 and the differences, if any, that can be expected in 2014 and beyond.
- A.19. Describe the advantages and disadvantages associated with operation of the EGWP + Wrap PDP on a calendar plan year as compared to the state fiscal year (September 1 – August 31).

- A.20. Provide details of how a 90-day supply at mail service vs. at retail works from a customer experience perspective, including how the co-pay is applied, and the penalties for dispensing brand and catastrophic coverage limit.
- A.21. Can ERS automatically enroll Participants in the EGWP + Wrap plan and be required to provide no other coverage?
- A.22. Describe PBM's understanding of the restrictions placed on EGWP + Wrap plans by CMS.
- A.23. Provide a detailed description, and/or workflow, of eligibility coordination with CMS.
- A.24. Describe annual changes that you expect, if any, to the EGWPDirect Subsidy, which is based on the national average individual market PDP competitive bids for the year; adjusted for area and risk-profile of employer's population.
- A.25. Describe the changes in the plan design described herein, if any, that would be required to maximize collection of all available subsidies, reinsurance, discounts or rebates.
- A.26. Provide information on the PBM's testing and certification of pharmacies that is performed, if any.
- A.27. Describe how the PBM handles high income and late enrollment penalties.
- A.28. Describe the performance guarantees that the PBM has in place to ensure that Participants receive their benefits seamlessly and any associated reporting that is utilized for verification.
- A.29. Describe the process for COB between the EGWP and the Wrap, including any inconvenience or delay that may be experienced by the Participant as compared to the current plan.
- A.30. In the PBM's analysis of our pharmacy claims, what is the comparison of savings if scripts were to be filled as generics vs. brand-name discounts/subsidies through EGWP + Wrap.
- A.31. List the drugs, if any, which will not count toward TrOOP.
- A.32. Describe the assistance the PBM can provide in designing and executing processes to obtain Health Insurance Claim Numbers ("HICNs") from current and future EGWP + Wrap Participants. Discuss steps that can be taken to minimize inconvenience to the Participants. [REDACTED]
- A.33. ERS will provide the file layout for the PBM. If ERS' file layout does not contain the critical CMS requirements for approval, the PBM shall advise ERS of the critical elements needed for CMS. [REDACTED]
- A.34. Provide a description of how retro terms are handled and the impact on claims processing. [REDACTED]
- A.35. Describe how the PBM proposes to handle "D" drugs that are typically provided under the medical benefit based on their route of administration, such as IV injectable. [REDACTED]
- A.36. What is required of the EGWP + Wrap PDP to verify eligibility? Fully describe the verification process. [REDACTED]
- A.37. Provide a description of the PBM's Medication Therapy Management ("MTM") program, including the processes for enrollment, targeting, intervention, and outcomes reporting, including a member opt-out process for MTM, if applicable.
- A.38. Describe how the PBM would support custom changes to the MTM program, if requested.

- A.39. Provide the PBM's book-of-business prescription drug event ("PDE") error rate for 2011.
- A.40. Describe the enrollment/disenrollment process and include detail regarding the timing of when enrollment/disenrollment changes go into effect.
- A.41. Describe the PBM's impact on POS retail transactions.
- A.42. Provide any rule or regulation changes that CMS has implemented, or plans to implement, for Medicare Part D EGWP + Wrap for 2013.
- A.43. Is there a special unit within the PBM's company responsible for the administration of EGWP + Wrap? If so, describe.
- A.44. How does the PBM keep its EGWP + Wrap sponsors current with CMS activities and actions impacting their group?
- A.45. Describe how the PBM would administer CMS Part D Transitional Fill Notifications in connection with the EGWP + Wrap PDP.
- A.46. Does the PBM require a precertification process? Yes No
If yes, please describe the PBM's eligibility or verification process.
- A.47. Can the PBM utilize or leverage existing MA PPO precertification? Yes No
If yes, please describe.
- A.48. Does the PBM utilize their own precertification process? Yes No
- A.49. In the PBM's experience implementing this new program with other self-funded plans, what new processes have the plans needed to implement?
- A.50. Describe any CMS required processes specific to EGWP programs?

B. Account Management

- B.1. Provide the following information related to Administration and Customer Service Issues. In providing responses to the following inquiries, if the PBM's administrative or management processes differ for retail or mail service, answer all questions separately for both types of service.
- B.2. Describe the organization, location and structure of the account service team that shall (1) initially implement the EGWP + Wrap PDP; and (2) provide ongoing program support for the EGWP + Wrap PDP. Please provide a resume of each team member, including the PBM-related duties and length of time with the PBM. [REDACTED]
- B.2.a. Briefly outline the PBM's account team management philosophy. Please include an outline of how the team members are compensated by the PBM.
- B.2.b. Where would the person responsible for the proposed PBM account team be located? [REDACTED]
- B.2.c. Provide the location of the proposed PBM account team's main office and identify the names and contact information of its related support staff. [REDACTED]
- B.2.d. How many other clients are, and/or will be in the future, assigned to the proposed PBM account team?
- B.2.e. Regarding the clients managed by the proposed PBM account team, how many Participants does that represent?
- B.2.f. What is the PBM's account manager/executive turn-over rate for the past two (2) years?

- B.2.g. Is a clinical pharmacist part of the assigned account team? Yes No
- B.3. Provide a list of individuals who shall comprise the PBM's proposed implementation team and submit brief resumes for each team member. Include individuals for the following categories:
- Enrollment reporting
 - Benefit processing:
 - Communication materials:
 - Website management:
 - Grievance process:
 - Transition benefits:
 - Network enhancement:
 - Payments and reconciliation:
 - Legal representation:
- B.4. Identify PBM's Legal support in representing the PBM at administrative hearings and in connection with litigation and subrogation.
- B.5. Other than processing of claims, describe, in detail, the facilities and procedures that the PBM will utilize in servicing the Contract. This response should include a description of:
- B.6. The actuarial personnel that shall be available to confer with the ERS staff and consulting actuaries concerning rating and other financial issues.
- B.7. Legal and other expertise available to represent the PBM in administrative hearings and in litigation and to assist ERS in the execution of its duties under the Contract.
- B.8. Provide a complete description of the resources and procedures that the PBM intends to apply to the program in connection with the Communication Requirements described in Article VI. of this RFP.

C. Administrative and Customer Service

The PBM shall provide a detailed description of the manner in which the PBM proposes to administer services to the Participants. Include responses to the following:

- C.1. Are all administrative services performed internally? Yes No
- C.1.a. If not, where is the administrative facility located?
- C.1.b. If the PBM contracts with a management company for some or all of its administrative services, please specify:
 Company Name:
 Services Provided:
 Method of Reimbursement:
- C.2. Provide the names and positions of the PBM's support staff (including numbers of full-time equivalent employees) who shall administer the EGWP + Wrap PDP.
- Names of Support Staff:
 Positions of Support Staff:
 Number of FTEs:
- C.2.a. Indicate which of these employees are located in Texas.
- C.2.b. What is the turnover rate among this administrative service staff for the past two (2) years?
- C.3. Describe the PBM's Customer Service unit by reflecting the following:
- The manner in which the customer service unit is accessed (i.e., web chat, phone, email);
 - The Customer Service unit's hours of operation;
 - The Customer Service unit's handling of complaints; and
 - The Customer Service unit's escalation procedures.

- C.4. Describe the types of access the PBM provides to the Participants with information regarding to pharmacy services.
- C.5. Describe the procedure for handling customer service complaints and inquiries, including how these are differentiated.
- C.5.a. What customer complaint tracking system does the PBM utilize? How long has this system been operational?
- C.6. Briefly outline recent system changes. Include any plans or timelines for scheduled future changes to the existing system.
- C.7. How will the PBM's customer service unit be staffed?
- C.7.a. What is the turnover rate for the PBM's non-management call center staff?
- C.8. How are after-hours customer service calls handled? [REDACTED]
- C.8.a. How does the PBM track and monitor phone service on an account-specific basis?
- C.8.b. Does the PBM have the ability to monitor customer service calls in Austin? [REDACTED]
- C.9. How does the PBM ensure that its customer service representatives are providing timely and accurate information?
- C.10. How does the PBM monitor first call resolution and member inquiries that do not get resolved?
- C.10.a. What percentage of calls to the PBM's member services department is resolved on the first call?
- C.11. Does the PBM record all a) phone calls and b) notify all parties that their conversations are being electronically recorded and stored? Yes No
- C.11.a. If all calls are not recorded, how many are recorded and what criteria are used for selecting the calls for recording? [REDACTED]
- C.12. Does the PBM's customer service inquiry system allow representatives to record comments so other customer service representatives can review previous notes to assist members? [REDACTED]
- C.13. Describe the PBM's call center telecommunications system. [REDACTED]
- C.13.a. Identify and describe the various reporting capabilities of the call center system. [REDACTED]
- C.13.b. Describe the PBM's methodology it would apply to the proposed call center metrics requirements referenced in Appendix O. [REDACTED]
- C.14. Describe the PBM's procedure for managing written inquiries. [REDACTED]
- C.15. What is the PBM's current response time standard with respect to questions requiring written communication?
- C.16. Does the PBM's Customer Service Representative ("CSR") system support 7-1-1 Relay Texas? [REDACTED]
- C.17. Does the PBM's CSR system support Spanish-speaking Participants? Yes No
- C.18. Does the PBM currently perform Participant satisfaction surveys? Yes No
- C.18.a. If yes, provide a copy of the PBM's latest survey and its results.
- C.18.b. Does an outside organization perform the survey? Yes No

- C.18.c. The survey should provide the percentage of Participants who indicated that they were “satisfied” or “very satisfied” with the overall program.
- C.19. Describe the PBM’s capability to customize Participant satisfaction surveys.
- C.20. Does the PBM expect to make major changes to its customer service organization or facilities (e.g., moving to a different location, reorganizing or merging units)? If so, please describe.
- C.21. Does the PBM provide access to automated, interactive data systems that would provide Participants with information regarding pharmacy services? Yes No
- C.22. How many telephone lines and support staff would be dedicated to customer service and claims processing for the EGWP + Wrap PDP?
- C.22.a. Will the PBM provide a separate toll free and facsimile number for ERS members?
 Yes No
- C.22.b. Identify other languages, such as Spanish that is available to customers. Include how these options are selected.
- C.23. Does the PBM maintain an Internet Website? Yes No
If yes, provide the Internet address.
- C.24. Briefly describe the training that each PBM employee or representative receives to provide the PBM customer services. Include length of time it takes to become a qualified Customer Service Representative (“CSR”).
- C.25. Describe any planned or scheduled system changes within the next forty-eight (48) months, including projected implementation dates.
- C.26. Describe the system the PBM utilizes to assist a Participant in choosing a pharmacy. Such description should include a discussion of the methodology used to coordinate the pharmacy with proximity to the Participant’s residence, schedule, language, etc.
- C.27. How many licensed pharmacists are employed in the PBM’s customer service department who will be performing any services in connection with the EGWP + Wrap PDP Contract?
- C.28. Describe unforeseen implementation issues that the PBM’s organization has encountered regarding mandatory generic drug provisions and how the PBM handles these situations.
- C.29. Provide details of disruption analysis, if any, that you perform.
- C.30. Describe the CMS filings that must be filed initially and/or on an ongoing basis for the EGWP + Wrap.
- C.31. Describe the differences, if any, that may be noticeable from a member’s perspective in regards to how a transaction is performed through the PBM, at the pharmacy or in the transaction documentation (including adjudication) that members will receive or experience. Provide examples, as appropriate.

D. Communications

- D.1. Provide a copy of all written materials to be used in administering EGWP + Wrap PDP coverage for the Participants. As a minimum, the PBM’s response should include the following: Summer Enrollment/Marketing Packets, and ID Card Information.
- D.2. Provide any sample communication materials the PBM may have concerning:
- Merits of generic substitution;
 - Specific brands that will be eligible for generic use;
 - Medical conditions for which generic medications are available; and

- Formulary literature.
- D.3. How will the PBM communicate formulary changes to ERS and to Participants?
- D.3.a. Provide a recent formulary change example, including any educational pieces for the Participant, physician and pharmacy.
- D.4. Describe the PBM's plan to ensure minimal member disruption in converting to PBM's formulary.
- D.5. Describe how the PBM notifies Participants at the time of refill alerting them that their refill will be processed with a product from a different manufacturer and that the appearance of the drug may be different.
- D.6. Describe the process (e.g., regular mail, email, newsletters, etc.) for notifying Participants of:
- Expiration date of their prescription;
 - Their next refill date and the remaining number of refill(s);
 - Prescriptions not on formulary;
 - Generic substitution availability;
 - Savings intervention opportunity messages; and
 - COB messages.
- D.7. Can the PBM do prospective modeling for patients and demonstrate their personal savings associated with changing medications from brand to generic with regard to their current prescriptions?
- D.7.a. Can this function use existing claim history, ERS-specific plan design and pricing as a starting point?
- D.8. What percentage of the PBM's employer-sponsored plan employees register on the PBM's web site (e.g., basis = they sign up and get a password)?
- D.8.a. What target should ERS set for its population given nearly 50% Web access among Participants, and strong promotion?
- D.9. Describe the PBM's personalization messaging capabilities.
- D.9.a. How do these capabilities impact cost or quality for the PBM's clients?
- D.10. Provide a copy of the PBM's plan document.

E. Claims

- E.1. Provide a detailed description of the PBM's retail pharmacy claims processing procedures.
- E.1.a. Are there situations where the PBM would accept a paper claim Universal Claim Form ("UCF") from a pharmacy for processing?
- E.1.b. Are all the same online edits and plan design criteria applied to paper claims?
- E.2. Describe PBM's procedure for processing patient submitted paper claims.
- E.3. What prescribing physician identifier does the PBM's system require pharmacies to input?
- E.4. How does the PBM process/pay compound drug claims submitted by network or non-network pharmacies?
- E.4.a. What copay does the PBM apply to such claims?
- E.5. What safeguards exist to prevent one group's claims experience from being charged to another?

- E.6. What financial arrangement is the PBM willing to extend to the HealthSelect Participants, at no additional cost to the plan or Participants, when the need for multiple or expensive medications may create an economic hardship on the Participants?
- E.7. Describe the PBM's patient accounts receivable policies and cash handling and include the PBM's procedures for lost, returned, and uncashed checks.
 - E.7.a. Discuss the measures PBM employs to protect Participant identity information (i.e., drivers license, social security number, credit card information, etc.)
- E.8. Discuss the PBM's collection process, both for Participant and/or pharmacy, as it relates to terminated Participants that utilize pharmacy benefits past their termination date.
 - E.8.a. Will this service be available to the EGWP + Wrap PDP?
- E.9. Describe how ERS shall be able to view claims online, in real-time.
- E.10. What is the PBM's average system down time for its online retail pharmacy system?
- E.11. Describe the PBM's traditional COB process for non-Medicare Part B drugs.
 - E.11.a. Describe the PBM's COB process for Medicare Part B drugs.
 - E.11.b. The PBM's description should include COB processes for both retail and mail services.
 - E.11.c. The PBM's description should include an example demonstrating reimbursement level and savings to plan.
 - E.11.d. Describe the reporting available to capture COB savings.

F. Customer Complaint and Grievance Processes

- F.1. Describe the procedure for handling customer service complaints.
- F.2. What customer complaint tracking system does the PBM utilize?
- F.3. How long has this system been operational?
- F.4. Describe the PBM's problem resolution policies.
- F.5. Describe the PBM's internal processes to deal with Participant grievances.
- F.6. Describe the PBM's processes regarding denials, appeals and/or grievances and confirm that each meets all CMS Medicare Part D requirements. Discuss changes, if any, in the ERS appeals process that would be required in order to comply with CMS requirements.

G. Anti-Fraud and Abuse Processes

- G.1. Explain the procedures and systems the PBM uses to prevent, deter, detect and investigate fraud and related issues, and how such processes shall be utilized in connection with the GBP, EGWP + Wrap PDP and HealthSelect.
- G.2. Discuss how the PBM would communicate with the Participant, pharmacy, and/or physician(s) once a fraud or abuse problem is suspected or identified.
 - G.2.a. How will the information be reported to ERS?
- G.3. How will the information be reported to ERS?
 - G.3.a. The PBM shall submit its fraud plan with PBM's response to this RFP.

- G.4. Confirm that the PBM will provide all CMS required filings related to certification of compliance to all waste, fraud, and abuse requirements.
- G.5. In PBM's experience, what integration is available with the medical TPA to coordinate fraud, waste and abuse efforts?

H. Disaster Recovery/Business Continuity Plan

- H.1. Related to the PBM's administrative and customer service support functions, what are the PBM's contingency plans and procedures for providing back-up service in the event of strike, natural disaster, act of God, backlog, or other events that might interrupt, delay or shut-down service? Provide a brief description. [REDACTED]
- H.2. Provide a copy of the PBM's disaster recovery plan and/or business resumption plan. If the PBM considers this document to be confidential and proprietary, place this on the PBM's separate schedule as required in Section I.B.24. However, the PBM shall provide this document for appropriate evaluation of the PBM's Proposal.
- H.2.a. Provide the results of the PBM's most recent test of the disaster recovery plan and/or business resumption plan.

I. Pharmacy Benefit Management

- I.1. Describe the range of benefit designs that PBM can administer. Address at least the following:
- Percentage coinsurance;
 - Multiple tier copayments;
 - Annual benefit maximum;
 - Annual maximum out-of-pocket limit; and
 - Formulary specific deductible.
- I.2. Discuss available options PBM can provide for filling and dispensing mail service prescriptions at retail pharmacies. Include all associated costs and whether such costs are reflected in the PBM *Price Proposal and Response Format* quoted in Article V.
- I.3. Discuss any programs offered by the PBM that will promote lower cost drug alternatives such as the promotion of generics and OTC.
- I.3.a. Describe any Web tools available to support such efforts and discuss the associated costs in providing these services. Indicate whether such costs are reflected in the PBM *Price Proposal and Response Format* quoted in Article V.
- I.4. What is the PBM's pill splitting policy?
- I.4.a. Can the PBM provide blister packs for use by assisted care living facilities in ninety (90) day quantities?

J. Formulary

- J.1. Discuss the various factors to consider when creating a customized formulary and detail the associated cost.
- J.2. Describe the different types of PBM formularies, including the composition of the committee used in its development. [REDACTED]
- J.3. Describe how the PBM assures that all Pharmacy and Therapeutic Committee members are qualified, objective and not influenced by a third party. [REDACTED]
- J.4. Provide an electronic version of the PBM's formulary and preferred drug list that includes name, strength, dosage form and 11-digit NDC number for every product on the list.
- J.5. What elements are reviewed when determining drugs to be included in the formulary?
- J.5.a. How often does the formulary change?

- J.5.b. What is the process for announcing these changes to the client and to patients, including timing of notification?
- J.6. Using the detailed claim files located in Appendix K and based on the instructions included therein, indicate which of the EGWP + Wrap PDP claims provided were on the PBM's formulary on the date the prescription was filled. [REDACTED]
- J.7. Using the detailed claim files located in Appendix K and based on the instructions included therein, indicate which of the EGWP + Wrap PDP claims provided would have been deemed maintenance medications on the date the prescription was filled.
- J.8. Provide a copy of the PBM's EGWP formulary. Provide a side by side formulary comparison to current formulary.
- J.9. What drugs, if any, cannot be in the EGWP + Wrap design?
- J.10. Describe how the PBM would support custom changes to the formulary at the request of the client including the CMS requirements for modification to the prescription drug formulary and the expected timeframes and durations that this process requires.
- J.11. Confirm that the PBM will provide all CMS required filings related to formulary, MTM and other clinical programs on a timely basis.

K. Retail, Mail Service, and Specialty Pharmacies

- K.1. What are the professional, general liability, malpractice, fidelity, etc. insurance requirements for each type of pharmacy in the PBM's network, including the PBM's mail service facility and retail pharmacies?
 - K.1.a. Include the minimum required malpractice coverage per individual pharmacy, or group.
 - K.1.b. If the process differs by type of pharmacy (i.e., independent vs. chains), please indicate and describe separately.
- K.2. Does the PBM have a pharmacy network outside of Texas and the continental U.S. available to the Participants when traveling or living outside of Texas or the United States? Yes No
 - K.2.a. If yes, describe the network, providing information regarding numbers and location of pharmacies, claim filling, processing and payment procedures.
- K.3. ERS currently allows Participants to obtain a 90-day supply of a maintenance medication at a retail pharmacy under the same terms and conditions that would be applicable if the same medication was obtained through the mail service pharmacy. Specifically, (a) a Participant obtaining a 90-day supply at retail pays the same deductible and copay that would have been paid in the event that the medication had been obtained through the mail service pharmacy; and (b) the retail pharmacy is reimbursed at the same rate as is applicable to the mail service pharmacy.
 - K.3.a. Describe how implementation of this arrangement would impact the proposal that you have presented in Article V.
- K.4. What payment methods are used to reimburse retail pharmacies (i.e., draft, check, electronic transfer, etc.)?
 - K.4.a. Does the payment method vary by volume? If so, indicate the payment method by volume.
- K.5. Describe the credentialing and re-credentialing process and minimum criteria for selecting a network pharmacy.

- K.6. Provide a representative specimen copy of the PBM's contract with its contracting pharmacies.
- K.7. Include a current electronic directory of the PBM's pharmacy network including the National Association Boards Pharmacy Number for each pharmacy, full address and zip code.
- K.7.a. Are pharmacies included in the PBM's directory under contract as of May 1, 2012?
 Yes No
- K.8. If no, describe the timeframe and process that the PBM shall follow in seeking to contract with the remaining pharmacies.
- K.9. How will the PBM communicate with and educate participating pharmacies concerning the EGWP + Wrap PDP?
- K.9.a. What is the anticipated frequency of such communication?
- K.10. Do physicians and/or pharmacist(s) have access to the PBM website? Yes No
- K.10.a. If so, what capabilities do they have?
- K.10.b. How does the PBM educate physicians/pharmacists on the PBM's website?
- K.10.c. What procedures are in place to ensure that correct, complete and quality information shall be provided to network pharmacies in connection with the EGWP + Wrap PDP?
- K.11. How does the PBM resolve issues such as pharmacy non-compliance with contractual requirements?
- K.12. What performance based systems does the PBM utilize in connection with retail pharmacies?
- K.12.a. How does the PBM measure its effectiveness in achieving retail pharmacy network compliance?
- K.12.b. How is the network's performance measured?
- K.13. How would the PBM involve the retail pharmacies in achieving ERS' objectives in the improvement of patient care and the reduction of overall health care costs?
- K.13.a. What steps are taken to increase generic substitution?
- K.14. Related to the PBM's proposed Pharmacy Network(s), what are the PBM's contingency plans and procedures for providing back-up service in the event of strike, act of God, natural disaster, backlog or other events that might interrupt, delay, shut down or disrupt service?

L. Retail Pharmacy Pricing

- L.1. The RFP specifies the pricing indices to be used by the PBM in connection with the EGWP + Wrap PDP (AWP, for example). Describe the advantages and disadvantages of using alternative pricing indexes.
- L.2. Describe the PBM's MAC program and address the following points:
 - Selection of drugs;
 - Number of drugs covered;
 - CMS MAC comparison;
 - Frequency of updates;
 - Available options;
 - Pharmacist's incentives; and
 - MAC reimbursement determination.

- L.3. Using the detailed claim files located in Appendix K and based on the instructions included therein, indicate the following:
 - Each prescription that would have been reimbursed based on MAC; and
 - The MAC pricing applicable to each such prescription on the date it was filled.
- L.4. What would be the rate impact (discount and MAC pricing) for the retail service proposal should ERS eliminate a mail service option for dispensing drugs (i.e., retail network dispensing only)?
- L.4.a. Provide the specific discount and MAC pricing in the PBM's response.

M. Retail Pharmacy Audits

- M.1. Is the right to audit included in the PBM's standard retail pharmacy contracts?
 Yes No
 If no, the PBM selected shall revise its contracts with pharmacies to permit the PBM to conduct audits in connection with services provided to EGWP + Wrap PDP Participants.
- M.2 Describe the PBM's retail pharmacy auditing capabilities, including, but not limited to:
 - M.2.a. Authenticating prescriptions with claims;
 - M.2.b. Uncovering generic dispensing when billing for branded products and proper dispensing of medication in accordance with the prescriber's order;
 - M.2.c. If the PBM makes recoveries during the audit process, how would such recoveries be credited to ERS and how often;
 - M.2.d. The percentage of retail stores that are audited under each phase of the program, along with average recoverables and associated fees;
 - M.2.e. The percentage of total claims that are audited under each phase of the audit program;
 - M.2.f. The process by which a retail pharmacy may be excluded from the network due to fraud, abuse or other improprieties;
 - M.2.g. The frequency of each phase of the audit program;
 - M.2.h. A recent copy of a retail pharmacy audit report.
- M.3. Pharmacy Audits (complete the following for 2011):
 Percent of Network Pharmacies Audited:
 - Desktop _____%
 - On-Site _____%
 - At Random _____%
 - By Independent Agent _____%
 - Percent of pharmacies needing corrective action _____%
 - Percent of contracts terminated due to result of audit _____%
 - Most prevalent reason for termination: _____
- M.3.a. The PBM shall confirm that pharmacy audits do not use extrapolation to determine results.
- M.3.b. The PBM shall confirm that ERS shall receive 100% of the pass through from the audit findings.

N. Mail Service Pharmacy Management

- N.1. Does the PBM own and operate its own mail service pharmacy(ies)?
- N.2. What is the location of the PBM's mail service pharmacy(ies)?

- N.3. Which locations would be responsible for servicing EGWP + Wrap PDP Participants? Include locations that handle specific medication types.
- N.4. What are the days and hours of operation for these facilities?
- N.5. What are the hours of operation of the PBM's pharmacy help desk?
- N.6. Does the PBM use subcontractors for mail service pharmacy deliveries?
 Yes No
- N.7. If yes, what is the location(s) of the PBM's subcontractor's for mail service pharmacy(ies)? The PBM shall include subcontractor information in the Organizational Section.
- N.8. What was the average daily number of prescriptions filled by mail service from January 1, 2011 through December 31, 2011?
- N.8.a. Does this represent an increase in volume from the previous year? Yes No
 If yes, by how much?
- N.9. What is the mail service facility's projected excess capacity to fill prescriptions as of:
 - January 1, 2012?
 - January 1, 2013?
 - January 2, 2014?
- N.10. How does the selected PBM propose to transition existing mail service refills from the current PBM?
- N.10.a. Would the PBM be willing to contact physician offices to transfer existing prescriptions into the PBM's mail service pharmacy?
- N.11. Briefly outline the daily operations that take place at the PBM's mail service facility. Include highlights of procedures that target quality control for all aspects of the process.
- N.12. Briefly outline the PBM's mail service program as it relates to cost containment.
- N.13. How does the PBM package medications and ship to EGWP + Wrap PDP Participants?
- N.13.a. What primary shipping service does the PBM use?
- N.13.b. How does the PBM ship medications that are temperature sensitive?
- N.14. Describe online integration, if any, with retail pharmacies to ensure non-duplication and to identify potential adverse drug interactions.
- N.15. How often does the PBM's mail service switch generic manufacturers?
- N.15.a. How are Participants notified of the switch?
- N.16. Provide a detailed description of the mail service dispensing process from the time a new prescription arrives until it is mailed.
- N.16.a. Specify the steps that are completed by other staff.
- N.16.b. Specify the steps that are completed by a licensed pharmacist.
- N.16.c. In the last six (6) months, what percent of protocol prescriptions, once received, were dispensed in twenty-four (24), forty-eight (48) or seventy-two (72) hours or greater?
- N.17. Describe the package size used in mail order pricing.

- N.17.a. Discuss how the PBM shall generate savings for mail service prescriptions related to package size.
- N.18. Discuss the role of registered pharmacists in the mail service dispensing process.
- N.19. Discuss the PBM's mail service quality assurance program.
- N.20. Describe the procedure the PBM utilizes when a prescription is lost in the mail.
- N.20.a. When does the PBM charge the Participant for the replacement?
- N.20.b. When does the PBM charge the plan for the lost prescription?
- N.21. Describe the procedures for cancellation of a prescription by a Participant. Include a discussion on when and how the Participant is credited and how the plan is credited for such a cancellation.
- N.22. Describe the PBM's return policy. Include when and how the Participant is credited and how the plan is credited.
- N.23. How does the PBM control waste in its mail service dispensing process?
- N.24. What is the PBM's policy in substituting A-rated generics through the mail service process?
- N.25.a. What is PBM's policy in substituting less than A-rated generics through the mail service process?
- N.26. Explain any state/federal regulations that impact dispensing practices at the PBM's mail service facilities concerning faxing prescriptions, controlled substances, substitution of less than A-rated generics, etc.
- N.26.a. Identify the mail service facilities affected.

O. Mail Service Pharmacy Pricing

- O.1. Does the PBM's mail service repackage drugs? Yes No
- O.1.a. If yes, how will such repackaging impact payments under the EGWP + Wrap PDP?
- O.1.b. Will ERS be charged a higher AWP than in the absence of repackaging?
- O.1.c. How will ERS verify the AWP if the product is repackaged?
- O.1.d. Who sets the AWP of a repackaged product?
- O.1.e. Does the PBM, parent organization or any affiliate or subsidiary of PBM own a repackager/labeler company?
- O.2. How often are AWP price updates applied to the PBM's adjudication system?
- O.3. What would be the rate impact (discount and MAC pricing) for the mail service proposal should ERS institute a mandatory mail service requirement for all maintenance medications?
- O.3.a. Provide the specific discount and MAC pricing in PBM's response.

P. Mail Service Pharmacy Audits

- P.1 Are on-site audits performed at the PBM's mail service pharmacies?
- P.1.a. Describe the frequency, types of audits and who performs.

- P.1.b. Is the mail service pharmacy that shall support ERS' mail service program subject to the same audit programs as the PBM's retail network?
- P.1.c. The PBM shall provide a copy of its most recent mail service facility audit. If not available, please explain.

Q. Retail and Mail Service Pharmacy Clinical Management and Managed Care Programs

- Q.1 Does the PBM's mail service and retail pharmacy networks utilize the same Participant prescription data for DUR purposes?
- Q.2. Discuss how the PBM identifies off-label drug dispensing.
- Q.3. What is the PBM's policy regarding physician notification of potentially serious drug reactions?
- Q.4. Does the PBM offer integrated patient, pharmacy and physician communications?
 Yes No
- If so, describe.
- Q.5. Is a licensed pharmacist available by toll-free telephone line twenty-four (24) hours a day, seven (7) days a week, in the PBM's mail service facility? If not, describe the availability.
- Q.6. Describe the drug information and consultation provided to patients who purchase medication through the PBM's mail service pharmacy.
- Q.7. What verification process does the PBM use to ensure that the pharmacist is entering the proper number of days' supply?
- Q.7.a. If there is a conflict, does the pharmacist receive a warning or a message indicating that the claim shall not be paid?
- Q.8. Describe the PBM's concurrent DUR program.
- Q.8.a. Describe and give an example of each edit.
- Q.9. Describe the PBM's retrospective DUR program.
- Q.10. Describe the PBM's prospective DUR program, if any.
- Q.11. How does the PBM ensure pharmacy compliance with DUR messages?
- Q.12. Provide examples of the PBM's DUR reports.
- Q.13. How does the PBM ensure retail pharmacy compliance with a formulary program?
- Q.14. Describe the PBM's utilization review program and department.
- Q.14.a. Provide information concerning the personnel dedicated to utilization management and outcomes measurement.
- Q.15. Describe the PBM's prior authorization and/or case management programs, including integration capabilities with the TPA and MA Carrier.
- Q.16. What flexibility does the client have in deciding which edits are hard and which edits are soft?
- Q.17. Describe patient communication programs used to educate Participants on appropriate prescription drug utilization, compliance with drug regimens, generics, cost-effective drug therapy, and formularies.

- Q.18. Describe the actions the PBM takes to influence physician prescribing practices.
- Q.19. Describe how the PBM identifies and monitors high utilization members.
- Q.19.a. Does this include controlled substance usage and potential fraud and abuse circumstances?
- Q.20. Describe each of the PBM's disease management programs, including:
- Q.20.a. How the PBM identifies individuals for their inclusion in the program;
- Q.20.b. How the PBM establishes protocols for practice guidelines;
- Q.20.c. How the PBM educates physicians, pharmacists and Participants about disease management protocols;
- Q.20.d. Any integration capabilities with the TPA and MA Carrier;
- Q.20.e. Discuss the PBM's outcomes management program.
- Q.21. Describe the PBM's clinical intervention programs.
- Q.21.a. Describe the medical staff that oversees the development of the PBM's clinical programs.
- Q.22. How does the selected PBM propose to transition existing retail service refills from any pharmacy in the current PBM network but not in the selected PBM network?
- Q.22.a. Would the PBM be willing to contact physician offices to transfer existing prescriptions into the PBM's retail service pharmacy?

R. Mail and Retail Pharmacies - Other

- R.1. How does the PBM ensure that both mail and retail pharmacies have adequate stock on hand?
- R.2. Does the PBM guarantee that ERS shall be charged only the generic price and the plan Participant shall be charged with only the generic copayment if the generic is out of stock and a brand name drug is dispensed?

S. Specialty Pharmacy Management

- S.1 Does the PBM offer a specialty pharmacy program that integrates with the medical program?
 Yes No
- S.1.a. If yes, please describe the operations of the program.
- S.2. Does the PBM contract with, or own, one or more specialty pharmacies?
- S.2.a. If yes, please identify.
- S.3. How long has the PBM had the specialty pharmacy program in place?
- S.4. What is the total annual purchasing volume of PBM's specialty pharmacy?
- S.5. How many clients does the PBM currently provide specialty services to?
- S.5.a. Please provide three (3) client references for the specialty pharmacy program.
- S.6. Is there separate pricing for injectables and biotech products? If yes, please provide a separate fee schedule. (*Price Proposal and Response Format, Article V.*)

T. Information Systems and Data Reporting

- T.1. Describe the PBM's HIPAA compliance efforts regarding 2012 CMS guidance and the PBM's HIPAA audit results from the previous five (5) years.
- T.2. Affirm that the PBM has the capability to accept enrollment data via SFTP within a site-to-site VPN tunnel and that the file shall be encrypted with ERS' public key (PGP) on a real time basis.

Systems

- T.3. Provide the names and a description of the hardware and software systems that the PBM is currently using.
- T.4. For each system, provide the following information:
 - T.4.a. When was this system implemented?
 - T.4.b. When was the system last updated?
 - T.4.c. Is there a future update being considered? Yes No
 - T.4.d. If so, when is the update anticipated?
- T.5. What quality assurance processes are provided in the PBM's system to ensure accurate programming of benefits?
- T.6. Describe the PBM's process for implementing plan design changes.
 - T.6.a. How much advance notice is required for a change to be placed in the system?

Data Reporting

- T.7. Provide a listing of all claims experience reports currently available, including production schedules, with PBM's proposal response.
- T.8. Describe reports provided on a regular basis at no cost.
 - T.8.a. Describe how the reports can be utilized to identify problems and monitor performance.
 - T.8.b. At what frequency are the reports provided by the PBM?
- T.9. Describe typically requested *ad hoc* reports, including turn-around time.
 - T.9.a. How will the PBM provide ERS with the capability to conduct online queries, interface with PBM's database in order to generate *ad hoc* reports and extract specific information?
 - T.9.b. Describe the reporting system that will be installed at ERS to enable independent, online data queries by ERS staff.
- T.10. Describe any unique reporting capabilities that differentiate PBM from its competitors.
- T.11. Does the PBM perform an internal analysis of client-specific data to develop recommendations for program improvement?
 - T.11.a. Describe the background and training for the personnel involved in this process.
- T.12. Confirm that the PBM can provide normative data against which ERS can benchmark its plan. Confirm
 - T.12.a. What is the source of the data and what specific benchmark information will the PBM provide?

- T.13. Provide sample financial reporting for Rx spending and CMS funding, including monthly payment, pharmacy discounts and reinsurance. Include rebate pass-through to plan Participant reporting.
- T.14. Provide data and reports that describe the PBM's efficiency, accuracy and audit results in processing rebates, subsidies, reinsurance and discounts for its existing customers.
- T.15. Describe in detail how the PBM processes data files, the different types of files that the PBM requires, the file layouts, key data fields used for processing and any special nuisances and handling of the data that the PBM utilizes (or that the PBM requires of its clients) in order to successfully exchange and process the information for operational and interface purposes to/from its clients and CMS.

Reporting

- T.16. Describe the PBM's reporting capability. Provide current samples of utilization and cost containment reports available. How often are these reports prepared? Describe the method that the PBM would use to determine the cost of any special reports that ERS might request.
- T.17. Describe the PBM's reporting capabilities, timing and available delivery of reporting suite. Including if and how it is available through an internet portal.
- T.18. Fully describe how the PBM identifies and handles coordination of benefit issues on non-Medicare claimants.
- T.19. ERS is exploring other methods to coordinate benefits with Medicare. Discuss any other methods other than standard COB methods the PBM is currently utilizing or is capable of utilizing.
 - T.19.a. What method is the most prevalent method used by the PBM?
- T.20. Describe the PBM's experience and ability to provide claims-level data to a third-party, i.e., ERS' consulting actuary.
- T.21. Describe the PBM's industry standard reporting package.
 - T.21.a. Are reports available electronically?

XII. Appendices

- A. Signature Pages
- B. Contractual Agreement (This Appendix will be published at a later date)
- C. Business Associate Agreement (This Appendix will be published at a later date)
- D. Data Security and Breach Notification (This Appendix will be published at a later date)
- E. Benefits Book for Retirees Age 65 and Over
- F. Master Benefit Plan Document “Exhibit C”
- G. Performance Guarantees
- H. ERS Brand Guidelines
- I. Weekly/Monthly Carrier File Layouts
- J. Glossary of Definitions (This Appendix will be published at a later date)
- K. Experience Data:
 - A. Monthly GBP Health Plan Enrollment
 - B. GBP Health Plan Enrollment by Plan and County – February, 2012
 - C. GBP Health Plan Enrollment Demographics – February, 2012
 - D. HealthSelect PDP Experience by Month
 - E. Top 100 Most Utilized Drugs – Days Supply
 - F. Top 100 Most Utilized Drugs – Plan Payments
 - G. GBP Retiree Drug Subsidy History
 - H. Electronic Data Instructions

Monthly Claims Files
Pharmacy Reimbursement Tables
- L. Formulary
- M. ERS Style Guide and Usage Manual
- N. Pharmacy Network Directory
- O. Call Center Metrics
- P. Sample Go-Live Contingency Plan
- Q. Minimum Required Reporting
- R. Sample Monthly Administrative Performance Report
- S. Prior Authorization Programs