Request for Proposal 10-X-20899

For: Employee Benefits: Pharmacy Benefit Management

Event	Date	Time
Mandatory Pre-Bid Conference (Refer to RFP Section 1.3.1 for more information.)	4/3/2009	10:00 AM
Bidder's Electronic Question Due Date (Refer to RFP Section 1.3.2 for more information.)	4/13/2009	5:00 PM
Bid Submission Due Date (Refer to RFP Section 1.3.3 for more information.)	5/20/2009	2:00 PM

Dates are subject to change. All changes will be reflected in Addenda to the RFP posted on the Division of Purchase and Property website.

Small Business Set-Aside **(Refer to RFP Section 4.4.1.4 for more information.)**	Status	Category
	☐ **Not Applicable**	
	☐ **Entire Contract**	☐ I
	☐ **Partial Contract**	☐ II
	☒ **Subcontracting Only**	☐ III

RFP Issued By

State of New Jersey
Department of the Treasury
Division of Purchase and Property
Trenton, New Jersey 08625-0230

Using Agency

Division of Pensions and Benefits,
Department of the Treasury

Date: March 2009

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IMPORTANT NOTICE -
NEW "PAY-TO-PLAY" RESTRICTIONS TO TAKE EFFECT NOVEMBER 15, 2008

Note: This notice is for informational purposes only. The Certification of Compliance form must to be completed upon contract award.

Governor Jon S. Corzine recently signed Executive Order No. 117, which is designed to enhance New Jersey's efforts to protect the integrity of government contractual decisions and increase the public's confidence in government. The Executive Order builds on the provisions of P.L. 2005, c. 51 ("Chapter 51"), which limits contributions to certain political candidates and committees by for-profit business entities that are, or seek to become, State government vendors.

Executive Order No. 117 extends the provisions of Chapter 51 in two ways:

1. The definition of "business entity" is revised and expanded so that contributions by the following individuals also are considered contributions attributable to the business entity:

    - Officers of corporations and professional services corporations, with the term "officer" being defined in the same manner as in the regulations of the Election Law Enforcement Commission regarding vendor disclosure requirements (N.J.A.C. 19:25-26.1), with the exception of officers of non-profit entities;

    - Partners of general partnerships, limited partnerships, and limited liability partnerships and members of limited liability companies (LLCs), with the term "partner" being defined in the same manner as in the regulations of the Election Law Enforcement Commission regarding vendor disclosure requirements (N.J.A.C. 19:25-26.1); and

    - Spouses, civil union partners, and resident children of officers, partners, LLC members and persons owning or controlling 10% or more of a corporation's stock are included within the new definition, except for contributions by spouses, civil union partners, or resident children to a candidate for whom the contributor is eligible to vote or to a political party committee within whose jurisdiction the contributor resides.

2. Reportable contributions (those over $300.00 in the aggregate) to legislative leadership committees, municipal political party committees, and candidate committees or election funds for Lieutenant Governor are disqualifying contributions in the same manner as reportable contributions to State and county political party committees and candidate committees or election funds for Governor have been disqualifying contributions under Chapter 51.

Executive Order No. 117 applies only to contributions made on or after November 15, 2008, and to contracts executed on or after November 15, 2008.

Updated forms and materials are currently being developed and will be made available on the website as soon as they are available. In the meantime, beginning November 15, 2008, prospective vendors will be required to submit, in addition to the currently required Chapter 51 and Chapter 271 forms, the Certification of Compliance with Executive Order No. 117. The Certification of Compliance form for Executive Order No. 117 can be found here:
http://www.state.nj.us/treasury/purchase/forms/EO_117_NOTICE.doc

1.0 INFORMATION FOR BIDDERS

1.1 PURPOSE AND INTENT

This Request for Proposal (RFP) is issued by the Purchase Bureau, Division of Purchase and Property (DPB), Department of the Treasury on behalf of the Division of Pensions and Benefits within the Department of the Treasury. The purpose of this RFP is to solicit bid proposals for pharmacy benefit management services for the active employees and retirees participating in the State Health Benefits Program/School Employees' Health Benefits Program (SHBP/SEHBP).

The intent of this RFP is to award a contract to that responsible bidder whose bid proposal, conforming to this RFP, is most advantageous to the State, price and other factors considered. However, the State reserves the right to separately procure individual requirements that are the subject of the contract during the contract term, when deemed by the Director to be in the State's best interest.

The NJ Standard Terms and Conditions version 07/27/07 will apply to all contracts or purchase agreements made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in this RFP and should be read in conjunction with them unless the RFP specifically indicates otherwise.

The DPB seeks to contract on a self-insured basis with an organization that:

- can provide integrated retail, 90-day retail, specialty and mail order drug management;
- has a retail, 90-day retail and specialty network of participating pharmacies which is accessible to plan members;
- has a technologically-advanced, state-of-the-art pharmacy management process, including mail-order facilities and specialty pharmacies;
- focuses on quality improvement, clinical outcomes and customer satisfaction;
- has financial capabilities and contractual arrangements with participating pharmacies and pharmaceutical manufacturers to support a commitment to deliver quality and lowest net cost pharmacy services; and
- can integrate its Prescription Benefit Management process effectively and seamlessly with SHBP/SEHBP Medical plan vendors.

The State expects the successful bidder to be:

- *Focused on Service* by providing a superior level of service and attention to the State during the implementation process, as well as on an on-going basis.

- *Cost Effective* by quoting competitive, guaranteed discounts, fees and rebates, practicing effective pharmacy benefits management, and agreeing to be held accountable through performance and financial guarantees.

- *Quality-Focused* by demonstrating high levels of quality, clinical programs and customer satisfaction.

- *A Provider of Pharmacy Network Access* to current employees and retirees.

1.2 BACKGROUND

The State Health Benefits Program (SHBP) was created in 1961 by the NJ State Health Benefits Program Act, N.J.S.A. 52:14-17.25 et seq., to provide health insurance coverage to State employees. The State Health Benefits Commission (SHBC) is the body charged with establishing health benefits programs for State and qualified local employees and promulgating regulations, as necessary, to administer the Act. The SHBC is comprised of the State Treasurer (Chairman), the Commissioner of the Department of Banking and Insurance, the Chairperson of the Civil Service Commission, and two State employees' representatives chosen by the Public Employees' Committee of the AFL-CIO.

The School Employees' Health Benefits Program (SEHBP) was established in 2007 by the School Employees' Health Benefits Program Act, N.J.S.A. 52:14-17.46 et seq., to provide medical and prescription drug coverage to qualified local education employees, retirees, and eligible dependents. The School Employees' Health Benefits Commission (SEHBC) is comprised of the State Treasurer, the Commissioner of the Department of Banking and Insurance, a member appointed by the Governor who is a New Jersey resident, a member representing the New Jersey School Boards' Association, three members representing the New Jersey Education Association, a member representing the New Jersey State AFL-CIO, and a member appointed to be the chairperson.

SHBC and SEHBC may be referred to herein, collectively, as the Commissions.

The DPB, specifically the Health Benefits Bureau and the Bureau of Policy and Planning, are responsible for the daily administrative activities of the SHBP and the SEHBP.

The SHBP/SEHBP covers State employees, as well as employees of local government and education employers who have elected to purchase coverage in the SHBP/SEHBP. Presently, the SHBP/SEHBP covers approximately 800,000 lives (including active, retired and COBRA individuals and their dependents).

The current benefit plans include the elements described below.

- NJ DIRECT is a self-insured, preferred provider organization plan administered by Horizon Blue Cross Blue Shield of New Jersey (Horizon BCBSNJ). It provides two options for plan members: NJ DIRECT10 and NJ DIRECT15.

- Health Maintenance Organizations (HMOs). The Commissions currently contract with two HMOs, i.e., Aetna HMO and CIGNA Healthcare. Both are self-insured except for Medicare-eligible retirees in Aetna who are in a Medicare Advantage plan (prescription drugs remain self-insured).

- Medicare-Eligible Retirees. For Medicare-eligible retirees, all plans coordinate their medical benefits with Medicare, with the exception of the members in Aetna's Medicare Advantage plan. The State is currently receiving the Medicare Part D Retiree Drug Subsidy. A small number of retirees are enrolled in medical coverage only, because they have chosen to enroll in Medicare Part D.

- Prescription Drug Plans. The State requires that all participating SHBP/SEHBP employees and retirees have access to prescription drug coverage. Such access is achieved for active employees through one of the following:

    - the Employee Prescription Drug Plan, available to active State employees and active employees of participating local government and education employers who opt for coverage through that plan. This is a self-insured-plan for active employees. Administrative services for the plan are presently provided by Horizon BCBSNJ through its subcontractor CVS/Caremark.

    - a non-SHBP/SEHBP alternative prescription drug card plan offered by a participating local government or education employer, or

    - inclusion of prescription drug coverage as part of the SHBP/SEHBP medical plans for employees of participating local government or education employers, in lieu of a stand-alone prescription drug card plan.

Most retirees receive prescription drug coverage through their SHBP/SEHBP medical plan. Plan design differs by medical plan.

Copies of the current plan documents – Summary Program Description (SPD) and member Handbooks for all Plans – are available at the Division of Pensions and Benefits website (http://www.state.nj.us/treasury/pensions/shbp.htm).

Prescription Drugs

The SHBP/SEHBP prescription drug plan designs are described below. All plan designs offer the option of using a mail order pharmacy. All designs include specialty pharmacy, and prior authorization is required for certain drugs. The State may establish dispensing limits on any medication based on Food and Drug Administration (FDA) recommendations and medical appropriateness. Prior authorization, drug utilization review, dose optimization, step therapy, and the specialty pharmacy program may be employed to ensure medications covered under the plan are the most clinically appropriate and cost effective. Volume restrictions currently apply to certain drugs such as sexual dysfunction drugs, e.g., Viagra and Muse.

Currently, if a participating local government or education employer provides a separate, stand-alone prescription drug plan for employees, either through the employee prescription drug plan or a comparable program, then the employer receives health plan rates that reflect the absence of prescription drug coverage. If the participating local government or education employer does not provide a separate prescription drug card plan, then drug coverage is provided through the medical plan and the medical plan rates charged to the employer reflect the presence of prescription drug coverage.

A description of the current prescription drug benefit plans is presented below.

1. The Employee Prescription Drug Plan is available to eligible Active members with the following two plan designs:

    (a) State Active Employees:

The plan design for State employees is the result of union negotiations and is rather unique. Members pay $3 for a generic, $10 for a brand name drug and $25 if they choose a brand name drug when a generic equivalent is available. The copayments are for up to a 30-day supply at a participating pharmacy. (Plan design and copayments are subject to collective bargaining).

Members may obtain up to a 90-day supply of prescription drugs at participating retail pharmacies. Members are required to pay two copayments for a 31 to 60-day supply or three copayments for a 61 to 90-day supply.

The mail order copayments for up to a 90-day supply are ($5/$15/$40) with the same unique design.

(b) Local Government and Education employees (a small number of State Employees are in this plan pending collective bargaining) that participate in this plan:

This plan design is two-tiered (Generic/Brand) with a copayment at a retail pharmacy or specialty pharmaceutical provider for up to a 30-day supply of ($3/$10). Members are required to pay two copayments for a 31 to 60-day supply or three copayments for a 61 to 90-day supply. The mail order copayments for up to a 90-day supply are ($5/$15).

2. Local and Education Employee Plans (Currently Administered by Medical Plans):

(a) The Prescription Drug Reimbursement Plan is offered to eligible Active members enrolled in NJ DIRECT:

When prescription drugs are purchased by a NJ DIRECT member, prescription drugs and specialty pharmacy drugs are reimbursed at different rates for participating/non-participating retail pharmacies. When using a participating retail pharmacy the reimbursement rate is 90 percent of the allowed amount. When a non-participating retail pharmacy is used, the reimbursement rate after deductible is 80 percent for NJ DIRECT10 and 70 percent for NJ DIRECT15. Once the out-of-pocket maximum is attained the prescriptions are reimbursed at 100%. The out-of-pocket maximums for medical and prescription drugs combined are currently $400 (individual) $1,000 (family) for in-network and $2,000 (individual) and $5,000 (family) for out-of-network.

(b) HMO Active Prescription Drug Card Plan

When prescription drugs are purchased by HMO members, there is a three-tiered design (Generic/Preferred/Other Brands) with copayments at a retail pharmacy for a 30-day supply of ($5/$10/$20). Participants may obtain up to a 90-day supply of prescription drugs at participating retail pharmacies. They are required to pay two copayments for a 31 to 60-day supply or three copayments for a 61 to 90- day supply. The mail order copayments for up to a 90-day supply are ($5/$15/$25).

3. Retirees receiving prescription drugs have a three-tiered design (generic/preferred/other brands). Participants may obtain up to a 90-day supply of prescription drugs at

participating retail pharmacies. They are required to pay two (2) copayments for a 31 to 60-day supply or three (3) copayments for a 61 to 90-day supply. The copayment amount and the annual out-of-pocket maximum are reviewed annually and may be increased.

(a) State and Local Government Retirees

1. Under NJ DIRECT State and local government retirees have copayments of $9/$19/$38 for up to a 30-day supply at a retail pharmacy. A mail order service is also provided with copayments ($9/$29/$48) for up to a 90-day supply.

2. Under the HMOs the retail pharmacy copayments for a 30-day supply are $5/$11/$21. The mail order copayments for up to a 90-day supply are $5/$16/$26.

3. State and local government retirees have an annual maximum prescription drug out-of-pocket expense of $1,162 for 2009.

(b) Education Retirees

1. Under NJ DIRECT education retirees have retail pharmacy copayments for a 30-day supply of $8/$17/$34 and mail copayments for up to a 90-day supply of $8/$25/$42.

2. Under the HMOs the retail pharmacy copayments for a 30-day supply are $5/$10/$20. The mail order copayments for up to a 90-day supply are $5/$15/$25.

3. Education retirees have an annual maximum prescription drug out-of-pocket expense of $1,130 for 2009.

Presented below are three tables depicting (1) copayments for the plans, (2) the average number of subscribers (contracts) as of the fourth quarter 2008, and (3) fourth quarter 2008 paid claims

Employee Prescription Drug Plan:

COPAYMENTS: STATE EMPLOYEES

Copayments for State employees covered under the labor agreements with the CWA, AFSCME, and IFPTE, and employees not covered by a labor agreement have a three-tier design. Members under labor agreements that are not yet settled have a two-tier design.

Retail Pharmacy Copayment Amounts			
Supply	**Generic**	**Brand Name Drug** without generic equivalents	**Brand Name Drug** with generic equivalent
01-30 days	$3	$10	$25
Mail Order Copayment Amounts			
01-90 days	$5	$15	$40

Note: In certain circumstances of intolerance or the therapeutic failure of a drug's generic equivalent, a member may be able to receive a third tier brand name drug where a generic equivalent is available for the lower second tier copayment for a brand name drug without generic equivalent.

COPAYMENTS: LOCAL GOVERNMENT AND EDUCATION EMPLOYEES

(and State employees **not** covered under the labor agreements listed above)

Retail Pharmacy Copayment Amounts		
Supply	**Generic**	**Brand Name Drug**
01-30 days	$3	$10
Mail Order Copayment Amounts		
01-90 days	$5	$15

HMO Prescription Drug Copayments

Retail Pharmacy Copayment Amounts			
Supply	**Generic**	**Brand Name Drug**	**Brand Name Drug**
01-30 days	$5	$10	$20
Mail Order Copayment Amounts			
01-90 days	$5	$15	$25

Prescription Drug Reimbursement Plan

Retail Pharmacy Coinsurance Amounts		
Supply	**Participating Pharmacy**	**Non-Participating Pharmacy**
01-30 days	10%	NJ DIRECT10: 20% NJ DIRECT15: 30%

COPAYMENTS - RETIREE PRESCRIPTION DRUG PLAN

STATE AND LOCAL GOVERNMENT RETIREES			
NJ DIRECT			
Retail Pharmacy Copayment Amounts *			
Supply	**Generic**	**Preferred**	**Other Brands**
01-30 days	$9	$19	$38
Mail Order Copayment Amounts *			
01-90 days	$9	$29	$48
HMO Prescription Drug Copayments			
Retail Pharmacy Copayment Amounts *			
Supply	**Generic**	**Brand Name Drug**	**Brand Name Drug**

01-30 days	$5	$11	$21
Mail Order Copayment Amounts *			
01-90 days	$5	$16	$26

*Annual Out-of-Pocket Maximum $1,162 for 2009

EDUCATION RETIREES			
NJ DIRECT			
Retail Pharmacy Copayment Amounts **			
Supply	**Generic**	**Brand Name Drug**	**Brand Name Drug**
01-30 days	$8	$17	$35
Mail Order Copayment Amounts **			
01-90 days	$8	$25	$42
HMO Prescription Drug Copayment			
Retail Pharmacy Copayment Amounts **			
Supply	**Generic**	**Brand Name Drug**	**Brand Name Drug**
01-30 days	$5	$10	$20
Mail Order Copayment Amounts **			
01-90 days	$5	$15	$25

**Annual Out-of-Pocket Maximum $1,130 for 2009

2008 4th Quarter Average Subscribers				
	State	**Local Gov**	**Local Ed**	**Total**
Employees				
State Active Employee Prescription Drug Plan - 2 tier	* 18,772	18,613	18,849	56,234
State Active Employee Prescription Drug Plan - 3 tier	88,145			88,145
HMO Active Employee Prescription Drug Card Plan		3,584	4,003	7,587
Prescription Drug Reimbursement Plan (NJ DIRECT10)		4,995	15,875	20,870
Prescription Drug Reimbursement Plan (NJ DIRECT15)		2,235	1,923	4,158
Total	**106,917**	**29,427**	**40,650**	**176,994**
COBRA				
State Active Employee Prescription Drug Plan - 2 tier	151	182	257	590
State Active Employee Prescription Drug Plan - 3 tier	590			590
HMO Active Employee Prescription Drug Card Plan		19	51	70
Prescription Drug Reimbursement Plan (NJ DIRECT10)		34	186	220
Prescription Drug Reimbursement Plan (NJ DIRECT15)		66	205	271
Total	**741**	**301**	**699**	**1,741**
Retirees				
HMO Retiree Prescription Drug Plan	7,639	3,116	6,818	17,573
Retiree Prescription Drug Plan (NJ DIRECT10)	17,812	10,621	63,921	92,354
Retiree Prescription Drug Plan (NJ DIRECT15)	12,594	3,686	8,874	25,154
Total	**38,045**	**17,423**	**79,613**	**135,081**

*Includes the Department of Corrections and the New Jersey State Police.

2008 4th Quarter Paid Claims				
	State	Local Gov	Local Ed	Total
Employees				
State Active Employee Prescription Drug Plan - 2 tier	$11,025,429	$13,401,752	$12,693,239	$37,120,421
State Active Employee Prescription Drug Plan - 3 tier	$57,721,501			$57,721,501
HMO Active Employee Prescription Drug Card Plan		$2,183,983	$2,091,508	$4,275,492
Prescription Drug Reimbursement Plan (NJ DIRECT10)		$2,434,203	$7,747,796	$10,181,999
Prescription Drug Reimbursement Plan (NJ DIRECT15)		$944,157	$561,630	$1,505,787
Total	$68,746,930	$18,964,096	$23,094,173	$110,805,199
COBRA				
State Active Employee Prescription Drug Plan - 2 tier	$140,104	$176,968	$239,128	$556,200
State Active Employee Prescription Drug Plan - 3 tier	$696,164			$696,164
HMO Active Employee Prescription Drug Card Plan		$25,493	$29,101	$54,594
Prescription Drug Reimbursement Plan (NJ DIRECT10)		$11,566	$80,976	$92,542
Prescription Drug Reimbursement Plan (NJ DIRECT15)		$23,572	$60,553	$84,125
Total	$836,269	$237,599	$409,758	$1,483,625
Retirees				
HMO Retiree Prescription Drug Plan	$8,164,931	$3,674,647	$6,712,310	$18,551,888
Retiree Prescription Drug Plan (NJ DIRECT10)	$19,910,581	$11,742,735	$66,936,106	$98,589,422
Retiree Prescription Drug Plan (NJ DIRECT15)	$14,194,109	$4,092,215	$8,927,772	$27,214,096
Total	$42,269,620	$19,509,597	$82,576,189	$144,355,406

1.3 KEY EVENTS

1.3.1 MANDATORY PRE-BID CONFERENCE

The date and time of the Mandatory Pre-Bid Conference are indicated on the cover sheet. The location of the Mandatory Pre-Bid Conference will be as follows:

Division of Pensions and Benefits
1st Floor
50 West State Street
Trenton, NJ 08625-0295

Directions to this location are available on the web
http://www.state.nj.us/treasury/pensions/drctns.htm.

Attendance at the Mandatory Pre-Bid Conference will be limited to four (4) attendees per bidding entity. If bidder attendance does not use all available seating, then additional bidder representatives will be permitted to participate provided all bidders are accommodated in the same manner.

Bid proposals will be automatically rejected from any bidder that was not represented or failed to properly register at the Mandatory Pre-Bid Conference.

An attendee may represent no more than one potential bidding entity.

The purpose of the Mandatory Pre-Bid Conference is to provide a structured and formal opportunity for the State to accept questions from vendors regarding this RFP. In addition, at the conference each bidder will be required to provide a signed copy of the Confidentiality/Non-Disclosure Agreement, signed by an officer or other authorized representative of the bidder, included with this RFP as Exhibit A. This Confidentiality/Non-Disclosure Agreement is required in order for the bidder to receive confidential files outlined below. This information will enable the bidder to complete the financial aspects of its bid. This is the only time that the data will be available.

- Plan Eligibility File (Census file)
- Claim Data
- Enrollment Audit File Layout
- Employer File
- Pharmacy Disruption Analysis.

1.3.2 ELECTRONIC QUESTION AND ANSWER PERIOD

The Purchase Bureau will accept questions and inquiries electronically via web form. Questions must be submitted on the web at http://ebid.nj.gov/QA.aspx.

Questions should be directly tied to the RFP and asked in consecutive order, from beginning to end, following the organization of the RFP. Each question should begin by referencing the RFP page number and section number to which it relates.

Bidders are not to contact the Using Agency directly, in person, by telephone or by email, concerning this RFP.

The cut-off date for electronic questions and inquiries relating to this RFP is indicated on the cover sheet. Addenda to this RFP, if any, will be posted on the Purchase Bureau website after the cut-off date. (See RFP Section 1.4.1 for further information.)

1.3.3 SUBMISSION OF BID PROPOSAL

In order to be considered for award, the bid proposal must be received by the Purchase Bureau of the Division of Purchase and Property at the appropriate location by the required time. **ANY BID PROPOSAL NOT RECEIVED ON TIME AT THE LOCATION INDICATED BELOW WILL BE REJECTED. THE DATE AND TIME IS INDICATED ON THE COVER SHEET. THE LOCATION IS AS FOLLOWS:**

BID RECEIVING ROOM - 9TH FLOOR

PURCHASE BUREAU
DIVISION OF PURCHASE AND PROPERTY
DEPARTMENT OF THE TREASURY
33 WEST STATE STREET, P.O. BOX 230
TRENTON, NJ 08625-0230

Directions to the Purchase Bureau can be found at the following web address:
http://www.state.nj.us/treasury/purchase/directions.htm.

Note: Bidders using U.S. Postal Service regular or express mail services should allow additional time since U.S. Postal Service mail is not delivered directly to the Purchase Bureau.

Procedural inquiries on this RFP may be directed to RFP.procedures@treas.state.nj.us. The State will not respond to substantive questions related to the RFP or any other contract via this e-mail address.

To submit an RFP or contract related question, go to the Current Bidding Opportunities webpage or to http://ebid.nj.gov/QA.aspx.

1.4 ADDITIONAL INFORMATION

1.4.1 ADDENDA: REVISIONS TO THIS RFP

In the event that it becomes necessary to clarify or revise this RFP, such clarification or revision will be by addendum. Any addendum to this RFP will become part of this RFP and part of any contract awarded as a result of this RFP.

ALL RFP ADDENDA WILL BE ISSUED ON THE DIVISION OF PURCHASE AND PROPERTY WEB SITE. TO ACCESS ADDENDA, SELECT THE BID NUMBER ON THE BIDDING OPPORTUNITIES WEB PAGE AT
http://www.state.nj.us/treasury/purchase/bid/summary/bid.shtml.

There are no designated dates for release of addenda. Therefore interested bidders should check the Purchase Bureau "Bidding Opportunities" website on a daily basis from time of RFP issuance through bid opening.

It is the sole responsibility of the bidder to be knowledgeable of all addenda related to this procurement.

1.4.2 BIDDER RESPONSIBILITY

The bidder assumes sole responsibility for the complete effort required in submitting a bid proposal in response to this RFP. No special consideration will be given after bid proposals are opened because of a bidder's failure to be knowledgeable as to all of the requirements of this RFP.

1.4.3 COST LIABILITY

The State assumes no responsibility and bears no liability for costs incurred by a bidder in the preparation and submittal of a bid proposal in response to this RFP.

1.4.4 CONTENTS OF BID PROPOSAL

If no negotiations are contemplated, after bid opening, all information submitted by bidders in response to the bid solicitation is considered public information, except as may be exempted from public disclosure by the Open Public Records Act, N.J.S.A. 47:1A-1 et seq., and the common law. Should the State determine to enter into negotiations pursuant to RFP Section 6.4, bid proposals will not be made public until the Letter of Intent to Award is issued.

A bidder may designate specific information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. The State reserves the right to make the determination and will advise the bidder accordingly. The location in the bid proposal of any such designation should be clearly stated in a cover letter. The State will not honor any attempt by a bidder either to designate its entire bid proposal as proprietary and/or to claim copyright protection for its entire proposal.

By signing the cover sheet of this RFP, the bidder waives any claims of copyright protection set forth within the manufacturer's price list and/or catalogs. The price lists and/or catalogs must be accessible to State using agencies and cooperative purchasing partners and thus have to be made public to allow all eligible purchasing entities access to the pricing information.

All bid proposals, with the exception of information determined by the State or the Court to be proprietary, are available for public inspection after the Letter of Intent to Award is issued. At such time, interested parties can make an appointment with the Purchase Bureau to inspect bid proposals received in response to this RFP.

1.4.5 BID OPENING

On the date and time bid proposals are due under the RFP, all information concerning the bid proposals submitted may be publicly announced and those bid proposals, except for information appropriately designated as confidential, shall be available for inspection and copying. In those cases where negotiation is contemplated, only the names and addresses of the bidders submitting bid proposals will be announced and the contents of the bid proposals shall remain confidential until the Notice of Intent to Award is issued by the Director.

1.4.6 PRICE ALTERATION

Bid prices must be typed or written in ink. Any price change (including "white-outs") must be initialed. Failure to initial price changes shall preclude a contract award from being made to the bidder.

1.4.7 BID ERRORS

In accordance with N.J.A.C. 17:12-1.22, “Bid Errors,” a bidder may withdraw its bid as explained below.

A bidder may request that its bid be withdrawn prior to bid opening. Such request must be made, in writing, to the Supervisor of the Business Unit. If the request is granted, the bidder may submit a revised bid as long as the bid is received prior to the announced date and time for bid opening and at the place specified.

If, after bid opening but before contract award, a bidder discovers an error in its proposal, the bidder may make written request to the Supervisor of the Business Unit for authorization to withdraw its proposal from consideration for award. Evidence of the bidder's good faith in making this request shall be used in making the determination. The factors that will be considered are that the mistake is so significant that to enforce the contract resulting from the proposal would be unconscionable; that the mistake relates to a material feature of the contract; that the mistake occurred notwithstanding the bidder's exercise of reasonable care; and that the State will not be significantly prejudiced by granting the withdrawal of the proposal. Note: a PB-36 complaint form may be filed by the Using Agency and forwarded to the Division's Contract Compliance and Audit Unit (CCAU) for handling. A record of the complaint will also be maintained in the Division's vendor performance file for evaluation of future bids submitted.

All bid withdrawal requests must include the bid identification number and the final bid opening date and sent to the following address:

Department of the Treasury
Purchase Bureau, PO Box 230
33 West State Street – 9th Floor
Trenton, New Jersey 08625-0230
Attention: Supervisor, Bid Review Unit

If during a bid evaluation process, an obvious pricing error made by a potential contract awardee is found, the Director shall issue written notice to the bidder. The bidder will have five days after receipt of the notice to confirm its pricing. If the vendor fails to respond, its bid shall be considered withdrawn, and no further consideration shall be given it.

If it is discovered that there is an arithmetic disparity between the unit price and the total extended price, the unit price shall prevail. If there is any other ambiguity in the pricing other than a disparity between the unit price and extended price and the bidder's intention is not readily discernible from other parts of the bid proposal, the Director may seek clarification from the bidder to ascertain the true intent of the bid.

2.0 DEFINITIONS

2.1 GENERAL DEFINITIONS

The following definitions will be part of any contract awarded or order placed as result of this RFP.

Addendum – Written clarification or revision to this RFP issued by the Purchase Bureau.

All-Inclusive Hourly Rate – An hourly rate comprised of all direct and indirect costs including, but not limited to: overhead, fee or profit, clerical support, travel expenses, per diem, safety equipment, materials, supplies, managerial support and all documents, forms, and reproductions thereof. This rate also includes portal-to-portal expenses as well as per diem expenses such as food.

Amendment – A change in the scope of work to be performed by the contractor. An amendment is not effective until it is signed by the Director, Division of Purchase and Property.

Bidder – An individual or business entity submitting a bid proposal in response to this RFP.

Contract – This RFP, any addendum to this RFP, and the bidder's proposal submitted in response to this RFP, as accepted by the State.

Contractor – The bidder awarded a contract resulting from this RFP. Also referred to as the Implementation contractor.

Director – Director, Division of Purchase and Property, Department of the Treasury. By statutory authority, the Director is the chief contracting officer for the State of New Jersey.

Division – The Division of Purchase and Property

Evaluation Committee – A committee established by the Director to review and evaluate bid proposals submitted in response to this RFP and to recommend a contract award to the Director.

Firm Fixed Price – A price that is all-inclusive of direct cost and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction and any other costs. No additional fees or costs shall be paid by the State unless there is a change in the scope of work.

Joint Venture – A business undertaking by two or more entities to share risk and responsibility for a specific project.

May – Denotes that which is permissible, not mandatory.

Project – The undertaking or services that are the subject of this RFP.

Request for Proposal (RFP) – This document which establishes the bidding and contract requirements and solicits bid proposals to meet the purchase needs of the using Agencies as identified herein.

Shall or Must – Denotes that which is a mandatory requirement. Failure to meet a mandatory requirement will result in the rejection of a bid proposal as materially non-responsive.

Should – Denotes that which is recommended, not mandatory.

State Contract Manager – The individual responsible for the approval of all deliverables, i.e., tasks, sub-tasks or other work elements in the Scope of Work as set forth in Sections 8.

Subtasks – Detailed activities that comprise the actual performance of a task.

State – State of New Jersey.

Subcontractor – An entity having an arrangement with a State contractor, where the State contractor uses the products and/or services of that entity to fulfill some of its obligations under its State contract, while retaining full responsibility for the performance of all of its [the contractor's] obligations under the contract, including payment to the subcontractor. The subcontractor has no legal relationship with the State, only with the contractor.

Task – A discrete unit of work to be performed.

Using Agency – The entity for which the Division has issued this RFP and will enter into a contract.

2.2 CONTRACT-SPECIFIC DEFINITIONS

Administrative Fee – The fee for pharmacy benefit management services paid by the State to the contractor. The administrative fee is the compensation due the contractor under the contract if a transparent pass-through pricing model is selected by the State. The contractor's monthly compensation is a function of the contractor's administrative fee multiplied by the number of participating public employees/retirees (PEPM). The State recognizes that clinical program fees and disease management fees are not included in the administrative fee.

ARC – State enrollment files identify members by employment status as either Active, Retired, or COBRA. These categories are listed by the first letter of each category (A, R or C). The State uses the "ARC TYPE" designation to demarcate a member's employment status on the file.

Average Wholesale Price (AWP) – The average wholesale price of a prescription drug as identified by drug pricing source such as First DataBank, MediSpan or other nationally recognized sources in the prescription drug industry for all clients.

Benefit Effective Date – The date the contractor is obligated to start processing claims on behalf of Members.

Brand Drug – The innovator drug product submitted to the FDA for approval. A brand drug is a drug produced and distributed with patent protection.

Chapter 375 – A reference to the Public Laws of 2005 enacted January 12, 2006, and effective May 12, 2006 to permit coverage of an adult child of an employee or retiree under certain conditions. The legislation requires the SHBP to provide for an election of coverage by a child,

following the termination of their dependent coverage due to age, until their 31st birthday. After the enactment of the SEHBP in 2008, this provision for an election of continued coverage for certain adult children of an employee or retiree also applies to SEHBP members.

Claim Record – All documents, records, reports, data, related to the receipt, processing and payment of claims and all claim histories. This includes, but is not limited to, data recorded by the contractor in its automated systems.

COBRA – The Consolidated Omnibus Budget Reconciliation Act of 1985, 29 U.S.C.A. 1161-1168. This federal legislation gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events.

Coinsurance – A percentage of the total drug cost paid by the member. The SHBP/SEHBP currently provides for the reimbursement of prescription drug expenses based upon a coinsurance amount to certain education and local government employees whose employers have not elected a separate, stand-alone prescription drug card plan.

Compound Prescription – A prescription drug which would require the dispensing pharmacist to produce an extemporaneously produced mixture containing at least one federal legend drug, the end product of which is not available in an equivalent commercial form.

Copayment – A fixed dollar amount paid by the member to the pharmacy. The SHBP/SEHBP encompasses multiple benefit designs with varying copayments.

Dependent(s) – SHBP/SEHBP eligible dependents include an employee's spouse, partner in a civil union couple or an employee's domestic partner as defined in section 3 of P.L.2003, c.246 (C.26:8A-3), and the employee's unmarried children under the age of 23 years who live with the employee in a regular parent-child relationship. (A local education or local government employer that has elected to participate in the SHBP/SEHBP may, by resolution, elect to include domestic partners as eligible dependents, but is not required by statute to provide such coverage.) Children include stepchildren, legally adopted children and children placed by the Division of Youth and Family Services in the Department of Children and Families, provided they are reported for coverage and are wholly dependent upon the employee for support and maintenance. Covered children attaining age 23 who are not capable of self-support due to mental illness or incapacity, or a physical disability may also qualify for continuation of coverage. A person enlisting or inducted into military service is not considered a dependent during the military service. Note: The DPB does not classify adult children enrolled in the SHBP/SEHBP under the provisions of Chapter 375 as dependents.

Discounts – The percentage difference between the applicable AWP for a covered service and (i) the maximum allowable cost ("MAC"), where applicable, or (ii) the contractor's negotiated reimbursement amount with a participating pharmacy for prescription drugs, OTCs and other services provided by such pharmacy to members. The discount excludes the dispensing fee, copayment and sales tax, if any.

Dispensing Fee – An amount paid by the contractor to a participating pharmacy per claim for providing professional services necessary to dispense medication to a member.

Division of Pensions and Benefits (DPB) – The Division of Pensions and Benefits, in the NJ Department of the Treasury. The DPB is the using agency for which the Division of Purchase and Property has issued this RFP.

Dose Optimization – A program designed to increase patient compliance with drug therapies. Only drugs that have been approved by the Food and Drug Administration (FDA) for once daily dosing and have different strengths available at similar costs are included in the program.

Drug Utilization Review (DUR) – A system of drug use review that can detect potential adverse drug interactions, drug-pregnancy conflicts, therapeutic duplication, drug-age conflicts, etc. There are three forms of DUR: prospective (before dispensing), concurrent (at the time of prescription dispensing), and retrospective (after the therapy has been completed).

Formulary – The list of clinically appropriate, cost-rational prescription drugs covered by the SHBP/SEHBP, organized into different 'tiers' or levels indicating how much the member cost share (copayment/coinsurance) will be for each drug.

Free/Not Free – A DPB data field providing a three character code to identify the primary payer for the cost of the prescription drug coverage. Combinations start with a letter, "F" (Free) or "N" (Not Free), followed by two digits. Its purpose is to distinguish retiree billings which will be the member's responsibility (N, meaning coverage is not free to the retiree) or the responsibility of a payer other than the retiree (F, meaning coverage is paid in full or in part by the State or the former employer). This designation allows the contractor to provide the State with cost reports that include data sorts by primary payer of the cost of the coverage.

Generic Drug – A drug produced and distributed without patent protection. The generic drug may still have a patent on the formulation but not on the active ingredient. A generic must contain the same active ingredients as the original formulation. According to the U.S. Food and Drug Administration (FDA), generic drugs are identical or bioequivalent to the brand name counterpart with respect to pharmacokinetic and pharmacodynamic properties. Generic drugs are also referred to as "generics".

HIPAA – The Health Insurance Portability and Accountability Act of 1996, 42 U.S.C.A. 1301 et seq. The law provides uniform federal privacy protection standards for consumers across the country. The standards protect patients' medical records and other health information provided to health plans, doctors, hospitals and other health care providers. Developed by the Federal Department of Health and Human Services, these standards provide patients with access to their medical records and more control over how their personal health information is used and disclosed.

Identification Card – A wallet-size card issued by the contractor that identifies the subscriber named thereon as a member of the plan. A pharmacy may ask any person claiming entitlement to plan benefits to identify him/herself by presenting his or her membership Identification Card.

Ingredient Cost – (a) For retail, ingredient cost means the lowest of U&C price; MAC, where applicable; or AWP less all applicable discounts or other applicable reimbursement amounts negotiated with the participating retail pharmacy and that adheres to the guaranteed AWP discount percentage set forth in the contractor's pricing.
(b) For the contractor's mail order and specialty pharmacies, ingredient cost means the guaranteed AWP discount percentage set forth in the Price Schedule(s).

(c) Ingredient cost does not include the dispensing fee, the copayment, coinsurance, deductibles or sales tax, if any.

Mail-at-Retail Pricing – A pricing program offering the same pricing (discounts, fees and rebates) for the 90-day at retail network as for the mail network. This pricing model typically has benefit design, network and utilization requirements including: mandatory mail order; specific copay/coinsurance differential requirements, a limited number of pharmacies participating in the network and specific claims percentages required for the mail at retail network.

Mail Order Service – A service designed for maintenance drugs taken by members on a regular basis, such as medication to reduce blood pressure or treat asthma, diabetes, or a chronic heart condition.

Member – An individual who meets the conditions for eligibility in the SHBP/SEHBP and who is enrolled in the plan. It includes employees, retired employees, employees on approved leaves of absence, their enrolled dependents; and qualified beneficiaries under COBRA, Chapter 375, or similar state health benefit continuation laws.

MAC List – A list of multi-source drugs that are reimbursed at an upper limit per unit price. The list is developed and maintained by the contractor and is usually reviewed quarterly but individual drug prices may be adjusted more frequently. MAC lists vary among PBMs and are usually considered proprietary. Considerations for inclusion on the MAC list include: availability of the generic drug from multiple manufacturers; clinical implications of generic substitution; national availability of generic versions; price differences between the brand and generic; therapeutic equivalence; and volume of claims.

Maximum Allowance Cost (MAC) – A cost management program that sets upper limits on the payment for equivalent drugs available from multiple manufacturers. It is the highest unit price that will be paid for a drug and is designed to increase generic dispensing, to ensure the pharmacy dispenses economically, and to control future cost increases.

Multi-Source – Prescription drug produced by more than one manufacturer.

National Drug Code (NDC or NDC-11) – A universal product identifier. The National Drug Code (NDC) Number is a unique, eleven-digit, three-segment number that identifies the labeler/vendor, product, and trade package size.

Other Brands – Prescription drug products that are not preferred brands or generic drug products.

Over-the-Counter (OCT) Drug – A non-prescription drug.

Participating Employers – NJ public employers other than the State, that have elected to participate in the State's health benefits programs in accordance with the law and rules governing the SHBP/SEHBP.

Participating Pharmacy – A licensed pharmacy that has entered into a pharmacy service agreement with the contractor, pursuant to which the pharmacy agrees to provide pharmacy services to members at a price agreed upon in advance by the pharmacy and the contractor.

Pass-Through Transparent Pricing – An arrangement whereby the client receives the full value (100%) of the contractor's negotiated discounts, dispensing fees, and rebates. The contractor's profit comes from the administrative fee for retail claims; clinical program fees and for mail claims. The PBM vendor may retain the differential between the acquisition cost of the drug and the contracted rate offered to the client. All financial negotiated pharmacy contracts and rebate contracts are fully disclosed to and auditable by the client. The client is protected in this model by requiring guaranteed discounts, fees, and rebates from the PBM vendor. Discounts and rebates achieved on the client's behalf that exceed the financial guarantees are payable to the client. Dispensing fees that are paid lower than the guaranteed are also passed through to the client. Hence, the financial guarantees are the minimum discounts and rebates the client will achieve and the maximum dispensing fees and administrative fees the client will pay.

Pharmacy and Therapeutic (P&T) Committee – The contractor's committee usually composed of pharmacists and physicians from various medical specialties. The committee reviews new and existing medications and selects medications to be included in the formulary based on safety and how well the drug works. The committee selects the most cost-effective drugs in each therapeutic class.

Plan – Refers to the pharmacy plan provided under the SHBP/SEHBP.

Plan Eligibility File – The file created by the State and transmitted to the contractor listing the names and other pertinent information necessary for the contractor to enroll a member and that member's dependents into the Plan, to terminate enrollment, or to make changes to existing member records.

Plan Year – A twelve-month period, i.e., January 1 through December 31. The SHBP/SEHBP plan year for benefit purposes is a calendar year. Rate-setting also occurs on a calendar year basis.

Preferred Brands – Brand name prescription drug products determined by the contractor to be clinically appropriate, cost effective alternatives for prescription drug products with comparable therapeutic efficacy within a therapeutic class. Preferred brands are typically assigned the middle member cost share tier when a three-tier formulary benefit design is utilized. Preferred brands have the lowest brand member cost share.

Prior Authorization – The process of obtaining certification or authorization from the pharmacy benefit manager for specified medications or specified quantities of medications. The process involves clinical appropriateness review against pre-established criteria. Failure to obtain prior authorization can result in a financial penalty to the member.

Protected Health Information (PHI) – Any information that, if disclosed, would specifically identify an individual member, including but not limited to a member's name, address, social security number, member identification number, and telephone number.

Rebate – The amounts paid to the contractor (i) pursuant to the terms of an agreement with a pharmaceutical manufacturer, (ii) in consideration for the inclusion of such manufacturer's drug(s) on the contractor's formulary, and (iii) which are directly related and attributable to, and calculated based upon, the specific and identifiable utilization of certain prescription drugs by members. Rebates include all revenue received by the contractor from outside sources related to the plan's utilization or enrollment in programs. These would include but are not limited to

access fees, market share fees, rebates, formulary access fees, administrative fees and marketing grants from pharmaceutical manufacturers, wholesalers and data warehouse vendors.

Retail Pharmacy – A retail pharmacy establishment at which prescription drugs are dispensed by a registered pharmacist under the laws of each state.

Retail Pharmacy 90-Day Network – A network retail pharmacy that offers a 90-day supply of medications for chronic conditions also known as maintenance medications. The discounts, dispensing fees and rebates are significantly better than retail and similar to mail.

School Employees' Health Benefits Program (SEHBP) – The health benefits program established pursuant to N.J.S.A. 52:14-17.46.1 et seq.

SEL – Employers that participate in the SHBP/SEHBP are categorized by the following types of employer: State, Education, or Local (Government) Employer. In DPB records this information is found in the SEL TYPE field. State employers include State agencies and State colleges and universities. Education employers include local employers such as county colleges and boards of education. Examples of local government employers include counties, municipalities, and authorities (including certain State authorities with independent purchasing authority that permits them to elect coverage other than that provided by the SHBP). State employers are required to participate in the SHBP. Education and local government employers must elect to participate in the SEHBP/SHBP.

Single-Source – Prescription drug produced by only one manufacturer.

Specialty Drugs – Medications and biologicals used in the treatment of complex clinical conditions such as cancer, HIV/AIDS, organ transplant and hemophilia. These agents require special handling and/or close supervision or clinical management and tend to be expensive.

Spread – In traditional pricing models the PBM vendor retains the differential between negotiated contracts and financial terms offered to the client. For example, the PBM may have a higher discount with pharmacies than it offers to its clients and retain the difference or "spread" as profit. With the traditional model, the "spread" represents the PBM's profit, but the actual amount of this profit may not be fully disclosed to the client. In pass- through pricing models for mail order only, the PBM vendor retains the differential between the acquisition cost of the drug and the contracted rate offered to the client.

State Health Benefits Commission/School Employees' Health Benefits Commission (Commissions) – The entities created by N.J.S.A. 52:14-17.27 and N.J.S.A. 52:14-17.46.3 charged with overseeing the SHBP/SEHBP. The DPB administers the SHBP/SEHBP pursuant to N.J.S.A. 52:14-17.25 and N.J.S.A. 52:14-17.46.1.

State Health Benefits Program (SHBP) – The health benefits program established pursuant to N.J.S.A. 52: 14-17.25 et seq.

Step Therapy – The practice of beginning drug therapy for a medical condition with the most cost-effective and safest drug, and stepping up through a sequence of alternative drug therapies as a preceding treatment option fails. Step Therapy programs apply coverage rules at the point of service when a claim is adjudicated. If a claim is submitted for a second-line drug and the step therapy rule was not met, the claim is rejected, and a message is transmitted to the pharmacy indicating that the patient should be treated with the first-line drug before coverage of the second-line drug can be authorized.

Subscriber – An employee, retiree, survivor, COBRA beneficiary or Chapter 375 member enrolled in the SHBP/SEHBP.

Traditional Transparent Pricing – An arrangement whereby Plan financial terms are negotiated without PBM disclosure of revenue streams. The PBM vendor may retain spread discounts, fees and rebates. The contractor's only profit in this model is spread. There is usually not an administrative fee with this pricing model. The PBM vendor will include disclosure language related to retention of revenue, but will not disclose all vendor contracts to the client. The client is protected in this model by requiring guaranteed discounts, fees and rebates from the PBM vendor. The financial results must match the discounts, dispensing fees, and rebates guaranteed to the client, regardless of whether the contractor falls short, meets, or exceeds any of the pricing terms.

Transparent – An arrangement pursuant to which the vendor discloses all sources of revenue, including revenue from network pharmacy contracts and from prescription drug manufacturers, directly attributable to and specifically derived from utilization of prescription drugs by the contractor's plan members. Pass-through transparent pricing is fully auditable by the client including all pharmacy and drug manufacturer contracts. Traditional transparent pricing discloses retention of spread but usually does not permit auditing of pharmacy or drug manufacturer contracts nor does it usually disclose the exact dollar amount of the spread retained by the PBM.

Usual and Customary Retail Price (U&C) – Retail price charged by a participating pharmacy for the particular drug in a transaction on the date the drug is dispensed.

Wholesale Acquisition Cost (WAC) – List price for wholesalers, distributors and other direct accounts before any rebates, discounts, allowances or other price concessions that might be offered by the supplier of the product.

Zero Balance Claim (ZBC) – A claim whose total cost is equal to or less than the member copayment and for which no payment is due on the claim transaction from the State.

3.0 SCOPE OF WORK

The contractor shall have satisfied the following minimum threshold requirements in order to be awarded the contract resulting from this RFP:

a. a minimum of ten (10) years experience as an administrator and/or manager of an employer pharmacy benefit program
b. annual pharmacy benefit management revenue in excess of $0.5 billion
c. a retail pharmacy network available in all 50 states
d. administered/managed three (3) or more accounts with at least 100,000 covered lives
e. managed a public sector client for at least one (1) year duration.

3.1 NETWORK ACCESS / PHARMACY DISTRIBUTION CHANNELS

3.1.1 RETAIL

a. The contractor must pass the full discounted amounts that are negotiated with providers to the SHBP/SEHBP and plan members if the State contracts using a pass-through transparent pricing model. In addition, the dollar for dollar reimbursement paid to providers is the exact amount that must be charged to the State for claims. Fees based on a percentage of savings are not permissible.
b. The contractor must provide for access to prescription drug services that satisfy all state and federal licensure, record-keeping, access, and consumer protection requirements.
c. The contractor must maintain a network of pharmacies that have agreed to discount their charges for prescription drugs.
d. With regard to additions and deletions of network pharmacies, the contractor must provide at least 45 days advance written notification to the State of any change in provider networks that will affect a 1% or greater change in the number of providers in the network or a disruption that would impact 3% or greater of the members. The contractor must provide the State, at the same time, with a list of the names and social security numbers of the members that will be affected by the discontinuation of the network provider contracts involved in the network change.
e. The contractor shall make available to the State automated analyses of member network access, including but not limited to a mapped presentation of said analyses.
f. For network accessibility, a minimum of 97% of all participating members shall have available a participating retail pharmacy located within a ten (10) mile radius of their residence.
g. The contractor shall ensure that MAC pricing applies to retail claims.

3.1.2 90-DAY AT RETAIL NETWORK

a. The contractor must have a network of pharmacies to dispense 90-day supplies of maintenance medications.
b. The contractor shall ensure that MAC pricing applies to 90-day retail claims.
c. The contractor must maintain a network of pharmacies that have agreed to discount their charges for prescription drugs.
d. With regard to additions and deletions of network pharmacies, the contractor must provide at least 45 days advance written notification to the State of any change in provider networks that will affect a 1% or greater change in the number of providers in the network or a disruption that would impact 3% or greater of the members. The contractor must provide the State, at the same time, with a list of the names and social

security numbers of the members that will be affected by the discontinuation of the network provider contracts involved in the network change.

e. The contractor shall make available to the State automated analyses of member network access, including but not limited to a mapped presentation of said analyses.

3.1.3 MAIL ORDER

a. The contractor must have a technologically-advanced, state-of-the-art mail-order facility(ies)
b. Dispensing time should be within two (2) business days following receipt by the contractor.
c. The contractor shall not require the State to pay outstanding balances owed by membership.
d. If requested, the contractor must provide the member with a check for monies owed as opposed to maintaining a credit at the contractor's mail facility.
e. The PBM mail order service may not substitute products that will result in a higher member copay. If a substitution must occur, the members shall be charged the original copay.
f. The contractor shall obtain open refill files from the State's mail order vendors, if available.
g. The contractor shall maintain a website supporting the mail order function, which allows members to access their pharmacy claims and request refills online.
h. MAC pricing shall apply at mail.
i. The AWP applied to mail order claims must be the actual NDC-11 of the package size dispensed.

3.1.4 SPECIALTY PHARMACY

a. The contractor must have either an in-house or subcontracted specialty pharmacy provider.
b. The specialty pharmacy network shall be the preferred provider of certain drugs. The specialty pharmacy network shall guarantee more favorable reimbursement rates on the designated products and possess unique clinical monitoring, member assistance, and distribution capabilities.
c. The contractor, or a third-party specialty pharmacy that has a written arrangement with the contractor, may provide specialty drugs. New specialty products and the pricing for these products shall be added to the list of specialty drugs only after notifying the State Contract Manager.
d. Additions to the contractor's "specialty drug list" must be based on the criteria established by the P&T Committee, unless specifically approved by the State Contract Manager.
e. The contractor shall limit specialty drugs to a 30-day supply via mail/specialty pharmacies.
f. The specialty pharmacy must ship to the appropriate location, such as patient's home or doctor's office.
g. The contractor must work with the State's medical carriers to transition specialty drugs from the State's current plans.
h. The contractor must ensure that the AWP applied to specialty claims will be the actual NDC-11 of the package size dispensed.

3.2 CLINICAL CAPABILITIES

3.2.1 CLINICAL PROGRAMS

a. The contractor must administer the following programs:
    (1) Controlled substance excessive use program
    (2) Drug utilization review, concurrent (CDUR)
    (3) Drug utilization review, retrospective (RDUR)
    (4) Formulary management
    (5) Medication adherence program
    (6) Member letters about lower cost alternatives when available
    (7) Pharmacy and physician profiling
    (8) Prior Authorization program, both on a drug-specific and patient-specific basis
    (9) Quantity level limits
    (10) Step therapy protocols
    (11) Dose optimization program
b. The contractor must provide a guaranteed Return on Investment for all of the programs, collectively, identified in RFP Section 3.2.1a.
c. The contractor must recommend to the State policies and procedures for coverage of injectables under the prescription plan.

3.2.2 PHARMACY AND THERAPEUTIC COMMITTEE

a. The contractor must utilize a Pharmacy and Therapeutic (P&T) Committee to develop and maintain its formulary, as well as its utilization management program and overage rules.
b. Members of the P&T Committee must fully disclose funds accepted from pharmaceutical manufacturers and recuse themselves when a conflict is apparent.
c. Individuals employed by the contractor shall not represent greater than 30% of the decision-making P&T Committee members.
d. A new drug product approved by the U.S. Food and Drug Administration, which is not a generic drug product, must be included as a non-preferred brand (third-tier brand) until the contractor's P&T Committee makes a determination concerning inclusion of the drug product in the list of preferred brands.
e. A drug product for which there is no other therapeutically equivalent drug product must be a preferred brand.

3.2.3 PHARMACY MANAGEMENT / UTILIZATION MANAGEMENT SERVICES

a. The contractor must provide Utilization Management (UM) services
b. The contractor must prepare an annual business plan, in consultation with the State.
c. The contractor must compile and submit to the State a quarterly report on the UM activities it has undertaken, results and subsequent corrective actions.
d. The contractor must send a claims file on a mutually agreed upon basis to the medical vendors to interpret and evaluate claims data.
e. The State reserves the right to establish dispensing limits on any medication based on Food and Drug Administration (FDA) recommendations and medical appropriateness.
f. Upon request, the contractor shall provide the State with a copy of its MAC list.

3.3 MEMBER AND CLIENT MANAGEMENT SERVICES / PROGRAMS

3.3.1 ACCOUNT MANAGEMENT

The contractor's account (or contract) management activities must include an individual designated as the Account Executive. Further, the Account Executive shall also

a. have decision making authority for the contract resulting from this RFP

b. ensure smooth administration of all aspects of the contract, coordinate the resources of the contractor organization to meet the needs of the State, and act as a facilitator toward that end

c. ensure that his/her organization follows DPB procedures and directives concerning marketing, attendance at health fairs, timeliness and accuracy of materials available to Members, reporting (financial and other), and other procedural and contractual requirements

d. be accessible to the DPB at all times during normal business hours. Contact information for the account team must be updated as appropriate, and must include key contact information (office, fax and cell phone numbers, email, and physical mailing addresses) for each PBM account team member. (The State is agreeable to the Account Executive's designee or an appropriate team member representing the Account Executive for this item.)

e. attend all meetings as assigned or requested by the DPB

f. communicate effectively and professionally, conducting and facilitating meetings with, organized and well thought-out agenda

g. fully inform the DPB of changes of key staff members, contractor policies that may affect the contract, pending mergers, or new financial arrangements with contractors that may have an effect on the State prescription drug program, e.g., loss of providers

h. expeditiously and effectively address issues or problems as they arise, work to resolve problems, and communicate solutions to the DPB

3.3.2 CUSTOMER SERVICE / MEMBER SERVICES

a. The contractor shall provide a customer service center (or call center) to inform members about plan specifics and to answer claim processing questions.
b. The call center should be operational during the transition period from the State's old contract to this contract and must be operational as of October 1, 2009.
c. The contractor’s call center is subject to the Performance Standards set forth in RFP Section 5.13.2.2.
d. There shall be a dedicated, toll-free customer service telephone number(s).
e. Customer service hours must 24/7, i.e., 24 hours per day and 7 days per week.
f. Registered pharmacists must be available 24 hours a day for consultation at the mail order facility and specialty pharmacies.
g. Customer service must be available in English, Spanish and for the hearing impaired.

h. A toll-free number must be available to members in need of telecommunications device assistance (TTY).
i. Customer Service Representatives (CSRs) must have access to a comprehensive list of all participating pharmacies and their locations.
j. CSRs must have access to the contractor's case tracking system in order to respond to incoming inquiries.
k. The CSRs shall recommend use of the mail order pharmacy to members with new prescriptions, and when discussing with the member claims submitted by network pharmacies.
l. Web-based information must be available for members and to facilitate customer service needs, including but not limited to the website being dedicated to the State of New Jersey, the ability to renew a prescription, drug information and identifying/locating providers.
m. The contractor must provide a team dedicated to the development, design and dissemination of plan information.
n. The contractor must conduct annual patient/member satisfaction surveys and present the results to the State.

3.3.3 BENEFIT COVERAGE AND PLAN DESIGN

The State reserves the right to change plan design and/or copayments, coinsurance and out-of-pocket maximums over the course of the Contract. The State may establish dispensing limits on any medication based on Food and Drug Administration (FDA) recommendations and medical appropriateness. Volume restrictions currently apply to certain drugs such as sexual dysfunction drugs, e.g., Viagra and Muse. The following reflects the plan designs as they currently exist.

All plan designs must offer the option of using a mail order pharmacy.

All plan designs must offer a 90-day at retail option.

All plan designs must include specialty pharmacy; pre-authorization is required for certain drugs.

The contractor plan design must conform to current plans as described in RFP Section 1.2. During the term of the contract resulting from this RFP, some or all of the plan designs may change.

3.4 TECHNOLOGY / SYSTEMS CAPABILITIES

The contractor shall share and accept data files from other State contractors as required at mutually agreed upon intervals. The data files shall be in the State requested format (per Exhibits B through E, as well as the disc distributed at the Mandatory Pre-Bid Conference). The contractor shall not charge additional fees for file exchange. These files may be used for disease management, case management and integrated health and productivity programs.

3.4.1 ELIGIBILITY / ENROLLMENT

3.4.1.1 OPEN ENROLLMENT

a. The contractor must support the annual open enrollment period established by the Commissions. The contractor's support shall include the provision of materials, where all materials shall be approved by the DPB prior to distribution.
b. The contractor must support any special open enrollment period. The support may include communication to the employers and subscribers. A special open enrollment is triggered when the Commissions deem it necessary.

3.4.1.2 IDENTIFICATION CARDS

a. The contractor must produce and distribute member Identification cards to enrolled members within four (4) business days of the receipt and processing of a subscriber's eligibility record or a change warranting the production and release of a new member identification card. The format of the membership identification card must be approved by the State Contract Manager. One (1) ID card must be sent to an individual subscriber, while two (2) ID cards must be sent to a family.
b. The contractor shall not charge a member to provide a replacement ID card, and may require replacement ID cards be printed from the contractor website.
c. The contractor must accommodate and provide approximately twenty (20) concurrent ID card designs.
d. A toll-free number for the contractor's member services shall appear on the card.

3.4.1.3 ELIGIBILITY FILE

The DPB processes all prescription drug enrollments, changes and terminations for active, retired, COBRA and over-age dependent (Chapter375) members and then sends the processed information to the contractor daily via Connect:Direct, a product of Sterling Commerce to update the State's records with new information. The file that is sent each day is referred to herein as the Plan Eligibility File and is described in Exhibit B.

a. Each day, the contractor must accept, process and report any errors or omissions back to the DPB. The contractor must accommodate these procedures using Connect:Direct (version 4.6.1, Secure Plus) and adapt to future changes in plan eligibility file transmission.
b. The contractor shall report, to the persons designated by the State Contract Manager, within one (1) business day of discovery, any events or conditions adversely affecting the processing of enrollment or claims.
c. The contractor shall provide DPB personnel with online query access to the contractor's enrollment system.
d. The contractor must accept the plan eligibility files containing eligibility transactions, transmitted from the DPB daily after 12:00 AM via Connect:Direct, and update its eligibility records daily. The purpose of the daily transmission is to ensure that the contractor has the most current and accurate eligibility information. After updating its eligibility file, contractor must send to the DPB a daily return file before 8:30 AM by the second business day after the transmission. The daily return file must list the number of enrollments, terminations, and changes effected. The daily return file shall also list any errors that prevented proper processing of any enrollment, termination or change on the plan eligibility file. The daily return file must contain detailed records for the

unprocessed transactions and the DPB-specified reason codes as set forth in Exhibit C, Daily Return File Layout (HIPAA 997).

e. In the event of a transmission or other failure, the file may be sent by the State during business hours. On rare occasions, the contractor must be able to accept multiple plan eligibility files in a single day, on a Saturday, Sunday, or on a State holiday.
f. In the event of a segment failure or syntax error, the DPB requires the contractor to complete the remainder of the daily file and not reject the entire file. Examples of syntax errors are an invalid date of birth, invalid country code, or an invalid character present in a field.
g. The contractor must maintain its records so that it can categorize members as categorized by the DPB, examples include: State, Educational Employer (Educational) or Local Employer (Local). (The State currently uses the "SEL TYPE" designation to demarcate the groups.)
h. The contractor must track the member and dependent eligibility for prescription drug coverage by a unique six (6) digit employer/location identification number.
i. In addition to being assigned a SEL TYPE, members must also be enrolled by employment status as an Active, Retired or COBRA member (ARC). (The State currently uses the "ARC TYPE" designation to demarcate a member's employment status.)
j. The contractor must also maintain its records so that it can categorize retired members in each SEL TYPE using the free/not free code.
k. The contractor must be able to maintain concurrent employment status (ARC TYPE) information for a given enrollee. For example, the contractor must be able to maintain the record of a person with a given SSN having concurrent non-terminated or future termination date on coverage information due to active and retired coverage at the same location. The future date must be available for online inquiry when it is received.
l. The contractor must be able to maintain concurrent employer location eligibility (SEL TYPE) information for a given enrollee. For example, the contractor must be able to maintain the record for a person with a given SSN having concurrent non-terminated or a future termination date on coverage information due to employment at two different work sites or employer locations. The future date must be available for online inquiry when it is received.
m. The contractor must be able to support termination from one SEL TYPE experience group and enrollment in another SEL TYPE experience group in the same day.
    (1) The contractor must be able to accept plan eligibility file effective dates that may be up to six (6) months in the future.
    (2) If the contractor transmits information to another organization with whom it has contracted to perform services under this contract, then the contractor must use a secure transmission protocol.
    (3) The DPB utilizes a Positive Transaction Reporting format. This means that the contractor must be able to receive the entire plan eligibility file and only process those fields in which the resident information has been added, deleted or changed. In the case where the contractor is the administrator for more than one plan under the SHBP/SEHPB, and stores member information on more than one file, the contractor must execute changes to a member's information for each plan in which that member is enrolled based on one change instruction in the plan eligibility file.
    (4) The contractor must support the DPB's peak daily transmission activity of records for 10,000 members within the plan eligibility file.
    (5) The contractor must store history information by member with the social security number as an access key.

(6) The contractor must support retroactive enrollments and terminations of up to one (1) year for members.
(7) The contractor must store dependent information as sent by the DPB and only pay claims for those dependents actively covered on the file. Any dependent claim that is denied based on ineligibility must be reported to the DPB.
(8) The contractor must be able to maintain both foreign addresses and post office boxes.
(9) The contractor must ensure that only DPB-originated eligibility information and changes will be reflected on the plan records contained in the contractor's files.
(10) The contractor must provide edits/security to ensure the integrity of the data in the contractor's files.
(11) The contractor must accept alternative sequence numbers in lieu of actual SSNs for newborns and foreign nationals and also be able to replace such number with an SSN, if one becomes available.
(12) The contractor must be able to accept corrections to SSNs if needed.
(13) The contractor must have a process to replace its current employer file with a new employer file supplied by the DPB on a monthly basis. The layout for the employer file is attached as Exhibit D.
(14) The contractor must process coverage termination date changes on the plan eligibility file without an intervening add of coverage. For example, if the State sends a coverage termination effective 7/1/08 and at a later date sends an 8/1/08 termination date, the contractor must reinstate coverage for the month of July without the State sending an add, then a drop. The example could also be reversed with a termination date being 8/1/08 and later changed to 7/1/08.
(15) Specific subscribers (COBRA, over-age dependents, part-time employees) pay their own monthly premiums. The State requires payment of claims for these "self-pays" up to the subscriber's premium paid-through date. The "paid-through date" will be transmitted with the eligibility file. The State uses the 2000 loop REF segment of the HIPAA 834 format to communicate the "paid-through date" information.
(16) Under extraordinary circumstances, the contractor must be able to manually update the paid-through date at the request of the State Contract Manager.
(17) The system must accept eligibility changes for employees and dependents, including the following:
    (a) identify dependents exceeding or nearing a plan's limiting age
    (b) administer lapses and/or overlaps in coverage
    (c) process marriage, birth and/or termination on the same day

3.4.1.4 TECHNICAL STAFFING / COMMUNICATIONS

a. The contractor must resolve/accommodate all data processing problems/changes within a reasonable time period mutually agreed upon, and the required changes must be implemented in a timely manner. The State will identify how the technical priorities will be set.

b. The contractor's staff must participate in IT system status meetings during implementation (from contract award until the 1-1-2010 benefit effective date) and on a regular basis. This includes but is not limited to the Account Executive, IT, Eligibility and Claims Managers. The meetings will focus on open IT problems/changes and any issues associated with them.

c. All IT system changes (either State- or contractor-generated) must be tested between the DPB and the contractor prior to implementation.

3.4.2 REPORTING

3.4.2.1 GENERAL DATA REPORTING

The contractor must report to the State Contract Manager any required modifications to the Plan's benefit provisions and/or administrative procedures for compliance with Federal or State enacted and/or proposed legislation and, upon request, provide an estimated cost associated with the legislation.

At no additional cost to the State, the contractor must provide ongoing, standard reports to the State (and its designated consultant) through an online system that can be downloaded into various applications, e.g., Microsoft Excel or Access. Access to the online system must be provided to a minimum of five (5) State employees. Additional users may be added at any time at the State's request.

The contractor shall provide secure electronic transmittal of prescription drug claim data to the medical plan vendors for disease, case management and member out-of-pocket limits. This must be done at mutually agreed upon intervals and at no additional cost to the State.

The contractor shall provide secure electronic transmittal of prescription drug claim data on a quarterly basis to the DPB and its designated consultant within thirty (30) days following the end of the quarter. This must be done at mutually agreed upon dates and at no additional cost to the State.

3.4.2.2 MEDICARE PART D REPORTING

The State receives the Medicare Part D drug subsidy. The contractor must produce at no additional cost all monthly cost reports and reconciliation files necessary to obtain the subsidy. It is required that the contractor provide the cost reports and support for the Medicare Part D reconciliations for each of the plan years that the contractor provides PBM services to the State. This includes providing cost reports and support at no additional cost after the expiration of the contract resulting from this RFP for the plan years that the contractor provided pharmacy benefit services under the contract.

The contractor must provide DPB’s designated consultant with the reports described below, at no extra cost, in addition to cooperating with the State's consultants on all areas of reporting.

3.4.2.3 QUARTERLY ENROLLMENT SUMMARY REPORTS

The contractor must provide the DPB with quarterly enrollment reports including but not limited to the following variables:

Employer Type: State, Local Education, Local Government
Employee Type: Active, Early Retiree, Medicare Retiree, COBRA, Chapter 375 enrollee
Prescription Drug Plan Type: Employee Prescription Drug Card, Employee Prescription Drug Reimbursement Plan, HMO Active and Retiree Prescription Drug Plan, Retiree NJ DIRECT Prescription Drug Plan
Who Pays premium: Free/not free code

The carrier audit file layout is provided in Exhibit E.

3.4.2.4 PERIODIC REPORTING

Ninety (90) days after the completion of the calendar year, the contractor must meet with DPB to review the plan's pharmacy claim experience, performance guarantees and financial guarantees. Periodic reports should be annualized and presented for discussion.

a. A quarterly summary by the report parameters in RFP Section 3.4.2.3, displaying amount paid by Plan, paid by employees, provider discounts and rebates.

b. A quarterly prescription drug claims summary

c. A quarterly drug utilization report comparing this contract to the drug utilization of the contractor's book of business

d. A quarterly report of the year-to-year increase in claim cost per employee, delineating increases due to cost and utilization for active versus retiree and for State, local government, and local education.

e. The contractor must provide a report that captures performance guarantees (RFP Section 5.13.2.2) to the State within 45 days of the end of each quarter. Each standard must be identified with specific up-to-date quarterly results and an assessment of whether it has or has not been met for that period.

f. The contractor must provide a report that accounts for all financial guarantees (discounts, fees rebates) to the State within 45 days of the end of the Plan Year. Each financial guarantee must be identified with specific up-to-date quarterly results and an assessment of whether the pricing guarantee has or has not been met for that period.

g. A report that accounts for the rebate payments due to the State summarized at the NDC-11 level shall be made available each quarter.

h. The contractor must provide a report detailing open issues raised by the DPB within 15 days of the end of each quarter. This report must identify all issues brought up by the State. Each issue must indicate the date it was brought up, the date it was resolved, or whether it is still in progress with a proposed resolution date.

i. At any time, the State may require special reporting that is not currently provided by the contractor. When this occurs, the contractor must take the specifications and develop the proposed report with due diligence. Reports are expected to be completed within 5 business days of the close of the reporting period unless otherwise agreed upon, in writing, by the State and the contractor.

j. The contractor must provide a report within 45 days of the end of each quarter to fully explain how savings are measured for the guaranteed Return on Investment (ROI) on the clinical programs listed in RFP Section 3.2.1a.

k. The contractor must provide a report to the State within 45 days of the end of each quarter, showing savings as a percentage of contracted ingredient costs.

l. Reports should include analysis of the following, split by employer and employee type:

(1) Quantity of drugs dispensed
(2) Number of days supply
(3) Total AWP (brand, generic, specialty, retail, 90-day retail, mail and specialty pharmacy)
(4) Total ingredient costs (brand, generic, specialty, retail, 90-day retail, mail and specialty pharmacy)
(5) Discounts (brand, generic, specialty, retail, 90-day retail, mail and specialty pharmacy)
(6) Total dispensing fees (brand, generic, specialty, retail, 90-day retail, mail and specialty pharmacy)
(7) Employee cost share
(8) Net paid amount
(9) Formulary versus non-formulary
(10) Single-source versus multi-source
(11) Brand versus generic
(12) Retail, 90-day retail, mail order and specialty
(13) Specialty drug utilization
(14) Utilization differences by prescription plan
(15) Top 25 drugs by claim spend
(16) Top 25 drugs by total number of prescriptions.

3.4.2.5 RENEWAL SERVICES

a. During the annual rate renewal process, the contractor must assist in the development of recommended premium rates necessary to cover claims and expenses anticipated for the next Plan Year.

b. The contractor must develop cost projections and trend assumptions upon renewal and cost projections for any proposed benefit changes.

c. The contractor shall meet with DPB during the renewal process to discuss cost projections, trends, benefit changes and cost optimization strategies.

3.4.2.6 FINANCIAL REPORTING

a. Banking reconciliation reports must be provided on a monthly basis. These must be available to the DPB on or before the tenth (10^{th}) day of the succeeding month.

b. Biweekly Reports
(1) Notification of the biweekly total of eligible prescription drug claims due under the contract resulting from this RFP. This information may be provided by fax, telephone followed by details, or agreed upon electronic format. It must be reported before 11 AM on State work days.
(2) Biweekly report showing the State, education and local active and retired breakdown of the above mentioned biweekly total of claims, including a State, education and local, active and retired breakdown of any, debits or credits applied against the biweekly billing under the contract.

c. Quarterly Reports
    (1) Paid Detail register. The contractor must provide the DPB a quarterly list of billed eligible prescription drug claims by member and account type via a secure electronic format in Microsoft Access 2003 format or other formats acceptable to the DPB no later than the fifteenth (15^{th}) day of the month following the end of the quarter. The totals must match the total biweekly amounts wired to the contractor's bank including SEL and ARC breakdowns and a full and complete listing of all debits and credits and all applicable data elements.
    (2) Summary of Paid Claims
    (3) Rebate Detail, if applicable, broken down by SEL and ARC groups.

d. Annual reports – On or before June 20, the contractor must provide the DPB with estimates as of June 30 each year the following for each SEL and ARC group:
    (1) Incurred unpaid claims
    (2) administrative fees, if any
    (3) outstanding check amounts

3.4.3 DISASTER RECOVERY

The contractor must maintain a disaster recovery plan designed to minimize any disruption to the services being performed. The contractor must be completely functional within 24 hours of a major disaster. A detailed disaster recovery plan, contingency and backup procedures shall be made available for review by the State, within ten (10) days of such request. The contractor must be able to demonstrate, during an inspection of operations and a review of documented procedures, that in the event of a system breakdown or catastrophic event, State operations will be minimally affected and State records recovered intact.

The contractor must fully cooperate during any and all disaster recovery testing operations initiated by the State. The contractor should be ready to receive and validate test files transmitted or delivered from a State of New Jersey disaster recovery exercise. In addition, the contractor must be able to demonstrate that sufficient safeguards are in place to prevent test files from being loaded into a production environment.

The contractor's systems must ensure there is no disruption to call center, mail order and claim processing services provided to the State's members under the contract. Routine systems maintenance must not be scheduled during the following business hours: Monday through Friday 8 am to 11 PM ET, Saturday 9 AM to 9 PM ET, and Sunday 9 AM to 5:30 PM ET.

3.5 CLAIM MANAGEMENT SERVICES

3.5.1 CLAIMS ADMINISTRATION

The AWP for claims filled by a participating pharmacy and mail order pharmacy must be the AWP for the eleven-digit National Drug Code (NDC-11) for the prescription drug or OTC package size dispensed by the pharmacy to the contractor. The contractor must use NDC-11 AWP prices that are updated at least weekly from a nationally recognized source designated by the contractor, to adjudicate all claims submitted to the contractor on each date for which services are rendered by participating retail pharmacies, the contractor mail order pharmacy, and the contractor specialty pharmacy. If AWP is no longer published by the nationally recognized source, or is revised such that it no longer represents a comparable percentage of WAC, the contractor and the State shall negotiate, in good faith, an amendment to the contract

to substitute another pricing index or methodology and make any corresponding revisions to the financial terms set forth in the contract, including without limitation, the Pricing Schedule(s), in order to preserve, to the greatest extent possible, the financial benefits hereunder for both parties that would have resulted if AWP were still published or were not revised, as applicable. The contractor must provide written notice to the State at least ninety (90) days prior to effective date of such proposed change.

a. The contractor shall have controls in place to ensure claims are paid only for eligible members. The contractor shall reimburse the State for claims paid for ineligible members.
b. Claims files must be reconciled with enrollment files.
c. Online access must be provided to the State for reports concerning enrollments, eligibility, and distributions of ID cards. Further, the contractor shall ensure electronic reports are secured when they are provided to and/or made accessible to the State.
d. The contractor must process claims for services incurred on and after the Effective Date of coverage.
e. The contractor must maintain current, complete and accurate records of all claims and correspondence associated with each claim. Each claim shall, upon receipt, be immediately assigned an appropriate tracking number which will remain with the claim until it can be reviewed for completeness before adjudication;
f. Request in writing from the provider, the appropriate Commission, or, if appropriate, the member, whatever additional information is necessary for the appropriate disposition of the claim if it finds during the adjudication process, that information essential to the accurate coding and subsequent determination of benefits has not been provided;
g. Maintain appropriate systems edits and critically examine charges for all prescriptions that appear aberrant, excessive or fraudulent. Examine such prescriptions with the provider, when necessary and appropriate;
h. Verify member eligibility before paying claims;
i. Notify claimants of denied claims and the reason for the denial;
j. Review denied claims that are appealed by a member to the contractor in accordance with standards established by the Commissions or by law. In order to do so, the Commissions delegate to contractor the authority, responsibility and discretion to initially interpret and construe the provisions of the plan, as necessary to reach factually supported conclusions and to make a full and fair review of each claim and to notify each member in writing of each claim that has been denied. The contractor must inform each member, whose claim is denied after exhausting the contractor's internal appeals process, that the member has a right to appeal to the appropriate Commission, stating the address and procedure for such an appeal. Final authority to interpret and construe the provisions of the plan, on appeal by the member, remains with the Commissions and the contractor must comply with the respective Commission's decisions;
k. Consult with the appropriate Commission on the resolution of member claim disputes by members who have exhausted the contractor's internal appeals process and who are now appealing to the Commission;
l. Provide representatives for all Commission meetings (generally monthly) where claims appeals for the plan will be heard;
m. Verify that all requirements of the Federal Department of Health and Human Services, (DHHS) with regard to HIPAA-mandated electronic data interchange (EDI) for claims transactions are met. File and field formats must conform to ANSI ASC X12N guidelines[1];

[1] The implementation guides and addenda are available electronically at www.wpc-edi.com.

n. The contractor must make a reasonable effort to recover claim amounts overpaid or paid in error and refund the recoveries to the State or credit these recoveries against any amounts payable by the State. The contractor may pursue the overpayment with the provider and/or member.
o. The contractor must make all reasonable efforts to recover claims paid in error when the member has been involved in a workplace accident. Reasonable efforts include: asserting liens, appearing in workers' compensation court to recover liens and all correspondence with member's attorney.
p. With regard to recovery of overpayment to members, the contractor must never pursue legal remedies such as dunning or placing liens for overpayment. After reasonable attempts are made to recover the overpayment, the contractor may deduct the overpayment from future payments to the member. If the overpayment was the result of an error of the contractor, the overpayment will be immediately absorbed by contractor and will not be charged to the State or to the member.
q. The contractor must disclose and fully account to the State any and all funds received by it as a recovery of an overpayment or incorrect payment.
r. Monies recovered, such as through Worker's Compensation claim or lien, must be fully disclosed, accounted for and credited to the State.

3.5.2 SUBROGATION (ONLY OUTSIDE OF NEW JERSEY)

a. The contractor must inquire of the member whether a third party may be liable for the cost of the prescription received, and, if so, request that the identity of the third party, and if known, the name of the third-party's insurer, for purposes of instituting subrogation;
b. The contractor must actively pursue the State's right of subrogation to recover claim payments from third parties, including pursing payments made when there is a work related accident or illness.

3.5.3 FRAUD

a. The contractor must develop procedures to identify providers and/or members who appear to be committing fraud and work with the State and appropriate law enforcement agencies to pursue prosecution; and when notified by the State that a member or provider is being prosecuted, provide all claim information and participate as a fact or an expert witness as necessary.

b. In addition, the contractor must provide semi-annual fraud reports as follows:

(1) fraud cases investigated and closed (no fraud involved)
(2) fraud cases currently under investigation
(3) fraud cases confirmed and disposition of findings.

3.6 FINANCIAL

a. The contractor shall not exclude any claims, including U&C claims, single source generics, patent expirations, zero-balance claims, new generics, OTC items, compounds, brand specialty drugs, or specialty generics from claims from the financial guarantees (RFP Section 5.13.2.2) including the discount guarantee, dispensing fee guarantee and the rebate guarantee.

b. The contractor's financial terms shall be in effect for the entire contract period and must not require the State to implement any plan designs or programs that are different from the plan design and programs currently in place;
c. Specialty pricing and guarantees shall apply to brand drugs as defined by First Data Bank, MediSpan or other nationally recognized source.
d. The AWP used to price the claim must be the lowest price available from the various sources for pricing claims or from only one nationally recognized source like First DataBank, MediSpan, etc.
e. When generic versions of specialty drugs become available, the contractor shall provide financial guarantees inclusive of discounts and fee guarantees.
f. "Lesser of" pricing must be adhered to by all participating pharmacies.
g. The AWP used to price the claim must be the one associated with the actual NDC-11 submitted by the retail, mail or specialty pharmacy, and used to fill the prescription.
h. In the event there are changes in the marketplace to the baseline measure used for the ingredient costs of drugs, e.g., AWP, the terms must be adjusted accordingly to provide an equivalent price. The contractor must provide notice to the State and the conversion must be agreed upon in writing before any changes are made.
i. The contractor must apply "lowest-of pricing logic", meaning that the plan and plan member pay the lowest price available: the negotiated pharmacy rate (discounted AWP, or MAC if available, plus dispensing fee), the U&C price or the copay-coinsurance. This applies to retail, mail, 90-day retail and specialty.
j. If the pricing source is changing from the methodology proposed originally, the contractor must show better or comparable pricing results than the current methodology. The new pricing methodology must be discussed and agreed upon in writing between the contractor and the State.
k. The contractor must ensure that guaranteed minimum discounts and fees for the retail networks, mail pharmacy program, specialty and 90 day retail pharmacy network are measured individually. Over-performance in one network area shall not offset under-performance in other network areas. The contractor must also agree that specific brand, generic and dispensing fee components of each contract guarantee will be measured individually. Guaranteed financial contract terms shall be measured quarterly and reconciled annually with the plan. The difference between the actual and the guarantee is payable to the plan by cash or check only. Credits to the Plan are not acceptable unless otherwise agreed upon by both parties in writing
l. Claims administration fees must be based on a mature basis accounting for the fact that when the contract expires or is terminated, run-out claims must continue to be processed with no additional fees.
m. Should the contract expire or be terminated, all rebates due to the State based on its utilization will remain payable. Rebates shall be payable for utilization through the last day of service.
n. Prescriptions that are filled at a retail pharmacy but not picked up must be reversed in the system and not charged as a claim to the State.

3.6.1 FORM OF COMPENSATION AND PAYMENT

a. The contractor must request reimbursement for eligible prescription drug claims (excluding administrative fees) biweekly. The contractor must advise the DPB of the total amount of funding requested, via electronic mail or facsimile machine to the DPB by 11:00 AM ET, in order for the total amount, determined to be appropriate, to be funded by wire transfer to the contractor's designated bank on the same day. Requests received after the 11:00 AM ET cut-off time will be funded on the next business day.

Reference RFP Section 3.6 for biweekly (every other week) report requirements. If the amount to be funded is not provided by the contractor to the DPB by 11:00 AM ET, then no charges shall be assessed against the State and the amount will be wired to the contractor the next business day. Administrative fees, clinical program fees and/or disease management fees must be wired to the bank selected by the contractor payable within 31 days after the beginning of the monthly coverage period based on the DPB membership file.

b. The contractor agrees that if in the normal course of business, it, or any other organization with which the contractor has a working arrangement, chooses to advance any funds that are due to any provider, subsidiary or subcontractor, the cost of such advance must not be charged back to the State except the DPB must reimburse the contractor within the confines of the provisions contained in this contract.
c. The contractor must disclose, fully account for, and remit to the State any and all funds received by it as the result of a recovery of an overpayment or incorrect payment, prescription drug rebates and other pharmaceutical revenues, or subrogation of a claim or lien. Any discounted or negotiated rates or payment arrangements, any price adjustment, or refunds, and any retroactive or supplemental payments or credits negotiated with regard to covered services received by State members must be remitted to the State. Administrative fees must take this provision into consideration.
d. The contractor shall not charge the State for a claim payment that is greater than the actual amount paid by the contractor.
e. The contractor must submit to the State an itemization of the charges and fees (other than claim payments) and credit for services provided in the administration of the plan.
f. The contractor must comply with unclaimed property laws and regulations in regard to escheated unclaimed monies and provide the DPB with an annual report identifying any outstanding checks more than twelve (12) months from the date of issue. The report must be used for escheat purposes and should conform to the reporting formats required by the State of New Jersey Unclaimed Property Unit which can be found at the State of New Jersey Unclaimed Property website (http://www.state.nj.us/treasury/taxation/updiscl.shtml).
g. Rebates must be paid to the State quarterly and reconciled annually. Rebates are payable to the plan by cash or check only. Credits to the plan are not acceptable unless otherwise agreed upon in writing by both parties.

3.7 IMPLEMENTATION

The contractor's implementation services must minimally comport with the following requirements.

a. The contractor’s implementation team must meet with DPB five (5) business days after contract award. An implementation project manager must be assigned as well as a project team including but not limited to account management, clinical and information system. All key contractor project staff shall attend all implementation meetings and conference calls. State project staff shall provide access and orientation to the plans and necessary information as requested by the contractor.

b. Plan benefit design must be accurately loaded to and tested in the contractor’s database within 30 calendar days of the 1-1-2010 benefit effective date.

c. The contractor must be equipped to receive the State's plan enrollment/eligibility file thirty (30) calendar days prior to benefit effective date.

d. The contractor must be equipped to receive plan's claim data files from incumbent vendors thirty (30) calendar days prior to benefit effective date. The file must be tested with the contractor's claim system and plan benefit design, and be ready for claim payment by the benefit effective date.

e. The contractor must be equipped to receive the incumbent vendors' scheduled mail order fills thirty (30) calendar days prior to benefit effective date to insure no disruption of members' scheduled mail order refills.

f. Member ID card design must be available for approval by the State at least 45 days prior to the benefit effective date.

g. Member ID cards must be mailed such that member possession is achieved seven (7) calendar days before effective date of contract.

h. The contractor's toll-free telephone number, customer service unit and website must be operational ninety (90) calendar days prior to benefit effective date. The SHBP/SEHBP-specific website must be accessible fifteen (15) calendar days prior to benefit effective date.

3.8 IMPLEMENTATION CAPABILITIES

3.8.1 OPERATIONAL TRANSITION

a. The contractor must provide finalize its transition plan at least 120 calendar days prior to the 1-1-2010 benefit effective date. The plan should include at least:
   (1) proposed approach to transition
   (2) tasks and timeline for transition
   (3) documentation update procedure during transition
   (4) member communication strategy.
b. The contractor shall provide training to DPB staff during the transition. Such training must be completed at least 90 calendar days prior to the benefit effective date.

3.8.2 TRANSITION OF CLINICAL PROGRAM MEMBERS

The contractor must ensure that all members currently undergoing drug treatment for any therapeutic condition be transitioned into the new plan without any disruption in drug therapy or exposure to any additional health risks. Loading of detailed historical plan documentation and member claim history should be completed in all instances where data is available from the previous contractor. Pharmacies will need to be instructed to program new processing information to accurately track member history:

a. Step Therapy – new or renewal scripts need to be checked against history to see if they had already been approved.

b. Prior Authorization – new or renewal scripts need to be checked against history to see if prior authorization was granted.

c. Quantity Limits – new or renewal scripts need to be checked against history to see if they are still under a quantity restriction (especially with regard to narcotics)

d. Drug Utilization Review – new scripts will need to be checked against history to ensure there are no adverse drug interactions, drug-pregnancy conflicts, therapeutic duplication, drug-age conflicts, etc.

3.9 QUALITY CONTROL

The State reserves the right to perform audits to verify the contractor has performed its obligations under the contract. The State's audit rights include, but are not limited to pre-implementation audits, eligibility audits, claim audits, clinical program audits, rebate audits, financial contract term audits, and operational audits.

a. The contractor must cooperate in the administration of audits performed by the DPB or its designee, at no extra charge, on various aspects of the administration of the Plan, including but not limited to claims processing, pharmacy management and enrollment data. The various audits are designed to ensure (1) contract compliance, (2) that the interface system is working properly, (3) proper payment of claims where the individual should have coverage or (4) proper rejection of claims where the individual's coverage has terminated, and (5) correct allocation of claims according to SHBP/SEHBP SEL groups and (6) efficient and effective pharmacy management. Researched responses to audit findings must be provided within 10 business days. (An acknowledgement to receiving the report is not considered a response.) The contractor must provide all data related to the audit at no additional cost to the State.
    (1) An audit will be conducted if the DPB has a reasonable and good faith belief that a situation exists that will result in harm to the Plan. An audit may also be conducted for due diligence as determined by the State. The DPB reserves the right to review and audit all records associated with the administration of the Plan for cause at any time during the normal business hours of the contractor after providing written notice (10 business days). Audits must encompass records held by any subcontractor or related organization and held by any entity that is a member of the contractor group of companies. The contractor agrees that the results of any review or audit are for the exclusive use of the DPB.
    (2) All reviews or audits may be performed by the State or any designee chosen by the DPB, other than a designee whose action would reasonably be considered by the contractor to be a conflict of interest. The findings of any designee authorized to perform a review of the audit must be presented in a written report to the DPB. The contractor must have the right to read the report prior to submission to the DPB and contractor's written comments pertinent to the audit, if furnished, must be submitted to the DPB with the audit as a supplementary statement.
    (3) The State reserves the right to conduct audits as follows:
        i. to audit any data necessary to ensure the vendor is complying with all contract terms, which includes but is not limited to 100% of pharmacy claims data, which includes at least all fields from the most current version and release from the National Council for Prescription Drug Plans (NCPDP); retail pharmacy contracts; data management, pharmaceutical manufacturer and wholesaler agreements; mail and specialty pharmacy contracts to the extent they exist with other vendors; approved and denied utilization management reviews; clinical program outcomes; appeals; information related to the reporting and measurement of performance guarantees; etc.

ii. to audit post termination.
iii. to audit more than once per year if the audits are different in scope or for different services.
iv. to perform additional audits during the year of similar scope if requested as a follow-up to ensure significant/material errors found in an audit have been corrected and are not recurring or if additional information becomes available to warrant further investigation.

b. The contractor must conduct routine audits and control inspections of randomly selected claims under the plan and must report quarterly to the State on such audits.
c. The contractor must give the auditor access to original pharmacy network contracts and pharmaceutical contracts as part of the audit.
d. The contractor must conduct, on request, eligibility audits between the DPB's master file and the contractor's eligibility files. The frequency of the audits will be established by the DPB. The contractor must be able to accommodate various cutoff dates which may apply to specific experience groups. Currently, eligibility audits are conducted quarterly.
e. The contractor must annually submit to the DPB the American Institute of Certified Public Accountant's Statement on Auditing Standards No. 70 II, "Reports on the Processing of Transactions by Service Organizations," otherwise known as a "SAS 70 II." At the time of SAS 70 II submission, the contractor must also supply the DPB with a report of the actions taken to deal with any weaknesses or deficiencies identified in the SAS 70 II.
f. At least 5% of network pharmacies must be audited at least once per year through a desktop audit. At least 5% of network pharmacies must be audited at least once per year through an on-site audit. It is required that 100% of desktop and onsite audit recoveries be returned to the State.
g. The contractor must conduct annual onsite audits and desktop audits of the mail order location(s) and specialty pharmacies being used for this contract.
h. The contractor shall provide reasonable cooperation with requests for information, which includes but is not limited to the timing of the audit, deliverables, data/information requests and response time to State questions during and after the process.
i. The contractor agrees to pay to the plan 100% of any overpayments made by plan as determined from an audit by a firm that the State chooses, and no later than 30 days after both parties have agreed to the recoveries.
j. The contractor must allow a third party selected by the State to audit claims at any time, including, but not limited to, rebates and AWP savings.

4.0 BID PROPOSAL PREPARATION AND SUBMISSION

4.1 GENERAL

The bidder is advised to thoroughly read and follow all instructions contained in this RFP, including the instructions on the RFP's signatory page, in preparing and submitting its bid proposal.

> Note: Bid proposals shall not contain URLs (Uniform Resource Locators, i.e., the global address of documents and other resources on the world wide web) or web addresses. Inasmuch as the web contains dynamically changing content, inclusion of a URL or web address in a bid response is indicative of potentially changing information. Inclusion of a URL or web address in a bid response implies that the bid's content changes as the referenced web pages change. A permitted exception to this instruction is a URL for a company's filings with the federal Securities and Exchange Commission.

The forms discussed herein and required for submission of a bid proposal in response to this RFP are available on the web at http://www.state.nj.us/treasury/purchase/bid/summary/10x20899.shtml, unless noted otherwise.

4.2 BID PROPOSAL DELIVERY AND IDENTIFICATION

In order to be considered, a bid proposal must arrive at the Purchase Bureau in accordance with the instructions on the RFP signatory page. Bidders are cautioned to allow adequate delivery time to ensure timely delivery of bid proposals. **State regulation mandates that late bid proposals are ineligible for consideration**. **THE EXTERIOR OF ALL BID PROPOSAL PACKAGES ARE TO BE LABELED WITH THE BID IDENTIFICATION NUMBER AND THE FINAL BID OPENING DATE OR RISK NOT BEING RECEIVED IN TIME.**

4.3 NUMBER OF BID PROPOSAL COPIES

The bidder must submit the following bid proposal copies:

- **One (1) complete ORIGINAL paper bid proposal**, clearly marked as the "ORIGINAL" bid proposal.
- **Eight (8) complete and exact paper copies**, duplex printed, each clearly marked as a "COPY".
- **One (1) unbound, complete and exact paper copy** of the original, clearly marked as a "COPY".
- **One (1) complete, and exact ELECTRONIC copy** of the original proposal in PDF file format to be viewable and "**read only**" by State evaluators using Adobe Acrobat Reader software on disc (CD or DVD).
- **One (1) complete, and exact ELECTRONIC COPY** of the original proposal in an editable and "**writable**" PDF file format on disc (CD or DVD) for redaction.

Copies are necessary in the evaluation of the bid proposal and for State record retention purposes. A bidder failing to provide the requested number of copies will be charged the cost incurred by the State in producing the requested number of copies. It is suggested that the bidder make and retain a copy of its bid proposal.

4.4 BID PROPOSAL CONTENT

The bidder's response should be organized as indicated below.

Volume 1

- Section 1 – Executive Summary (reference Section 4.4.4)
- Section 2 – Forms (reference Sections 4.4.1 – 4.4.3, inclusive of all subsections)
- Section 3 – Technical Proposal (reference Section 4.4.5, inclusive of all subsections, and Section 4.4.5.2 and 4.4.5.4)
- Section 4 – Organizational Support and Experience (reference Section 4.4.6 and its subsections)

Volume 2

- Cost Proposal (reference Section 4.4.7 and its subsections)

4.4.1 FORMS/PROOF OF REGISTRATION REQUIRED WITH BID PROPOSAL

4.4.1.1 SIGNATORY PAGE

The bidder shall complete and submit the signatory page. The signatory page shall be signed by an authorized representative of the bidder. If the bidder is a limited partnership, the Signatory page must be signed by a general partner. If the bidder is a joint venture, the Signatory page must be signed by a principal of each party to the joint venture. Failure to comply will result in rejection of the bid proposal.

4.4.1.2 OWNERSHIP DISCLOSURE FORM

In the event the bidder is a corporation, partnership or sole proprietorship, the bidder must complete the attached Ownership Disclosure Form. A current completed Ownership Disclosure Form must be received prior to or accompany the bid proposal. Failure to do so will preclude the award of a contract.

4.4.1.3 DISCLOSURE OF INVESTIGATIONS/ACTIONS INVOLVING BIDDER

The bidder shall provide a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five years including the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. The bidder shall use the Disclosure of Investigations and Actions Involving Bidder form for this purpose.

4.4.1.4 SUBCONTRACTOR SET-ASIDE FORMS

All bidders shall complete the attached Notice of Intent to Subcontract Form to advise the State as to whether or not a subcontractor will be utilized to provide any goods or services under the contract. As this is a small business subcontracting set-aside contract, the bidder must comply with the Procedures for Small Business Participation as Subcontractors set forth in the Subcontractor Set-Aside Forms.

Further, if the bidder intends to utilize a subcontractor, the Subcontractor Utilization Form must be completed and submitted with the bid proposal.

This is a contract with small business subcontracting goals. N.J.A.C. 17:13-4 and Executive Order 71 mandate that if the bidder proposes to utilize a subcontractor, the bidder must make a good faith effort to meet the set-aside subcontracting targets of awarding a total of twenty-five percent (25%) of the value of the contract to New Jersey-based, New Jersey Commerce, Economic Growth & Tourism Commission registered small businesses, with a minimum of five (5) percent awarded to each of the three categories set forth below, and the balance of ten (10) percent spread across the three annual gross revenue categories: Category I – $1 to $500,000; Category II – $500,001 to $5,000,000; Category III – $5,000,001 to $12,000,000.

Should the bidder choose to use subcontractors and fail to meet the small business subcontracting targets set forth above, the bidder must submit documentation demonstrating its good faith effort to meet the targets with its bid proposal or within seven (7) business days upon request.

Should the bidder propose to utilize a subcontractor(s) to fulfill any of its obligations, the bidder shall be responsible for the subcontractor's(s): (a) performance; (b) compliance with all of the terms and conditions of the contract; and (c) compliance with the requirements of all applicable laws.

The bidder must provide a detailed description of services to be provided by each subcontractor, referencing the applicable section or subsection of this RFP. Further, the following information must be provided by the bidder for its subcontractors:

a. a detailed description of services to be provided by each subcontractor, referencing the applicable task(s) in the Scope of Work. Subcontractors do not include individual licensed providers or provider groups.

b. detailed resumes for each subcontractor's management, supervisory and other key personnel demonstrating knowledge, ability and experience relevant to the task(s) the subcontractor is to perform.

c. documented experience demonstrating that each subcontractor has successfully performed work on contracts of a similar size and scope to the task(s) that the subcontractor is to perform.

d. audited financial statements for the last three (3) fiscal years and a current bank reference for each subcontractor.

e. information on the type of contract, the duration of contract and oversight of quality of services provided to the bidder's clients.

4.4.1.5 BUSINESS REGISTRATION CERTIFICATE FROM THE DIVISION OF REVENUE

FAILURE TO SUBMIT A COPY OF THE BIDDER'S BUSINESS REGISTRATION CERTIFICATE (OR INTERIM REGISTRATION) FROM THE DIVISION OF REVENUE WITH THE BID PROPOSAL MAY BE CAUSE FOR REJECTION OF THE BID PROPOSAL.

The bidder may go to www.nj.gov/njbgs to register with the New Jersey Division of Revenue or to obtain a copy of an existing Business Registration Certificate. Further information is provided

in Section 1.1 of the NJ Standard Terms and Conditions version 07/27/07 accompanying this RFP.

Failure to submit the required forms shall result in a determination that the bid is materially non-responsive. Bidders seeking eligible small businesses should contact the New Jersey Commerce, Economic Growth and Tourism Commission at (609) 292-2146.

4.4.2 FORMS REQUIRED BEFORE CONTRACT AWARD AND THAT SHOULD BE SUBMITTED WITH THE BID PROPOSAL

4.4.2.1 MACBRIDE PRINCIPLES CERTIFICATION

The bidder is required to complete the attached MacBride Principles Certification evidencing compliance with the MacBride Principles. The requirement is a precondition to entering into a State contract.

4.4.2.2 AFFIRMATIVE ACTION

The bidder is required to submit a copy of Certificate of Employee Information or a copy of Federal Letter of Approval verifying that the bidder is operating under a federally approved or sanctioned Affirmative Action program. If the bidder has neither document of Affirmative Action evidence, then the bidder must complete the attached Affirmative Action Employee Information Report (AA-302). This requirement is a precondition to entering into a State contract.

4.4.2.3 SERVICES SOURCE DISCLOSURE FORM

Pursuant to N.J.S.A. 52:34-13.2, the bidder is required to submit with its bid proposal a completed source disclosure form. Refer to RFP Section 7.1.2 for further explanatory information concerning this requirement.

4.4.3 JOINT VENTURE

If a joint venture is submitting a bid proposal, the agreement between the parties relating to such joint venture should be submitted with the joint venture's bid proposal. Authorized signatories from each party comprising the joint venture must sign the bid proposal. A separate Ownership Disclosure Form, Disclosure of Investigations and Actions Involving Bidder, Affirmative Action Employee Information Report, MacBride Principles Certification, and Business Registration or Interim Registration must be supplied for each party to a joint venture.

4.4.4 EXECUTIVE SUMMARY

The Executive Summary must address, at a minimum, the attributes of the bidder's organization that it believes separate it from its competitors.

4.4.5 TECHNICAL PROPOSAL

The bidder must set forth its technical approach and plans to meet the requirements of the RFP in the State-provided bidder response file. The bidder's response should convince the State that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract. The

bidder's response should convince the State that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved.

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the bidder's ability to complete the contract. The bidder's response to the mandatory requirements contained within the RFP's Scope of Work and the response to the State's questions should convince the State that the bidder's detailed plans and proposed approach to complete the Scope of Work are realistic, attainable and appropriate, and that the bidder's bid proposal will lead to successful contract completion.

In this section, the bidder shall describe its approach and plans for accomplishing the work outlined in the Scope of Work Section, i.e., Section 3.0, as well as a response to the State's questions relative to the Scope of Work. The bidder's Technical Proposal shall be provided in the Microsoft Word formatted, State-supplied response file.

4.4.5.1 CONTRACT MANAGEMENT

RFP Section 3.3.1 discusses Account (or Contract) Management.

4.4.5.2 CONTRACT SCHEDULE

After contract award, the timing for the provision of services by the contractor is planned as follows. Contract implementation will start in July 2009. The State's open enrollment period is October 2009. Benefit coverage date under the contract with the successful bidder must begin January 1, 2010.

The bidder must include a contract schedule. Since key dates are a part of this RFP, the bidder's schedule must incorporate such key dates and must identify the completion date for each task and sub-task required by the Scope of Work. Such schedule must also identify the associated deliverable item(s) to be submitted as evidence of completion of each task and/or subtask.

The bidder should identify the contract scheduling and control methodology to be used and should provide the rationale for choosing such methodology. The use of Gantt, PERT or other charts is at the option of the bidder.

4.4.5.3 MOBILIZATION AND IMPLEMENTATION PLAN

Not applicable to this procurement.

4.4.5.4 POTENTIAL PROBLEMS

The bidder must set forth a summary of any and all problems that the bidder anticipates during the term of the contract. For each problem identified, the bidder must provide its proposed solution.

4.4.6 ORGANIZATIONAL SUPPORT AND EXPERIENCE

In this section, the bidder shall provide information relating to its organization, personnel, and experience, including, but not limited to, references, together with contact names and telephone numbers, evidencing the bidder's qualifications, and capabilities to perform the services

required by this RFP. This section of the bid proposal must minimally contain the information identified below.

4.4.6.1 LOCATION

The bidder must include the location of the bidder's office that will be responsible for managing the contract. The bidder must include the telephone number and name of the individual to contact.

4.4.6.2 ORGANIZATION CHARTS

a. Contract-Specific. The bidder must include a contract organization chart, with names showing management, supervisory and other key personnel (including sub-vendor's management, supervisory or other key personnel) to be assigned to the contract. The chart must include the labor category and title of each such individual.

b. Entire Firm. The bidder must include an organization chart showing the bidder's entire organizational structure. This chart should show the relationship of the individuals assigned to the contract to the bidder's overall organizational structure.

4.4.6.3 RESUMES

Detailed resumes must be submitted for all management, supervisory and key personnel to be assigned to the contract. Resumes shall be structured in the format prescribed below to emphasize relevant qualifications and experience of these individuals in successfully completing contracts of a similar size and scope to those required by this RFP. Specifically, the "experience summary" section must be completed with the information and in the manner stipulated below.

Experience Summary:

Job A:
Employed from (month/year) to (month/year):
Title:
Employer name, phone number, fax number and/or e-mail address:
Employer address:

Specific Project A:
Customer name:
Current telephone number, fax number and/or e-mail address:
Brief project description:
Time period individual assigned to project:
Percentage of time on specific project (based on full days, five days per week):

Continue with Projects B, C, etc., as needed.

Continue with Jobs B, C, etc., as needed.

In addition, each resume must include two (2) references for the individual described by the resume. An individual's references must not be co-workers employed by the same firm as the individual described by the resume.

4.4.6.4 BACKUP STAFF

The bidder must include a list of backup staff that may be called upon to assist or replace primary individuals assigned. Backup staff must be clearly identified as backup staff.

In the event the bidder must hire management, supervisory and/or key personnel if awarded the contract, the bidder must include, as part of its recruitment plan, a plan to secure backup staff in the event personnel initially recruited need assistance or need to be replaced during the contract term.

4.4.6.5 EXPERIENCE OF BIDDER ON CONTRACTS OF SIMILAR SIZE AND SCOPE

The bidder must provide a listing of three (3) contracts of similar size and scope, that receive the bidder's retail and mail services, and that it has successfully completed, as evidence of the bidder's ability to successfully complete the services required by this RFP. A description of each of the three (3) contracts must show how such contracts relate to the ability of the firm to complete the services required by this RFP. For each such contract, the bidder must provide two names and telephone numbers of individuals for the other contract party. Beginning and ending dates must also be given for each contract.

The bidder must also provide two (2) organizations of similar size to the contract described by this RFP that ***ceased*** doing business with the bidder during the past two (2) years. The description must include the length of the contract, the termination date and the reasons for termination. For each such contract, the bidder must provide two names and telephone numbers of individuals for the other contract party.

4.4.6.6 FINANCIAL CAPABILITY OF THE BIDDER

In order to provide the State with the ability to judge the bidder's financial capacity and capabilities to undertake and successfully complete the contract, the bidder should submit certified financial statements to include a balance sheet, income statement and statement of cash flow, and all applicable notes for the most recent calendar year or the bidder's most recent fiscal year. If certified financial statements are not available, the bidder should provide either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statements, together with a certification from the Chief Executive Officer and the Chief Financial Officer, that the financial statements and other information included in the statements fairly present in all material respects the financial condition, results of operations and cash flows of the bidder as of, and for, the periods presented in the statements. In addition, the bidder should submit a bank reference.

For a publicly traded firm, the bidder is requested to fulfill this requirement by submitting its annual report or Securities and Exchange Commission (SEC) filing for the described period of time and that contains certified financial statements. In this specific instance, i.e., submission of the bidder's annual report or an SEC filing, the bidder may use an Internet URL to identify to the State where said information can be obtained on the web.

The bidder's response must discuss any mergers or acquisitions that will (i) directly impact the SHBP/SEHBP, and (ii) distinguish the bidder and its service delivery from its competitors.

If the information is not supplied with the bid proposal, the State may still require the bidder to submit it. If the bidder fails to comply with the request within seven (7) business days, the State may deem the proposal non-responsive.

A bidder may designate specific financial information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. Bidder may submit specific financial documents in a separate, sealed package clearly marked “Confidential–Financial Information” along with the bid proposal. The State reserves the right to make the determination to accept the assertion and shall so advise the bidder.

4.4.7 PRICE SCHEDULE

The bidder must submit its pricing using the State-supplied Price Schedule(s) accompanying this RFP. Failure to submit all information required will result in the bid being considered non-responsive. Each bidder is required to hold its prices firm through contract issuance. While implementation will begin in July 2009, no fees will be paid by the State until January 2010 at the earliest.

The terms offered by the bidder for mail claims must NOT vary based on the day's supply, i.e., claims processed for less than a 60-day supply.

The administrative fee shall not be based on the Plan's average membership or include a percentage of the savings realized from the program.

The actual reimbursement rate to network pharmacies for pharmaceuticals shall not exceed the guaranteed discount off AWP, plus the negotiated dispensing fee.

The bidder must apply "lowest-of pricing logic", meaning that the plan and plan member pay the lowest price available: the negotiated pharmacy rate (discounted AWP, or MAC if available, plus dispensing fee), the U&C price or the copay/coinsurance. This applies to retail, mail, 90-day retain and specialty.

The guaranteed discount off AWP does not exclude any products from the calculations, e.g., those generics during their exclusivity period, "specialty" drugs processed at retail, etc.

Traditional Pricing Model Only:

a. The bidder must provide guaranteed discounts, fees and rebates. If the bidder does not achieve the guaranteed discounts, fees and rebates, they must reimburse the state the difference in the actual achieved discounts, fees and rebates and the guarantee.
b. The pricing proposal allows for the bidder to retain spread at retail, mail, and on rebates.
c. The bidder shall not assess any administrative fees. The spread will represent the contractors profit.
d. The bidder shall not exclude any claims from the guarantees including the discount, fee and rebate guarantees (with the exception of compounds), i.e., no exclusions for single source generics, patent expirations, zero balance claims, new generics, OTC items, brand specialty drugs, or specialty generics for guarantee purposes.

Pass-Through Transparent Pricing Model Only:

a. The pricing proposal must be on a transparent basis where the State pays what is actually paid to the pharmacy with a minimum guaranteed discount off AWP per script.
b. The State must receive the greater of 100% of the guaranteed discounts and rebates or the actual achieved discounts and rebates received by the PBM based on the State's utilization and pay the lower of the guaranteed maximum dispensing fees or the actual dispensing fees paid based on the State's utilization. The bidder shall not exclude any claims from guarantees including the discount and rebate guarantees (with the exception of compounds)., i.e., no exclusions for single source generics, patent expirations, zero balance claims, new generics, OTC items, brand specialty drugs, or specialty generics for guarantee purposes.
c. The only profit retained by the PBM will be the administrative, clinical program fees, and mail spread.

4.4.7.1 CLAIM DATA REPRICING FOR 4TH QUARTER 2008

At the Mandatory Pre-Bid Conference, each bidder received a detailed claim file containing all the prescription drug claims processed in the fourth (4^{th}) quarter of 2008. The following data fields identify the specific details of each dispensed drug:

Process Date
Drug Name
Drug Strength
Quantity
Days Supply
Compound Indicator
NDC-11 code
Retail/Mail Indicator
Brand/Generic Indicator
Specialty Indicator
Formulary Indicator
Retail Pharmacy Identifier (NAPB #)

The bidder must reprocess each claim utilizing each of the two (2) guaranteed pricing approaches contained in RFP Section 4.4.7. The claims should be processed filling in all assigned fields with the traditional and pass-through pricing components as indicated. All claims should be processed using a $0 member copay. All claims must be processed utilizing the bidder's drug costs on the exact process date provided in the file and matching all drug details provided.

AWP unit cost
Traditional Ingredient Cost
Traditional Dispensing Fee
Traditional MAC Unit Price
Traditional Total Cost
Pass-Through Ingredient Cost
Pass-Through Dispensing Fee
Pass-Through MAC Unit Price
Pass-Through Total Cost
Bidder's Brand/Generic Indicator
Bidder's Formulary Indicator

Bidder's Specialty Indicator

The bidder must not switch claims from non-formulary to formulary. Further, if a drug is now available as a generic, but was available as a brand on the process date, then the bidder shall process the claim as a brand. The bidder must use its brand/generic indicator for pricing rather than the indicator from the State-provided data file.

4.4.7.2 PRICED OPTIONS

The optional programs and/or functions presented below may be priced and explained by the bidder, at its discretion. This is to say, response to the priced options is not a mandatory requirement in order for the bidder's proposal to be deemed responsive by the State. Further, the bidder may elect to respond to one, two, three or all of the priced options, again at its discretion. The State's Price Schedule(s) include a worksheet to capture cost information on the price options identified below.

a. Disease Management

Currently the State provides disease management programs through the medical vendors. However, the State requests information on the disease management programs of the bidder.

(1) Describe each of the available disease management programs
(2) Describe how disease outcomes are tracked in each program
(3) Describe how return on investment is calculated
(4) Provide information on any documented improvement in quality of care and financial savings that have accrued from these programs.
(5) Describe the bidder's ability to accept medical claims data from the medical vendors to provide integrated data to the disease management programs. What frequency is desirable?
(6) Provide pricing for the disease management programs and data integration on the Pricing Schedule, if the bidder is offering this priced option.

b. Medicare Part D

The bidder should provide details about its Medicare Part D Employer Group Waiver Plan as an alternative to the retiree drug subsidy.

(1) If the State changes its approach for Medicare Part D from the retiree drug subsidy to the employer group waiver plan, will the bidder provide an insured rate and/or a self-funded rate for SHBP/SEHBP Medicare D Group Plan?
(2) Describe the performance guarantees for the Medicare Part D employer group waiver program that the bidder would be willing to offer. What administrative issues may exist with establishment of the specific group Medicare D plan with the bidder?
(3) How does the bidder propose handling non-Part D drugs? Will they be covered expenses?
(4) Does the bidder provide any of the following services to assist employers in administering their employer group waiver plan: communication to retirees? billing to retirees? enrollment/recordkeeping? additional (describe)?

(5) Will the contractor honor repayment demands or requests for reimbursement that are made within the 3-year period for Medicare to recover improper payments?
(6) Pricing information for the Employer Group Waiver Plan must be provided on the Pricing Schedule, if the bidder is offering this priced option.

c. Other Clinical Programs

(1) If the bidder offers other clinical programs not included in RFP Section 3.2 provide a detailed description of such programs.
(2) Pricing information for these programs must be provided on the Pricing Schedule, if the bidder is offering this priced option.

d. Claims Coordination Adjudication Administration

(3) What are the bidder's capabilities to administer claims for an employer that would be payer of last resort for members that have other prescription drug coverage?
(4) Pricing information for this type of administration must be provided on the Pricing Schedule, if the bidder is offering this priced option.

5.0 SPECIAL CONTRACTUAL TERMS AND CONDITIONS

5.1 PRECEDENCE OF SPECIAL CONTRACTUAL TERMS AND CONDITIONS

The contract awarded as a result of this RFP shall consist of this RFP, addendum to this RFP, the contractor's bid proposal and the Division's Notice of Award.

Unless specifically stated within this RFP, the Special Contractual Terms and Conditions of the RFP take precedence over the NJ Standard Terms and Conditions version 07/27/07 accompanying this RFP.

In the event of a conflict between the provisions of this RFP, including the Special Contractual Terms and Conditions and the NJ Standard Terms and Conditions version 07/27/07, and any Addendum to this RFP, the Addendum shall govern.

In the event of a conflict between the provisions of this RFP, including any addendum to this RFP, and the bidder's bid proposal, the RFP and/or the Addendum shall govern.

5.2 CONTRACT TERM AND EXTENSION OPTION

The term of the contract shall be for a period of five (5) years. The anticipated "Contract Effective Date" will occur in July 2009. If delays in the bid process result in an adjustment of the anticipated Contract Effective Date, the bidder agrees to accept a contract for the full term of the contract. Further, while contract implementation will start in July 2009, the benefit effective date must be January 1, 2010.

The contract may be extended for **two (2)** additional periods of up to one (1) year each, by mutual written consent of the contractor and the Director at the same terms, conditions and pricing. The length of each extension shall be determined when the extension request is processed.

Should the contract be extended, the contractor shall be paid at the rates in effect in the last year of the contract.

5.3 CONTRACT TRANSITION

In the event that a new contract has not been awarded prior to the contract expiration date, as may be extended herein, it shall be incumbent upon the contractor to continue the contract under the same terms and conditions until a new contract can be completely operational. At no time shall this transition period extend more than 180 days beyond the expiration date of the contract.

5.4 CONTRACT AMENDMENT

Any changes or modifications to the terms of the contract shall be valid only when they have been reduced to writing and signed by the contractor and the Director.

5.5 CONTRACTOR RESPONSIBILITIES

The contractor shall have sole responsibility for the complete effort specified in the contract. Payment will be made only to the contractor. The contractor shall have sole responsibility for all payments due any subcontractor.

The contractor is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under the contract. The contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the contractor of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the State may have arising out of the contractor's performance of this contract.

5.6 SUBSTITUTION OF STAFF

If it becomes necessary for the contractor to substitute any management, supervisory or key personnel, the contractor will identify the substitute personnel and the work to be performed.

The contractor must provide detailed justification documenting the necessity for the substitution. Resumes must be submitted evidencing that the individual(s) proposed as substitution(s) have qualifications and experience equal to or better than the individual(s) originally proposed or currently assigned.

The contractor shall forward a request to substitute staff to the State Contract Manager for consideration and approval. No substitute personnel are authorized to begin work until the contractor has received written approval to proceed from the State Contract Manager.

5.7 SUBSTITUTION OR ADDITION OF SUBCONTRACTOR(S)

This subsection serves to supplement but not to supersede Section 3.11 of the NJ Standard Terms and Conditions version 07/27/07 accompanying this RFP.

If it becomes necessary for the contractor to substitute a subcontractor, add a subcontractor or substitute its own staff for a subcontractor, the contractor will identify the proposed new subcontractor or staff member(s) and the work to be performed. The contractor must provide detailed justification documenting the necessity for the substitution or addition.

The contractor must provide detailed resumes of its proposed replacement staff or of the proposed subcontractor's management, supervisory and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the subcontractor is to undertake.

The qualifications and experience of the replacement(s) must equal or exceed those of similar personnel proposed by the contractor in its bid proposal.

The contractor shall forward a written request to substitute or add a subcontractor or to substitute its own staff for a subcontractor to the State Contract Manager for consideration. If the State Contract Manager approves the request, the State Contract Manager will forward the request to the Director for final approval.

No substituted or additional subcontractors are authorized to begin work until the contractor has received written approval from the Director.

5.8 OWNERSHIP OF MATERIAL

All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of the State of New Jersey and shall be delivered to the State of New Jersey upon 30 days notice by the State. With respect to software computer programs and/or source codes developed for the State, the work shall be considered “work for hire”, i.e., the State, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this Agreement, contractor or subcontractor hereby assigns to the State all right, title and interest in and to any such material, and the State shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

Should the bidder anticipate bringing pre-existing intellectual property into the project, the intellectual property must be identified in the bid proposal. Otherwise, the language in the first paragraph of this section prevails. If the bidder identifies such intellectual property ("Background IP") in its bid proposal, then the Background IP owned by the bidder on the date of the contract, as well as any modifications or adaptations thereto, remain the property of the bidder. Upon contract award, the bidder or contractor shall grant the State a non-exclusive, perpetual royalty free license to use any of the bidder/contractor's Background IP delivered to the State for the purposes contemplated by the Contract.

5.9 DATA CONFIDENTIALITY

All financial, statistical, personnel and/or technical data supplied by the State to the contractor are confidential. The contractor is required to use reasonable care to protect the confidentiality of such data. Any use, sale or offering of this data in any form by the contractor, or any individual or entity in the contractor’s charge or employ, will be considered a violation of this contract and may result in contract termination and the contractor’s suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

5.10 NEWS RELEASES

The contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without the prior written consent of the Director.

5.11 ADVERTISING

The contractor shall not use the State's name, logos, images, or any data or results arising from this contract as a part of any commercial advertising without first obtaining the prior written consent of the Director.

5.12 LICENSES AND PERMITS

The contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this contract. The contractor shall supply the State Contract Manager with evidence of all such licenses, permits and authorizations. This evidence shall be submitted subsequent to the contract award. All costs associated with any such licenses, permits and authorizations must be considered by the bidder in its bid proposal.

5.13 CLAIMS AND REMEDIES

5.13.1 CLAIMS

All claims asserted against the State by the contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

5.13.2 REMEDIES

Nothing in the contract shall be construed to be a waiver by the State of any warranty, expressed or implied, or any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Director. Each of the remedies set forth below, as well as any other remedies available at law or equity, is separate and discrete and recourse to any such remedy will not act as a waiver of the State's right to impose any or all other available remedies.

5.13.2.1 REMEDIES FOR FAILURE TO COMPLY WITH CONTRACTUAL OBLIGATIONS

If the State determines that the contractor has failed to meet a contractual obligation or performance standard due to the contractor's failure to comply with any of the requirements of the contract, the State shall notify the contractor in writing of the failure and direct the contractor to submit a corrective action plan by a stated due date.

If the State receives the plan by the due date, the State will work with the contractor to achieve a mutually agreed-upon final corrective action plan and schedule. If the State and the contractor cannot agree as to what remedies should be implemented to correct the problem, the State may direct the contractor to take different or additional corrective measures to be completed by a specified date. The corrective action ordered by the State may include, but is not limited to, changes in operating procedures, personnel or operating hours, or redesign, repair or replacement of operations equipment or software. All changes made under this section shall be at the contractor's expense.

5.13.2.2 PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES TO MEET THOSE STANDARDS

Effective and efficient operation of the project is necessary to promote the best interests of all parties, especially the public. To the extent that actions of the contractor result in failure to meet performance standards, the State may suffer damages that could be difficult or impossible to

quantify. As a result, situations may arise where the imposition of liquidated damages may be required to compensate for the failure to meet performance standards.

If the contractor fails to meet any of the performance standards or conditions of the contract, the State may withhold payment for damages from the fees due to the contractor in an amount equal to the damages stated in this section. Such payments shall not relieve the contractor of its obligation to remedy any breach of the performance standards to which they relate. Nothing in this section shall limit the State's right to seek damages or any other remedy at law or equity not specified in this section.

The contractor shall submit a measurement report to the State within forty-five (45) days after the end of a particular standard's measurement period. If damages are involved, payment must be made within forty-five (45) days thereafter, unless otherwise specified.

Category	RFP Section Reference	Standards	Liquidated Damages[2]	Payment / Measurement Schedule
Implementation	3.7, Implementation	**Benefit Activation Date Timeliness** – If the contractor fails to achieve Plan implementation by the January 1, 2010, benefit activation date, it shall pay liquidated damages as stated herein. The contractor shall pay this amount of liquidated damages for every full or partial calendar month thereafter until the Plan is implemented. For example, if the Plan is implemented any day between January 2 and February 1, total damages shall be $3 million; if the Plan is implemented any day between February 2 and March 1, total damages shall be $6 million; etc.	$90,000 per day	Measured daily and assessed monthly
Claim Administration	3.4.3, Disaster Recovery	**Claim System Availability Rate** – Must be 99.0% or greater, excluding scheduled maintenance time, measured on a quarterly basis.	$700,000	Measured and assessed quarterly
	3.1.3, Mail Order	**Dispensing Accuracy** – The Dispensing Accuracy Rate for each Plan quarter will be 99.5% or greater. "Dispensing Accuracy Rate" means (i) the number of all mail order pharmacy prescriptions dispensed by contractor in a Plan quarter less the number of those prescriptions dispensed by contractor in such Plan quarter that are reported to and verified by the contractor as having been dispensed with the incorrect drug	$900,000	Measured and assessed quarterly

[2] The liquidated damages are annual maximum damages except for the implementation performance standard, i.e., the "Benefit Activation Date Timeliness" standard.

Category	RFP Section Reference	Standards	Liquidated Damages[2]	Payment / Measurement Schedule
		or strength, divided by (ii) the number of all mail order pharmacy prescriptions dispensed by contractor in such Plan quarter.		
	3.1.3, Mail Order	**Mail Order Claim Process Time** – Must dispense all Non-Protocol Prescriptions received within an average of two (2) business days following receipt. "Non-Protocol Prescriptions" means Mail Order Pharmacy Program prescriptions for Covered Drugs received by contractor that are in stock and which do not require physician or patient contact or other non-standard procedures prior to dispensing by contractor. All other Mail Order Pharmacy Program prescriptions received each Plan quarter will be dispensed within an average of five (5) business days following receipt by contractor.	$100,000	Measured and assessed quarterly
	3.5.1, Claims Administration	**Paper Claim Process Time** – The contractor must respond to (process a check or reject notice) at least 97% of direct reimbursement paper claims received at the address designated by the contractor for such claims each Plan Year from eligible members within an average of five (5) business days following receipt, and all claims will be responded to within ten (10) business days (response means either a check or reject notice has been mailed).	$30,000	Measured and assessed quarterly
	3.5.1, Claims Administration	**Claim Adjudication Accuracy** – Must be 98.5% or greater. "Claims Adjudication Accuracy Rate" means (i) the number of retail claims, mail order claims and directly submitted paper claims, adjudicated by the contractor in a Plan Year that do not contain a material adjudication error, divided by (ii) the number of all such claims adjudicated by The contractor in such Plan year.	$100,000	Measured and assessed quarterly
	3.5.1, Claims Administration	**Financial Accuracy** – The contractor shall guarantee that the average annual financial accuracy of paid claims will be 99.0% or higher. Financial accuracy is calculated as follows: the total dollars of audited claims paid	$200,000	Measured and assessed quarterly

Category	RFP Section Reference	Standards	Liquidated Damages[2]	Payment / Measurement Schedule
		minus the sum of the absolute dollar value of all overpayments and underpayments is divided by the total dollars of audited claims paid.		
	3.4.1.3, Eligibility File	**Eligibility Posting Time** – 98% of electronically transmitted eligibility updates posted within two (2) business days after receipt in specified format and 100% posted within five (5) business days.	$800,000	Measured and assessed quarterly
Reporting	3.4.2.1, General Data Reporting	**Quarterly Data Files –** Accurate and complete quarterly data files will be made available to the State within 30 days following the end of the quarter. This applies to all claims, enrollment, utilization, financial, daily register, and rebate summary reports.	$300,000	Measured and assessed quarterly
	3.4.2.4e, Periodic Reporting	**Performance Guarantee Reporting** – A report that captures performance guarantees must be provided to the State quarterly within 45 days of the end of the quarter.	$50,000	Measured and assessed quarterly
	3.4.2.4f, Periodic Reporting	**Financial Guarantee Reporting** – A report that captures all financial guarantees (discounts, fees rebates) must be provided to the State within 45 days of the end of each quarter.	$100,000	Measured and assessed quarterly
	3.4.2.4j, Periodic Reporting	**Programs Guarantee Reporting** – The contractor's report on the guaranteed Return on Investment (ROI) for clinical programs listed in RFP Section 3.2.1a, that fully explains how savings are measured, must be received within 45 days of the end of each Plan year.	$50,000	Measured and assessed annually
Client and Customer Support	3.3.2, Customer Service / Member Services	**Client Issue Resolution** - 98% of issues initiated by the DPB will receive an acknowledgment from the contractor within 24 hours and resolution within 72 hours (3 business days). Performance measure to be tracked by open issues report and calculated by dividing the total number of DPB initiated issues by the total number of DPB initiated issues not resolved within 72 hours.	$500,000	Measured and assessed quarterly
	3.4.1.2, Identification	**Identification Card Maintenance** -	$300,000	Measured and

Category	RFP Section Reference	Standards	Liquidated Damages[2]	Payment / Measurement Schedule
	Cards	At least 98% of all Maintenance Identification Cards issued by contractor each Plan Year will be mailed within an average of four (4) business days following contractor's receipt and update of a processable eligibility tape or transmission identifying the applicable Eligible Person(s). "Maintenance Identification Cards" means new Identification Cards issued to individuals who first become Eligible Persons after the Effective Date and replacement Identification Cards for Eligible Persons who have lost or had their Identification Cards stolen.		assessed quarterly
	3.3.2, Customer Service / Member Services	**Member Inquiry Response Time** – The contractor must respond to 95.0% of the written concerns or complaints received by it in connection with its delivery of services within 7 calendar days, as calculated under the Time-to-Respond Formula. Time-to-Respond is calculated by counting the number of calendar days from the day the complaint is received by the contractor to, and including, the date a written response is mailed to the complainant. Time-to-Respond to written complaints must be reported to the State Contract Manager quarterly.	$300,000	Measured and assessed quarterly
	3.3.2, Customer Service / Member Services	**Average Speed of Answer** – The target Average Speed of Answer ("ASA") of the member service telephone line each Plan quarter will be thirty (30) seconds or less.	$300,000	Measured and assessed quarterly
	3.3.2, Customer Service / Member Services	**Telephone Abandonment Rate** – Must be 3% or less of all incoming calls received during each Plan quarter. "Telephone Abandonment Rate" means (i) the number of incoming telephone calls received by the customer service telephone line during a Plan quarter which are abandoned by the caller after a selection is made either to the IVRU (Interactive Voice Response Unit) system or a Customer Service Representative, divided by (ii) the total number of incoming telephone calls received by the customer service telephone line during such Plan quarter.	$300,000	Measured and assessed quarterly

Category	RFP Section Reference	Standards	Liquidated Damages[2]	Payment / Measurement Schedule
	3.3.2, Customer Service / Member Services	**First Call Resolution Rate –** Must be 85% or greater. "First Call Resolution Rate" means (i) the total number of telephone calls made by a member and resolved by the contractor Customer Service Representative on the first call as measured by the member not calling back the contractor customer service center within five (5) days regarding the same inquiry, divided by (ii) the total number of telephone calls made by members and received by the contractor's customer service center.	$300,000	Measured and assessed quarterly

5.13.2.3 LIQUIDATED DAMAGES ASSESSMENT PROCEDURE

Prior to the assessment of any of the damages in this section, the State shall provide written notice to the contractor specifying the nature and details of each violation, including reference to the section(s) under which the damages are proposed to be assessed and the amount of the assessment. The State's notice, which will be sent to the contractor after receipt of the contractor's measurement report, will specify whether the contractor will be required to pay the amount of the assessment to the State or whether the assessed amount will be withheld from the contractor's next payment(s).

Payment of the contractor's invoice without resolution of such claims, shall be without prejudice to the contractor's and State's rights and obligations to continue to attempt to resolve such claims or if they are not resolved, assess liquidated damages therefor.

The State's decision not to invoke liquidated damages in any instance of performance deficiency shall not be deemed to be a waiver of the State's right to invoke liquidated damages in any other instance.

5.13.3 REMEDIES FOR FAILURE TO COMPLY WITH MATERIAL CONTRACT REQUIREMENTS

In the event that the contractor fails to comply with any material contract requirements, the Director may take steps to terminate the contract in accordance with the State administrative code and/or authorize the delivery of contract items by any available means, with the difference between the price paid and the defaulting contractor's price either being deducted from any monies due the defaulting contractor or being an obligation owed the State by the defaulting contractor.

5.14 LATE DELIVERY

Not applicable to this procurement.

5.15 RETAINAGE

Not applicable to this procurement.

5.16 STATE'S OPTION TO REDUCE SCOPE OF WORK

The State has the option, in its sole discretion, to reduce the scope of work for any task or subtask called for under this contract. In such an event, the Director shall provide advance written notice to the contractor.

Upon receipt of such written notice, the contractor will submit, within five (5) working days to the Director and the State Contract Manager, an itemization of the work effort already completed by task or subtask. The contractor shall be compensated for such work effort according to the applicable portions of its price schedule.

5.17 SUSPENSION OF WORK

The State Contract Manager may, for valid reason, issue a stop order directing the contractor to suspend work under the contract for a specific time. The contractor shall be paid until the effective date of the stop order. The contractor shall resume work upon the date specified in the stop order, or upon such other date as the State Contract Manager may thereafter direct in writing. The period of suspension shall be deemed added to the contractor's approved schedule of performance. The Director and the contractor shall negotiate an equitable adjustment, if any, to the contract price.

5.18 CHANGE IN LAW

Whenever an unforeseen change in applicable law or regulation affects the services that are the subject of this contract, the contractor shall advise the State Contract Manager and the Director in writing and include in such written transmittal any estimated increase or decrease in the cost of its performance of the services as a result of such change in law or regulation. The Director and the contractor shall negotiate an equitable adjustment, if any, to the contract price.

5.19 CONTRACT PRICE INCREASE (PREVAILING WAGE)

Not applicable to this procurement.

5.20 PUBLIC WORKS CONTRACT – ADDITIONAL AFFIRMATIVE ACTION REQUIREMENT

Not applicable to this procurement.

5.21 ADDITIONAL WORK AND/OR SPECIAL PROJECTS

The contractor shall not begin performing any additional work or special projects without first obtaining written approval from both the State Contract Manager and the Director.

In the event of additional work and/or special projects, the contractor must present a written proposal to perform the additional work to the State Contract Manager. The proposal should provide justification for the necessity of the additional work. The relationship between the additional work and the base contract work must be clearly established by the contractor in its proposal.

The contractor's written proposal must provide a detailed description of the work to be performed broken down by task and subtask. The proposal should also contain details on the level of effort, including hours, labor categories, etc., necessary to complete the additional work.

The written proposal must detail the cost necessary to complete the additional work in a manner consistent with the contract. The written price schedule must be based upon the hourly rates, unit costs or other cost elements submitted by the contractor in the contractor's original bid proposal submitted in response to this RFP. Whenever possible, the price schedule should be a firm, fixed cost to perform the required work. The firm fixed price should specifically reference and be tied directly to costs submitted by the contractor in its original bid proposal. A payment schedule, tied to successful completion of tasks and subtasks, must be included.

Upon receipt and approval of the contractor's written proposal, the State Contract Manager shall forward same to the Director for the Director's written approval. Complete documentation from the Using Agency, confirming the need for the additional work, must be submitted. Documentation forwarded by the State Contract Manager to the Director must include all other required State approvals, such as those that may be required from the State of New Jersey's Office of Management and Budget (OMB) and Office of Information and Technology (OIT).

No additional work and/or special project may commence without the Director's written approval. In the event the contractor proceeds with additional work and/or special projects without the Director's written approval, it shall be at the contractor's sole risk. The State shall be under no obligation to pay for work performed without the Director's written approval.

5.22 FORM OF COMPENSATION AND PAYMENT

The State will use electronic transaction ("wire") to the contractor's bank. The State shall not make any payments to the contractor until the claims are billed. Administrative fees, if any, will be wired by the State on the 30th day of each month.

5.22.1 PAYMENT TO CONTRACTOR – OPTIONAL METHOD

Not applicable to this procurement.

5.23 MODIFICATIONS AND CHANGES TO THE NJ STANDARD TERMS AND CONDITIONS VERSION 07/27/07

5.23.1 PATENT AND COPYRIGHT INDEMNITY

Section 2.1 of the NJ Standard Terms and Conditions version 07/27/07 is deleted and replaced with the following:

> **2.1 Patent and Copyright Indemnity**
>
> a) The contractor shall hold and save the State of New Jersey, its officers, agents, servants and employees, harmless from liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of the contract.

b) The State of New Jersey agrees: (1) to promptly notify the contractor in writing of such claim or suit; (2) that the contractor shall have control of the defense of settlement of such claim or suit; and (3) to cooperate with the contractor in the defense of such claim or suit, to the extent that the interests of the contractor and the State are consistent.

c) In the event of such claim or suit, the contractor, at its option, may: (1) procure for the State of New Jersey the legal right to continue the use of the product; (2) replace or modify the product to provide a non-infringing product that is the functional equivalent; or (3) refund the purchase price less a reasonable allowance for use that is agreed to by both parties.

5.23.2 INDEMNIFICATION

Section 2.2 of the NJ Standard Terms and Conditions version 07/27/07, is deleted and replaced with the following:

2.2 Indemnification

The contractor's liability to the State for actual, direct damages resulting from the contractor's performance or non-performance, or in any manner related to the contract, for any and all claims, shall be limited in the aggregate to 500 % of the value of the contract, except that such limitation of liability shall not apply to the following:

1. The contractor's obligation to indemnify the State of New Jersey and its employees from and against any claim, demand, loss, damage or expense relating to bodily injury or the death of any person or damage to real property or tangible personal property, incurred from the work or materials supplied by the contractor under the contract caused by negligence or willful misconduct of the contractor;

2. The contractor's breach of its obligations of confidentiality; and,

3. contractor's liability with respect to copyright indemnification.

The contractor's indemnification obligation is not limited by but is in addition to the insurance obligations contained in Section 2.3 of the NJ Standard Terms and Conditions version 07/27/07.

The contractor shall not be liable for special, consequential, or incidental damages.

5.23.3 INSURANCE - PROFESSIONAL LIABILITY INSURANCE

Section 2.3 of the NJ Standard Terms and Conditions version 07/27/07 regarding insurance is modified with the addition of the following section regarding Professional Liability Insurance.

d) Professional Liability Insurance: The contractor shall carry Errors and Omissions, Professional Liability Insurance and/or Professional

Liability Malpractice Insurance sufficient to protect the contractor from any liability arising out the professional obligations performed pursuant to the requirements of the Contract. The insurance shall be in the amount of not less than $5,000,000 and in such policy forms as shall be approved by the State. If the contractor has claims-made coverage and subsequently changes carriers during the term of the Contract, it shall obtain from its new Errors and Omissions, Professional Liability Insurance and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage.

5.23.4 TERMINATION OF CONTRACT

Section 3.5 of the NJ Standard Terms and Conditions version 07/27/07 is supplemented by the addition of the provisions below. The provisions of this section shall survive the termination of this contract or termination of coverage of a member and shall bind the State and the contractor so long as they maintain any protected health information.

e. Subject to applicable law, all documents, records, reports, data, including data recorded by contractor in its data processing systems, directly related to the receipt, processing and payment of claims and all claim histories ("Claim Records") must at all times be the property of the DPB. The contractor has the right to possession and use of Claims Records during the term of this Contract and to maintain Claims Records following the termination of this Contract, as necessary to comply with its obligations under this contract or as mandated by law. Upon request data must be provided in a mutually agreeable format.
f. The contractor must have no interest in, nor have any obligation to provide any aggregate claim or payment data maintained or copied by contractor for its own use outside of the scope of this contract. Such information may not be used for any purposes other than to perform this contract or as may be required by the federal government or any court.
g. All Claims Records and other records possessed by contractor as claims administrator under this contract ("Records") must be retained in accordance with applicable Federal and State record retention requirements, but in any case will be kept and retrievable for no less than seven (7) years. Records must be retained for two (2) years on-line from the date of service or from the date final payment is made on the claim, whichever is later.
h. If the State notifies the contractor a claim has become the subject of litigation, contractor must not destroy the record without prior notice to the State.
i. If a claim becomes the subject of litigation, then contractor must provide the State all claim information related to that claim as necessary for litigation purposes and participate as fact or expert witnesses. In the case where an expert witness is necessary, then one must be provided at a reasonable and customary fee agreed upon by the State Contract Manager and the contractor. This provision will survive termination of this contract.

5.23.5 PRICE FLUCTUATION DURING CONTRACT

Section 4.1 of the NJ Standard Terms and Conditions version 07/27/07 has its second paragraph replaced with the following paragraph:

> The contractor shall provide "Most Favored Nation" (MFN) terms wherein it shall not provide to any similar account more favorable pricing terms than those provided to New Jersey during the term or any extension thereof of the contract resulting from this RFP. During resulting contract term, if there are changes to any of the MFN measurement components or methodology and those changes are reasonably designed to achieve greater comparability under this provision, then the parties will negotiate in good faith to seek an appropriate solution. Further, the successful bidder must agree to a "market check" provision to compare the financial terms of the resultant contract. The contractor shall provide one (1) financial terms market check during the five (5) year contract term. The market check will be performed at month twenty-five (25) to comparable arrangements in the marketplace for the purpose of recommending adjustments necessary to restore and maintain competitive advantage. The State reserves the right, if contract extension is being contemplated, to require a second market check at month forty-nine (49). If financial benchmark pricing indicates that the State's financial terms are no longer competitive, the contractor shall offer improved pricing comparable to that available in the marketplace.

5.24 LOCAL EMPLOYER NON-COMPETE

During the term of this contract, the contractor or any affiliate or subsidiary must not solicit or try to induce a participating Local Employer to enter into an agreement for any type of prescription drug coverage provided under this contract. The contractor must not use any information obtained as a result of this contract, including information on participating employers, employees, dependents, and claim experience, for any other purpose other than processing claims and providing such other services as are required under this contract. In the event the contractor or any affiliate or subsidiary receives from a participating Local Employer a request for a proposal and/or a request for claim information for coverage of the type being provided under this contract, the contractor must advise the DPB of the request. Claim information shall not be released without prior DPB approval.

5.25 FORCE MAJEURE

Neither party shall be responsible for any delay or failure in performance, caused by flood, riot, insurrection, fire, earthquake, explosion or act of God, or any other force or cause beyond the reasonable control of the party claiming the protection of this paragraph.

5.26 CONTRACT ACTIVITY REPORT

Not applicable to this procurement.

6.0 PROPOSAL EVALUATION

6.1 PROPOSAL EVALUATION COMMITTEE

Bid proposals may be evaluated by an Evaluation Committee composed of members of affected departments and agencies together with representative(s) from the Purchase Bureau. Representatives from other governmental agencies may also serve on the Evaluation Committee. On occasion, the Evaluation Committee may choose to make use of the expertise of outside consultant in an advisory role.

6.2 ORAL PRESENTATION AND/OR CLARIFICATION OF BID PROPOSAL

After the submission of bid proposals, unless requested by the State as noted below, vendor contact with the State is still not permitted.

After reviewing bid proposals, the Buyer or the Evaluation Committee (generically, the "evaluation committee") may ask one, some or all of the bidders to clarify certain aspects of their proposals. A request for clarification may be made in order to resolve minor ambiguities, irregularities, informalities or clerical errors. Clarifications cannot correct any deficiencies or material omissions or revise or modify a proposal, except to the extent that correction of apparent clerical mistakes results in a modification.

The bidder may be required to give an oral presentation to the State concerning its bid proposal.

Bidders may not attend the oral presentations of their competitors.

It is within the State's discretion whether to require the bidder to give an oral presentation or require the bidder to submit written responses to questions regarding its bid proposal. Action by the State in this regard should not be construed to imply acceptance or rejection of a bid proposal. The Purchase Bureau buyer will be the sole point of contact regarding any request for an oral presentation or clarification.

6.3 EVALUATION CRITERIA

The following evaluation criteria categories, not necessarily listed in order of significance, will be used to evaluate bid proposals received in response to this RFP. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process:

6.3.1 TECHNICAL EVALUATION CRITERIA

a. The bidder's general approach and plans in meeting the requirements of this RFP.

b. The bidder's detailed approach and plans to perform the services required by the Scope of Work of this RFP.

c. The bidder's documented experience in successfully completing contracts of a similar size and scope to the work required by this RFP.

d. The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to the work required by this RFP.

e. The overall ability of the bidder to mobilize, undertake and successfully complete the contract. This judgment will include, but not be limited to, the following factors: the number and qualifications of management, supervisory and other staff proposed by the bidder to complete the contract, the availability and commitment to the contract of the bidder's management, supervisory and other staff proposed and the bidder's contract management plan, including the bidder's contract organizational chart.

f. Price.

6.3.2 BID DISCREPANCIES

In evaluating bids, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the corrected sum of the column of figures.

6.3.3 EVALUATION OF THE BID PROPOSALS

After the Evaluation Committee completes its evaluation, it recommends to the Director for award the responsible bidder(s) whose bid proposal, conforming to this RFP, is most advantageous to the State, price and other factors considered. The Evaluation Committee considers and assesses price, technical criteria, and other factors during the evaluation process and makes a recommendation to the Director. The Director may accept, reject or modify the recommendation of the Evaluation Committee. Whether or not there has been a negotiation process as outlined in Section 6.4 below, the Director reserves the right to negotiate price reductions with the selected vendor.

6.4 NEGOTIATION AND BEST AND FINAL OFFER (BAFO)

After evaluating bid proposals, the evaluation committee may enter into negotiations with each bidder in the competitive range, unless there are too many highly rated proposals to evaluate efficiently. In this situation, the State may limit the competitive range to the number of proposals that will permit efficient competition among the most highly rated proposals. The primary purpose of negotiations is to maximize the State's ability to get the best value, based on the requirements and evaluation criteria set forth in the RFP. Negotiations may involve the identification of significant proposal weaknesses, ambiguities and other deficiencies that could limit a bidder's award potential, including price. More rounds of negotiations may be held with one bidder in the competitive range than with another. Negotiations will be structured to safeguard information and ensure that all bidders in the competitive range are treated fairly.

When, the evaluation committee determines to conclude negotiations, all bidders in the competitive range will be so notified and advised of the time and place for submission of best and final offers. The best and final offer can modify any aspect of the bid proposal, provided

mandatory RFP requirements are satisfied and further provided that the revised price proposal is not higher than the original price proposal. Any revised price proposal that is not equal to or lower in price than the original price proposal will be rejected as non-responsive.

Evaluation of the best and final offers will be on the basis of price and the evaluation criteria set forth in the RFP. If, after review of the best and final offers, clarification is required, it may be sought from the bidders. If further negotiation is desired after evaluation of the revised proposals, it will be followed by another BAFO opportunity. The State reserves the right to reassess the competitive range before proceeding with a subsequent round of negotiations and BAFO submissions and to remove from the competitive range any proposal that is no longer considered to be a leading contender for award.

After evaluation of the final BAFO submissions, the evaluation committee will recommend to the Director for award the responsible bidder(s) whose bid proposal(s), conforming to the RFP, is most advantageous to the State, price and other factors considered. The Director may accept, reject or modify the recommendation of the Evaluation Committee. The Director may negotiate further reductions in price with the selected bidder.

Negotiations will only be conducted in those circumstances where they are deemed by the State to be in the State's best interests and to maximize the State's ability to get the best value. Therefore, bidders are advised to submit their best technical and price proposals in response to this RFP, because the State may, after evaluation, make a contract award based on the content of these initial submissions, without further negotiation with any bidder.

All contacts, records of initial evaluations, any correspondence with bidders related to any request for clarification, negotiation or BAFO, any revised technical and/or price proposals, the Evaluation Committee Report and the Award Recommendation, will remain confidential until a Notice of Intent to Award a contract is issued.

7.0 CONTRACT AWARD

7.1 DOCUMENTS REQUIRED BEFORE CONTRACT AWARD

7.1.1 REQUIREMENTS OF PUBLIC LAW 2005, CHAPTER 51, N.J.S.A. 19:44A-20.13-25 (FORMERLY EXECUTIVE ORDER 134) AND EXECUTIVE ORDER 117 (2008)

In order to safeguard the integrity of State government procurement by imposing restrictions to insulate the negotiation and award of State contracts from political contributions that pose the risk of improper influence, purchase of access, or the appearance thereof, then-Governor James E. McGreevey issued Executive Order 134 on September 22, 2004. To this end, Executive Order 134 prohibited State departments, agencies and authorities from entering into contracts exceeding $17,500 with individuals or entities that made certain political contributions. Executive Order 134 was superseded by Public Law 2005, c. 51, which was signed into law on March 22, 2005 ("Chapter 51").

On September 24, 2008, Governor Jon S. Corzine issued Executive Order No. 117 ("E.O. 117"), which is designed to enhance New Jersey's efforts to protect the integrity of procurement decisions and increase the public's confidence in government. The Executive Order builds upon the provisions of Chapter 51.

Pursuant to the requirements of this Legislation, the terms and conditions set forth in this section are material terms of any contract resulting from this RFP:

7.1.1.1 DEFINITIONS

For the purpose of this section, the following shall be defined as follows:

a. Reportable Contributions -- contributions, including in-kind contributions, in excess of $300.00 in the aggregate per election made to or received by a candidate committee, joint candidates committee, or political committee; or per calendar year made to or received by a political party committee, legislative leadership committee, or continuing political committee.

b. Business Entity – means any natural or legal person, business corporation, professional services corporation, limited liability company, partnership, limited partnership, business trust, association or any other legal commercial entity organized under the laws of New Jersey or any other state or foreign jurisdiction. The definition also includes (i) if a business entity is a for-profit corporation, any officer of the corporation and any other person or business entity that owns or controls 10% or more of the stock of the corporation; (ii) if a business entity is a professional corporation, any shareholder or officer; (iii) if a business entity is a general partnership, limited partnership or limited liability partnership, any partner; (iv) if a business entity is a sole proprietorship, the proprietor; (v) if the business entity is any other form of entity organized under the laws of New Jersey or any other state or foreign jurisdiction, any principal, officer or partner thereof; (vi) any subsidiaries directly or indirectly controlled by the business entity; (vii) any political organization organized under 26 U.S.C.A. § 527 that is directly or indirectly controlled by the business entity, other than a candidate committee, election fund, or political party committee; and (viii) with respect to an

individual who is included within the definition of "business entity," that individual's spouse or civil union partner and any child residing with that person.[3]

c. Officer -- a president, vice-president with senior management responsibility, secretary, treasurer, chief executive officer, or chief financial officer of a corporation or any person routinely performing such functions for a corporation. Please note that officers of non-profit entities are excluded from this definition.

d. Partner -- one of two or more natural persons or other entities, including a corporation, who or which are joint owners of and carry on a business for profit, and which business is organized under the laws of this State or any other state or foreign jurisdiction, as a general partnership, limited partnership, limited liability partnership, limited liability company, limited partnership association, or other such form of business organization.

7.1.1.2 BREACH OF TERMS OF THE LEGISLATION

It shall be a breach of the terms of the contract for the Business Entity to (i)make or solicit a contribution in violation of the Legislation, (ii)knowingly conceal or misrepresent a contribution given or received; (iii)make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution; (iv)make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate of holder of the public office of Governor, or to any State or county party committee; (v)engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of the Legislation; (vi)fund contributions made by third parties, including consultants, attorneys, family members, and employees; (vii)engage in any exchange of contributions to circumvent the intent of the Legislation; or (viii)directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of the Legislation.

7.1.1.3 CERTIFICATION AND DISCLOSURE REQUIREMENTS

a. The State shall not enter into a contract to procure from any Business Entity services or any material, supplies or equipment, or to acquire, sell or lease any land or building, where the value of the transaction exceeds $17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions, to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor or Lieutenant Governor, to any State, county, municipal political party committee, or to any legislative leadership committee during certain specified time periods

b. Prior to awarding any contract or agreement to any Business Entity, the Business Entity proposed as the intended awardee of the contract shall submit the Certification and Disclosure form, certifying that no contributions prohibited by either Chapter 51 or Executive Order 117 have been made by the Business Entity and reporting all contributions the Business Entity made during the preceding four years to any political organization organized under 26 U.S.C.527 of the Internal Revenue Code that also

[3] Contributions made by a spouse, civil union partner or resident child to a candidate for whom the contributor is eligible to vote or to a political party committee within whose jurisdiction the contributor resides are permitted.

meets the definition of a "continuing political committee" within the mean of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The required form and instructions, available for review on the Purchase Bureau website at http://www.state.nj.us/treasury/purchase/forms.htm#eo134, shall be provided to the intended awardee for completion and submission to the Purchase Bureau with the Notice of Intent to Award. Upon receipt of a Notice of Intent to Award a Contract, the intended awardee shall submit to the Division, in care of the Purchase Bureau Buyer, the Certification and Disclosure(s) within five (5) business days of the State's request. Failure to submit the required forms will preclude award of a contract under this RFP, as well as future contract opportunities.

c. Further, the contractor is required, on a continuing basis, to report any contributions it makes during the term of the contract, and any extension(s) thereof, at the time any such contribution is made. The required form and instructions, available for review on the Purchase Bureau website at http://www.state.nj.us/treasury/purchase/forms.htm#eo134, shall be provided to the intended awardee with the Notice of Intent to Award.

7.1.1.4 STATE TREASURER REVIEW

The State Treasurer or his designee shall review the Disclosures submitted pursuant to this section, as well as any other pertinent information concerning the contributions or reports thereof by the intended awardee, prior to award, or during the term of the contract, by the contractor. If the State Treasurer determines that any contribution or action by the contractor constitutes a breach of contract that poses a conflict of interest in the awarding of the contract under this solicitation, the State Treasurer shall disqualify the Business Entity from award of such contract.

7.1.1.5 ADDITIONAL DISCLOSURE REQUIREMENT OF P.L. 2005, C. 271

Contractor is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to P.L. 2005, c. 271, section 3 if the contractor receives contracts in excess of $50,000 from a public entity in a calendar year. It is the contractor's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elec.state.nj.us.

7.1.2 SOURCE DISCLOSURE REQUIREMENTS

7.1.2.1 REQUIREMENTS OF N.J.S.A. 52:34-13.2

Under the referenced statute, effective August 3, 2005, all contracts primarily for services awarded by the Director shall be performed within the United States, except when the Director certifies in writing a finding that a required service cannot be provided by a contractor or subcontractor within the United States and the certification is approved by the State Treasurer.

7.1.2.2 SOURCE DISCLOSURE REQUIREMENTS

Pursuant to the statutory requirements, the intended awardee of a contract primarily for services with the State of New Jersey must disclose the location by country where services under the

contract, including subcontracted services, will be performed. The Source Disclosure Certification form accompanies this RFP.

FAILURE TO SUBMIT SOURCING INFORMATION WHEN REQUESTED BY THE STATE SHALL PRECLUDE AWARD OF A CONTRACT TO THE BIDDER.

If any of the services cannot be performed within the United States, the bidder shall state with specificity the reasons why the services cannot be so performed. The Director shall determine whether sufficient justification has been provided by the bidder to form the basis of his certification that the services cannot be performed in the United States and whether to seek the approval of the Treasurer.

7.1.2.3 BREACH OF CONTRACT OF EXECUTIVE ORDER 129

A SHIFT TO PROVISION OF SERVICES OUTSIDE THE UNITED STATES DURING THE TERM OF THE CONTRACT SHALL BE DEEMED A BREACH OF CONTRACT.

If, during the term of the contract, the contractor or subcontractor, who had on contract award declared that services would be performed in the United States, proceeds to shift the performance of any of the services outside the United States, the contractor shall be deemed to be in breach of its contract, which contract shall be subject to termination for cause pursuant to Section 3.5b.1 of the Standard Terms and Conditions version 07/27/07 of the RFP, unless previously approved by the Director and the Treasurer.

7.1.3 COMPLIANCE WITH THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

The contractor shall comply with HIPAA including but not limited to the provisions governing the privacy and security of records as well as administrative simplification. The contractor shall commit to implementation and compliance by the statutory deadlines set forth in the statute and associated regulations. The contractor shall assist the State in implementing its compliance with this legislation as it relates to employee health benefits including but not limited to properly executing a HIPAA Business Associate Agreement.

7.2 FINAL CONTRACT AWARD

Contract award shall be made with reasonable promptness by written notice to that responsible bidder, whose bid proposal, conforming to this RFP, is most advantageous to the State, price, and other factors considered. Any or all bid proposals may be rejected when the State Treasurer or the Director determines that it is in the public interest to do so.

7.3 INSURANCE CERTIFICATES

The contractor shall provide the State with current certificates of insurance for all coverages required by the terms of this contract, naming the State as an Additional Insured.

7.4 PERFORMANCE BOND

Not applicable to this procurement.

8.0 CONTRACT ADMINISTRATION

8.1 STATE CONTRACT MANAGER

The State Contract Manager is the State employee responsible for the overall management and administration of the contract.

The State Contract Manager for this project will be identified at the time of execution of contract. At that time, the contractor will be provided with the State Contract Manager's name, department, division, agency, address, telephone number, fax phone number, and email address.

8.1.1 STATE CONTRACT MANAGER RESPONSIBILITIES

For an agency contract where only one State office uses the contract, the State Contract Manager will be responsible for engaging the contractor, assuring that Purchase Orders are issued to the contractor, directing the contractor to perform the work of the contract, approving the deliverables and approving payment vouchers. The State Contract Manager is the person that the contractor will contact **after the contract is executed** for answers to any questions and concerns about any aspect of the contract. The State Contract Manager is responsible for coordinating the use and resolving minor disputes between the contractor and any component part of the State Contract Manager's Department.

If the contract has multiple users, then the State Contract Manager shall be the central coordinator of the use of the contract for all Using Agencies, while other State employees engage and pay the contractor. All persons and agencies that use the contract must notify and coordinate the use of the contract with the State Contract Manager.

8.1.2 COORDINATION WITH THE STATE CONTRACT MANAGER

Any contract user that is unable to resolve disputes with a contractor shall refer those disputes to the State Contract Manager for resolution. Any questions related to performance of the work of the contract by contract users shall be directed to the State Contract Manager. The contractor may contact the State Contract Manager if the contractor can not resolve a dispute with contract users.

Exhibit A
STATE OF NEW JERSEY – Non-Disclosure Agreement

Pertaining to Request for Proposal # 10-X-20899 for Pharmacy Benefit Management

_____ (the Vendor)
(print company name

This Agreement is made and entered into effective _____, 2009, between the Vendor, whose office is located at _____ and the New Jersey Department of the Treasury, Division of Pensions and Benefits (the State) whose offices are located at 50 West State Street, Trenton, New Jersey 08625.

WHEREAS, all parties, for their mutual benefit, are desirous of having the State disclose to the Vendor certain records and information or other business and/or technical information (collectively referred to herein as the "Information") related to the administration of the New Jersey State Health Benefits Program (SHBP);

WHEREAS, the Vendor shall use the Information only for the purposes of responding to the above-mentioned Request for Proposal from the State for the provision of pharmacy benefit management services for the SHBP/SEHBP;

WHEREAS, the Information is proprietary to the State; and

WHEREAS, the Vendor agrees that the Information shall be kept confidential.

NOW, THEREFORE, in consideration of the mutual promises made herein, the Vendor and the State agree as follows:

1. The Vendor shall hold such Information in confidence and shall use such Information only for assisting in preparation of the RFP.

2. The Vendor shall reproduce such Information only to the extent necessary for the purpose of assisting in the preparation of the RFP and shall not disclose any such Information to any third party without prior written approval from the State.

3. The Vendor shall not use such Information or results thereof for any purpose other than for the purpose of assisting in the preparation of the RFP.

4. The use or disclosure of Information shall not be prohibited by this Agreement in the following circumstances:

    (a) The Information has become generally available to the general public without breach of this Agreement by the Vendor;

    (b) The Information, which at the time of the disclosure to the Vendor was known to the Vendor free and clear of restriction and evidenced by documentation in the Vendor's possession at the time of such disclosure; or

(c) The State agrees in writing that the Information is free of the restriction as set forth in this Agreement.

The Vendor agrees to hold the State and its representatives, and agents harmless from any and all claims (including claims for attorneys' fees and costs), charges, actions, causes of action, demands, settlements, judgments, costs, penalties, expenses, damages, and liabilities of any kind or character, in law or equity, suspected or unsuspected, past or present, arising from or in connection with the Vendor's breach of any provision(s) of this Agreement.

All Information shall remain the property of the State.

5. This Agreement shall be governed by the laws of the State of New Jersey without regard to the conflict of laws principles thereof. All parties agree to comply with all applicable federal, state, and local laws regarding the divulgence of health care information.

6. All obligations undertaken herein to keep confidential the Information shall continue in effect until such time as the State no longer believes that the Information is proprietary.

7. This Agreement may be executed in counterparts and shall bind each party at the time of their execution of the Agreement.

8. This is the complete Agreement between the parties regarding the treatment of any Information exchanged between them.

IN WITNESS WHEREOF, each of the parties cause this Agreement to be executed by a duly-authorized representative.

The State	**The Vendor**
_____,2009	_____,2009
(Date)	(Date)
by: _____	by: _____
(Signature)	(Signature)
_____	_____
(Title)	(Title)

Exhibit B
State Health Benefits Plan HIPAA 834 Field Usage

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
Transaction Set Header							
TRANSACTION SET IDENTIFIER CODE	ST01	GEN Data	R/R	ID	3/3	27	Default 834
TRANSACTION SET CONTROL NUMBER	ST02	GEN Data	R/R	AN	4/9	27	SHBP will be assigning a sequential batch number to the BGN02 element. Same as SE02
TRANSACTION SET PURPOSE CODE	BGN01	Data	R/R	ID	2/2	28	00'
TRANSACTION SET IDENTIFIER CODE	BGN02	Data	R/R	AN	1/30	29	
TRANSACTION SET CREATION DATE	BGN03	Data	R/R	DT	8/8	29	CCYYMMDD
TRANSACTION SET CREATION TIME	BGN04	Data	R/R	TM	4/8	29	SHBP-Will use HHMMSST (hours minutes seconds tenths) for a length of 7.
TIME ZONE CODE	BGN05	Data	R/S	ID	2/2	29	HIPAA Value=ET
TRANSACTION SET IDENTIFIER CODE	BGN06	Data	R/S	AN	1/30	31	Leave blank if same time zone.
ACTION CODE	BGN08	Data	R/R	ID	1/2	31	SHBP regular audit process is outside the daily transaction process in terms of file layout. HIPAA audit files will need creation date and file effective date (2). Use '2' for daily & '4' for audit if HIPAA 834 format, special request.
Transaction Set Policy Number							
REFERENCE IDENTIFICATION QUALIFIER	REF01	Qualifier	S/R	ID	2/3	32	HIPAA Value=38
MASTER POLICY NUMBER	REF02	Data	S/R	AN	1/30	33	"0092000"
File Effective Date							
DATE TIME QUALIFIER	DTP01	Qualifier	S/R	ID	3/3	34	303'
DATE TIME PERIOD FORMAT QUALIFIER	DTP02	Qualifier	S/R	ID	2/3	34	D8'
DATE TIME PERIOD	DTP03	Data	S/R	AN	1/35	34	CCYYMMDD
LOOP 1000A - Sponsor Name							
ENTITY IDENTIFIER CODE	N101	Data	R/R	ID	2/3	35	HIPAA value = 'P5'
PLAN SPONSOR NAME	N102	Data	R/S	AN	1/60	36	"NJSHBP"
IDENTIFICATION CODE QUALIFIER	N103	Qualifier	R/R	ID	1/2	36	HIPAA value = 'FI'
SPONSOR IDENTIFIER	N104	Data	R/R	AN	2/80	36	"920000016"
LOOP 1000B - Payer Name							

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
ENTITY IDENTIFIER CODE	N101	Data	R/R	ID	2/3	37	HIPAA value = 'IN'
INSURER NAME	N102	Data	R/S	AN	1/60	38	firm id 7 digit numeric TBD by the SHBP
IDENTIFICATION CODE QUALIFIER	N103	Qualifier	R/R	ID	1/2	38	HIPAA value = 'FI'
INSURER IDENTIFICATION CODE	N104	Data	R/R	AN	2/80	38	tax id for firm e.g. 220######
LOOP 1000C - TPA/Broker Name							N/A
ENTITY IDENTIFIER CODE	N101	Data	S/R	ID	2/3	39	
TPA OR BROKER NAME	N102	Data	S/R	AN	1/60	40	
IDENTIFICATION CODE QUALIFIER	N103	Qualifier	S/R	ID	1/2	40	
TPA OR BROKER IDENTIFICATION CODE	N104	Data	S/R	AN	2/80	40	
LOOP 1100C - TPA/Broker Account Information							N/A
TPA OR BROKER ACCOUNT NUMBER	ACT01	Data	S/R	AN	1/35	41	
TPA OR BROKER ACCOUNT NUMBER	ACT06	Data	S/S	AN	1/35	42	
LOOP 2000 - Member Level Detail							
INSURED INDICATOR	INS01	Data	R/R	ID	1/1	44	If the member is the sub, use Y. If the member is a dependent, use N.
INDIVIDUAL RELATIONSHIP CODE	INS02	Data	R/R	ID	2/2	44	See Code Set Mapping #1.
MAINTENANCE TYPE CODE	INS03	Data	R/R	ID	3/3	45	SHBP to send everything as - 001 change, or 030 audit (on request).
MAINTENANCE REASON CODE	INS04	Data	R/S	ID	2/3	46	See Code Set Mapping #2.
BENEFIT STATUS CODE	INS05	Data	R/R	ID	1/1	47	Used in conjunction with INS08 to determine E-EMPL-STATUS. See Code Set Mapping #3
MEDICARE PLAN CODE	INS06	Data	R/S	ID	1/1	48	Send two loops, one for Part A and one for Part B
CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA) QUALIFYING EVENT CODE	INS07	Data	R/S	ID	1/2	48	See Code Set Mapping #4. Many code values do not map directly. Map only when INS01 = 'Y' (subscriber)
EMPLOYMENT STATUS CODE	INS08	Data	R/S	ID	2/2	49	Used in conjunction with INS05 to determine E-EMPL-STATUS. See Code Set Mapping #3
STUDENT STATUS CODE	INS09	Data	R/S	ID	1/1	49	N' for ch 375

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
HANDICAP INDICATOR	INS10	Data	R/S	ID	1/1	49	HIPAA value = Y or N. SHBP currently uses 1 (=Y). (over age 23) HR1 by mappings-Medicare Date & Birth Date, SHBP wants the flag to represent one thing.
DATE TIME PERIOD FORMAT QUALIFIER	INS11	Qualifier	R/S	ID	2/3	50	HIPAA value = D8 (Date expressed in format CCYYMMDD)
INSURED INDIVIDUAL DEATH DATE	INS12	Data	R/S	AN	1/35	50	CCYYMMDD
BIRTH SEQUENCE NUMBER	INS17	Data	R/S	N0	1/9	50	N/A
Subscriber Number							N/A
REFERENCE IDENTIFICATION QUALIFIER	REF01	Qualifier	R/R	ID	2/3	51	
SUBSCRIBER IDENTIFIER	REF02	Data	R/R	AN	1/30	52	Reserved for National Identifier, Future Use
Member Policy Number							
REFERENCE IDENTIFICATION QUALIFIER	REF01	Qualifier	S/R	ID	2/3	53	HIPAA value = 1L (Group or Policy Number)
INSURED GROUP OR POLICY NUMBER	REF02	Data	S/R	AN	1/30	53	"0092000" or "0090000" or "0091000"
Member Identification Number							
REFERENCE IDENTIFICATION QUALIFIER	REF01	Qualifier	S/R	ID	2/3	55	see Code Set Mapping #8
SUBSCRIBER SUPPLEMENTAL IDENTIFIER	REF02	Data	S/R	AN	1/30	56	see Code Set Mapping #8
Prior Coverage Months							N/A
REFERENCE IDENTIFICATION QUALIFIER	REF01	Qualifier	S/R	ID	2/3	57	
PRIOR COVERAGE MONTH COUNT	REF02	Data	S/R	AN	1/30	58	
Member Level Dates							
DATE TIME QUALIFIER	DTP01	Qualifier	S/R	ID	3/3	59	
DATE TIME PERIOD FORMAT QUALIFIER	DTP02	Qualifier	S/R	ID	2/3	60	HIPAA value = D8
STATUS INFORMATION EFFECTIVE DATE	DTP03	Data	S/R	AN	1	60	SHBP allows A date for Med Pt. A and a date for Med Pt. B. Therefore, two loops of INS06 will be sent. See Code Set Mapping #9. If DTP01 = 356, map to EFFECT-DT. If DTP01 = 357, map to TERM-DT.
LOOP 2100A - Member Name (Current) see loop 2100B for former values							

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
ENTITY IDENTIFIER CODE	NM101	GEN Data	R/R	ID	2/3	62	HIPAA values = 74 (Corrected Insured) and IL (Insured or Sub).
ENTITY TYPE QUALIFIER	NM102	Qualifier	R/R	ID	1/1	62	HIPAA value = 1 (Person)
SUBSCRIBER LAST NAME	NM103	Data	R/R	AN	1/35	62	Length gap. SHIPS length = 20 (Ignore Gap)
SUBSCRIBER FIRST NAME	NM104	Data	R/R	AN	1/25	62	Length gap. SHIPS length = 15 (Ignore Gap)
SUBSCRIBER MIDDLE NAME	NM105	Data	R/S	AN	1/25	62	Length gap. SHIPS length = 15 (Ignore Gap)
SUBSCRIBER NAME PREFIX	NM106	Data	R/S	AN	1/10	62	Not used
SUBSCRIBER NAME SUFFIX	NM107	Data	R/S	AN	1/10	62	Length gap. SHIPS length = 3 (Ignore Gap)
IDENTIFICATION CODE QUALIFIER	NM108	Qualifier	R/S	ID	1/2	63	HIPAA value = 34 (Social Security Number)
SUBSCRIBER IDENTIFIER	NM109	Data	R/S	AN	2/80	63	SSN; Future - may use "NI" (National Identifier)
Member Communication Numbers							
CONTACT FUNCTION CODE	PER01	Data	S/R	ID	2/2	65	HIPAA value = IP (Insured Party) (potential -email future)
COMMUNICATION NUMBER QUALIFIER	PER03	Qualifier	S/R	ID	2/2	65	HIPAA value = TE (telephone)
COMMUNICATION NUMBER	PER04	Data	S/R	AN	1/80	65	SHIPS has one field.
COMMUNICATION NUMBER QUALIFIER	PER05	Qualifier	S/S	ID	2/2	65	
COMMUNICATION NUMBER	PER06	Data	S/S	AN	1/80	66	
COMMUNICATION NUMBER QUALIFIER	PER07	Qualifier	S/S	ID	2/2	66	
COMMUNICATION NUMBER	PER08	Data	S/S	AN	1/80	66	
Member Residence							
SUBSCRIBER ADDRESS LINE	N301	Data	S/R	AN	1/55	67	SHIPS length = 30 (Ignore Gap) N301 format: Positions 1-9 will contain the po box#, right-justified, with preceding zeros. If a po box does not exist, this will be valued with all zeros. Positions 10-39 will contain address line 1; Positions 40-55 will contain address line 2, then the end of segment indicator.

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
SUBSCRIBER ADDRESS LINE	N302	Data	S/S	AN	1/55	67	SHIPS length = 30. N302 format: Positions 1-15 will continue address line 2 if needed. Positions16-55 will contain address line 3.
SUBSCRIBER CITY NAME	N401	Data	S/R	AN	2/30	68	SHIPS length = 20
SUBSCRIBER STATE CODE	N402	Data	S/R	ID	2/2	68	Code Source 22: States and Outlying Areas of the U.S.
SUBSCRIBER POSTAL ZONE OR ZIP CODE	N403	Data	S/R	ID	3/15	69	SHIPS length = 09 Code Source 51: ZIP Code
COUNTRY CODE	N404	Data	S/S	ID	2/3	69	Length gap. HIPAA length = 3, SHIPS = 40. HIPAA standardized abbreviations must be used. Today SHBP has 1 line for City and Country, they will separate out. Code Source 5: Countries, Currencies and Funds
LOCATION QUALIFIER	N405	Qualifier	S/S	ID	1/2	69	Only needed when required by trading partners. (Not used)
LOCATION IDENTIFICATION CODE	N406	Data	S/S	AN	1/30	69	Only needed when required by trading partners. (Not used)
Member Demographics							
DATE TIME PERIOD FORMAT QUALIFIER	DMG01	Qualifier	S/R	ID	2/3	70	HIPAA value = D8
MEMBER BIRTH DATE	DMG02	Data	S/R	AN	1/35	71	Length gap. SHIPS length = 8. HIPAA = 35 (Ignore Gap)
GENDER CODE	DMG03	Data	S/R	ID	1/1	71	HIPAA allows for value of "Unknown". SHBP will only send a M or F.
MARITAL STATUS CODE	DMG04	Data	S/S	ID	1/1	71	See Code Set Mapping #5.
RACE OR ETHNICITY CODE	DMG05	Data	S/S	ID	1/1	72	N/A
CITIZENSHIP STATUS CODE	DMG06	Data	S/S	ID	1/2	72	N/A
Member Income							N/A
FREQUENCY CODE	ICM01	Data	S/R	ID	1/1	73	
WAGE AMOUNT	ICM02	Data	S/R	R	1/18	74	
WORK HOURS COUNT	ICM03	Data	S/S	R	1/15	74	
LOCATION IDENTIFICATION CODE	ICM04	Data	S/S	AN	1/30	74	N/A: member specific employment/employer information will be sent at Loop 2000, REF-Member Identification, with the qualiifier of "17"-Client Reporting Category.

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
SALARY GRADE CODE	ICM05	Data	S/S	AN	1/5	74	
Member Policy Amounts							N/A
AMOUNT QUALIFIER CODE	AMT01	Qualifier	S/R	ID	1/3	75	
CONTRACT AMOUNT	AMT02	Data	S/R	R	1/18	75	
Member Health Information							N/A
HEALTH RELATED CODE	HLH01	Data	S/S	ID	1/1	76	
MEMBER HEIGHT	HLH02	Data	S/S	R	1/8	77	
MEMBER WEIGHT	HLH03	Data	S/S	R	1/10	77	
Member Language							N/A
IDENTIFICATION CODE QUALIFIER	LUI01	Qualifier	S/S	ID	1/2	79	
LANGUAGE CODE	LUI02	Data	S/S	AN	2/80	79	
LANGUAGE DESCRIPTION	LUI03	Data	S/S	AN	1/80	79	
LANGUAGE USE INDICATOR	LUI04	Data	S/S	ID	1/2	79	
LOOP 2100B - Incorrect Member Name							
ENTITY IDENTIFIER CODE	NM101	GEN Data	S/R	ID	2/3	81	HIPAA value = 70 (Prior Incorrect Insured)
ENTITY TYPE QUALIFIER	NM102	Qualifier	S/R	ID	1/1	81	HIPAA value = 1 (Person)
PRIOR INCORRECT INSURED LAST NAME	NM103	Data	S/R	AN	1/35	81	SHIPS length = 20
PRIOR INCORRECT INSURED FIRST NAME	NM104	Data	S/R	AN	1/25	81	SHIPS length = 15
PRIOR INCORRECT INSURED MIDDLE NAME	NM105	Data	S/S	AN	1/25	81	SHIPS length = 15
PRIOR INCORRECT INSURED NAME PREFIX	NM106	Data	S/S	AN	1/10	81	Not used
PRIOR INCORRECT INSURED NAME SUFFIX	NM107	Data	S/S	AN	1/10	81	Not used
IDENTIFICATION CODE QUALIFIER	NM108	Qualifier	S/S	ID	1/2	82	HIPAA value = 34 (Social Security Number)
PRIOR INCORRECT INSURED IDENTIFIER	NM109	Data	S/S	AN	2/80	82	SHIPS length = 09
Incorrect Member Demographics							
DATE TIME PERIOD FORMAT QUALIFIER	DMG01	Qualifier	S/R	ID	2/3	83	HIPAA value = D8 (Date Expressed in Format CCYYMMDD)
PRIOR INCORRECT INSURED BIRTH DATE	DMG02	Data	S/R	AN	1/35	84	SHIPS length = 08
PRIOR INCORRECT INSURED GENDER CODE	DMG03	Data	S/R	ID	1/1	84	HIPAA allows for value of "Unknown". Same as DMG02, pg. 71) SHBP will only send M or F.
LOOP 2100C - Member Mailing Address							N/A

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
ENTITY IDENTIFIER CODE	NM101	GEN Data	S/R	ID	2/3	86	
ENTITY TYPE QUALIFIER	NM102	Qualifier	S/R	ID	1/1	86	
SUBSCRIBER ADDRESS LINE	N301	Data	S/R	AN	1/55	87	
SUBSCRIBER ADDRESS LINE	N302	Data	S/S	AN	1/55	87	
SUBSCRIBER CITY NAME	N401	Data	S/R	AN	2/30	88	
SUBSCRIBER STATE CODE	N402	Data	S/R	ID	2/2	88	
SUBSCRIBER POSTAL ZONE OR ZIP CODE	N403	Data	S/R	ID	3/15	88	
COUNTRY CODE	N404	Data	S/S	ID	2/3	89	
LOOP 2100D - Member Employer							SHBP will send employer information as a separate file.
ENTITY IDENTIFIER CODE	NM101	GEN Data	S/R	ID	2/3	90	
ENTITY TYPE QUALIFIER	NM102	Qualifier	S/R	ID	1/1	91	
INSURED EMPLOYER NAME	NM103	Data	S/S	AN	1/35	91	
INSURED EMPLOYER FIRST NAME	NM104	Data	S/S	AN	1/25	91	
INSURED EMPLOYER MIDDLE NAME	NM105	Data	S/S	AN	1/25	91	
INSURED EMPLOYER NAME SUFFIX	NM107	Data	S/S	AN	1/10	91	
IDENTIFICATION CODE QUALIFIER	NM108	Qualifier	S/S	ID	1/2	91	
INSURED EMPLOYER IDENTIFIER	NM109	Data	S/S	AN	2/80	91	
Member Employer Communications Numbers							SHBP will send employer information as a separate file.
CONTACT FUNCTION CODE	PER01	Data	S/R	ID	2/2	93	
COMMUNICATION NUMBER QUALIFIER	PER03	Qualifier	S/R	ID	2/2	93	
COMMUNICATION NUMBER	PER04	Data	S/R	AN	1/80	93	
COMMUNICATION NUMBER QUALIFIER	PER05	Qualifier	S/S	ID	2/2	93	
COMMUNICATION NUMBER	PER06	Data	S/S	AN	1/80	94	
COMMUNICATION NUMBER QUALIFIER	PER07	Qualifier	S/S	ID	2/2	94	
COMMUNICATION NUMBER	PER08	Data	S/S	AN	1/80	94	

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
Member Employer Street Address							SHBP will send employer information as a separate file.
INSURED EMPLOYER ADDRESS LINE	N301	Data	S/R	AN	1/55	95	
INSURED EMPLOYER ADDRESS LINE	N302	Data	S/S	AN	1/55	95	
INSURED EMPLOYER CITY NAME	N401	Data	S/R	AN	2/30	96	
INSURED EMPLOYER STATE CODE	N402	Data	S/R	ID	2/2	96	
INSURED EMPLOYER POSTAL ZONE OR ZIP CODE	N403	Data	S/R	ID	3/15	97	
COUNTRY CODE	N404	Data	S/S	ID	2/3	97	
LOOP 2100E - Member School							N/A
ENTITY IDENTIFIER CODE	NM101	GEN Data	S/R	ID	2/3	98	
ENTITY TYPE QUALIFIER	NM102	Qualifier	S/R	ID	1/1	99	
SCHOOL NAME	NM103	Data	S/R	AN	1/35	99	
CONTACT FUNCTION CODE	PER01	Data	S/R	ID	2/2	101	
COMMUNICATION NUMBER QUALIFIER	PER03	Qualifier	S/R	ID	2/2	101	
COMMUNICATION NUMBER	PER04	Data	S/R	AN	1/80	101	
COMMUNICATION NUMBER QUALIFIER	PER05	Qualifier	S/S	ID	2/2	101	
COMMUNICATION NUMBER	PER06	Data	S/S	AN	1/80	102	
COMMUNICATION NUMBER QUALIFIER	PER07	Qualifier	S/S	ID	2/2	102	
COMMUNICATION NUMBER	PER08	Data	S/S	AN	1/80	102	
SCHOOL ADDRESS LINE	N301	Data	S/R	AN	1/55	103	
SCHOOL ADDRESS LINE	N302	Data	S/S	AN	1/55	103	
SCHOOL CITY NAME	N401	Data	S/R	AN	2/30	104	
SCHOOL STATE CODE	N402	Data	S/R	ID	2/2	104	
SCHOOL POSTAL ZONE OR ZIP CODE	N403	Data	S/R	ID	3/15	105	
COUNTRY CODE	N404	Data	S/S	ID	2/3	105	
LOOP 2100F - Custodial Parent							N/A
ENTITY IDENTIFIER CODE	NM101	GEN Data	S/R	ID	2/3	107	
ENTITY TYPE QUALIFIER	NM102	Qualifier	S/R	ID	1/1	107	
CUSTODIAL PARENT LAST NAME	NM103	Data	S/R	AN	1/35	107	

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
CUSTODIAL PARENT FIRST NAME	NM104	Data	S/R	AN	1/25	107	
CUSTODIAL PARENT MIDDLE NAME	NM105	Data	S/S	AN	1/25	107	
CUSTODIAL PARENT NAME PREFIX	NM106	Data	S/S	AN	1/10	107	
CUSTODIAL PARENT NAME SUFFIX	NM107	Data	S/S	AN	1/10	107	
IDENTIFICATION CODE QUALIFIER	NM108	Qualifier	S/S	ID	1/2	107	
CUSTODIAL PARENT IDENTIFIER	NM109	Data	S/S	AN	2/80	108	
CONTACT FUNCTION CODE	PER01	Data	S/R	ID	2/2	110	
COMMUNICATION NUMBER QUALIFIER	PER03	Qualifier	S/R	ID	2/2	110	
COMMUNICATION NUMBER	PER04	Data	S/R	AN	1/80	110	
COMMUNICATION NUMBER QUALIFIER	PER05	Qualifier	S/S	ID	2/2	110	
COMMUNICATION NUMBER	PER06	Data	S/S	AN	1/80	111	
COMMUNICATION NUMBER QUALIFIER	PER07	Qualifier	S/S	ID	2/2	111	
COMMUNICATION NUMBER	PER08	Data	S/S	AN	1/80	111	
CUSTODIAL PARENT ADDRESS LINE	N301	Data	S/R	AN	1/55	112	
CUSTODIAL PARENT ADDRESS LINE	N302	Data	S/S	AN	1/55	112	
CUSTODIAL PARENT CITY NAME	N401	Data	S/R	AN	2/30	113	
CUSTODIAL PARENT STATE CODE	N402	Data	S/R	ID	2/2	113	
CUSTODIAL PARENT POSTAL ZONE OR ZIP CODE	N403	Data	S/R	ID	3/15	114	
COUNTRY CODE	N404	Data	S/S	ID	2/3	114	
LOOP 2100G - Responsible Person							N/A
ENTITY IDENTIFIER CODE	NM101	GEN Data	S/R	ID	2/3	115	
ENTITY TYPE QUALIFIER	NM102	Qualifier	S/R	ID	1/1	116	
RESPONSIBLE PARTY LAST OR ORGANIZATION NAME	NM103	Data	S/R	AN	1/35	116	
RESPONSIBLE PARTY FIRST NAME	NM104	Data	S/R	AN	1/25	116	
RESPONSIBLE PARTY MIDDLE NAME	NM105	Data	S/S	AN	1/25	116	

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
RESPONSIBLE PARTY NAME PREFIX	NM106	Data	S/S	AN	1/10	116	
RESPONSIBLE PARTY SUFFIX NAME	NM107	Data	S/S	AN	1/10	116	
IDENTIFICATION CODE QUALIFIER	NM108	Qualifier	S/S	ID	1/2	117	
RESPONSIBLE PARTY IDENTIFIER	NM109	Data	S/S	AN	2/80	117	
CONTACT FUNCTION CODE	PER01	Data	S/R	ID	2/2	119	
COMMUNICATION NUMBER QUALIFIER	PER03	Qualifier	S/R	ID	2/2	119	
COMMUNICATION NUMBER	PER04	Data	S/R	AN	1/80	119	
COMMUNICATION NUMBER QUALIFIER	PER05	Qualifier	S/S	ID	2/2	119	
COMMUNICATION NUMBER	PER06	Data	S/S	AN	1/80	120	
COMMUNICATION NUMBER QUALIFIER	PER07	Qualifier	S/S	ID	2/2	120	
COMMUNICATION NUMBER	PER08	Data	S/S	AN	1/80	120	
RESPONSIBLE PARTY ADDRESS LINE	N301	Data	S/R	AN	1/55	121	
RESPONSIBLE PARTY ADDRESS LINE	N302	Data	S/S	AN	1/55	121	
RESPONSIBLE PARTY CITY NAME	N401	Data	S/R	AN	2/30	122	
RESPONSIBLE PARTY STATE CODE	N402	Data	S/R	ID	2/2	122	
RESPONSIBLE PARTY POSTAL ZONE OR ZIP CODE	N403	Data	S/R	ID	3/15	123	
COUNTRY CODE	N404	Data	S/S	ID	2/3	123	
LOOP 2200 Disability Information							
DISABILITY TYPE CODE	DSB01	Data	S/R	ID	1/1	124	SHBP documents the disability before they send the electronic enrollment, so no paperwork needed.
PRODUCT OR SERVICE ID QUALIFIER	DSB07	Qualifier	S/S	ID	2/2	125	HIPAA value = DX (diagnosis).
DIAGNOSIS CODE	DSB08	Data	S/S	AN	1/15	125	
DATE TIME QUALIFIER	DTP01	Qualifier	S/R	ID	3/3	126	HIPAA value = 360 (Disability Begin) and 361 (Disability End)
DATE TIME PERIOD FORMAT QUALIFIER	DTP02	Qualifier	S/R	ID	2/3	126	HIPAA value = D8 (Date Expressed in Format CCYYMMDD)

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
DISABILITY ELIGIBILITY DATE	DTP03	Data	S/R	AN	1/35	127	If DTP01 = 360, then value PERS-DISABL-DT field. If DTP01 = 361, then value PERS-DISABL-TERM-DT
LOOP 2300 Health Coverage							
MAINTENANCE TYPE CODE	HD01	Data	S/R	ID	3/3	128	SHBP will send al as '001'
INSURANCE LINE CODE	HD03	Data	S/R	ID	2/3	129	See Code Set Mapping #6.
PLAN COVERAGE DESCRIPTION	HD04	Data	S/S	AN	1/50	130	Potential future use if multiple coverage's under one product code. Includes Medicare date for Horizon
COVERAGE LEVEL CODE	HD05	Data	S/S	ID	3/3	130	See Code Set Mapping #7.
DATE TIME QUALIFIER	DTP01	Qualifier	R/R	ID	3/3	132	348 (Benefit Begin), 349 (Benefit End)
DATE TIME PERIOD FORMAT QUALIFIER	DTP02	Qualifier	R/R	ID	2/3	133	HIPAA value = D8 (Date Expressed in Format CCYYMMDD)
COVERAGE PERIOD	DTP03	Data	R/R	AN	1/35	133	If DTP01 = 348/303, map to EFFECT- DT. If DTP01 = 349, map to TERM-DT. If INS01 = 'Y', use 'C' fields. If INS01 = 'N', use 'D' fields.
AMOUNT QUALIFIER CODE	AMT01	Qualifier	S/R	ID	1/3	134	N/A
CONTRACT AMOUNT	AMT02	Data	S/R	R	1/18	134	N/A
REFERENCE IDENTIFICATION QUALIFIER	REF01	Qualifier	S/R	ID	2/3	135	N/A
INSURED GROUP OR POLICY NUMBER	REF02	Data	S/R	AN	1/30	136	N/A
PLAN COVERAGE DESCRIPTION	IDC01	Data	S/R	AN	1/50	137	N/A
IDENTIFICATION CARD TYPE CODE	IDC02	Data	S/R	ID	1/1	137	N/A
IDENTIFICATION CARD COUNT	IDC03	Data	S/S	R	1/15	138	N/A
ACTION CODE	IDC04	Data	S/S	ID	1/2	138	N/A
LOOP 2310 - Provider Information							N/A
ASSIGNED NUMBER	LX01	Data	S/R	N0	1/6	139	
ENTITY IDENTIFIER CODE	NM101	GEN Data	R/R	ID	2/3	141	
ENTITY TYPE QUALIFIER	NM102	Qualifier	R/R	ID	1/1	141	
PROVIDER LAST OR ORGANIZATION NAME	NM103	Data	R/S	AN	1/35	141	
PROVIDER FIRST NAME	NM104	Data	R/S	AN	1/25	141	

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
PROVIDER MIDDLE NAME	NM105	Data	R/S	AN	1/25	141	
PROVIDER NAME PREFIX	NM106	Data	R/S	AN	1/10	141	
PROVIDER NAME SUFFIX	NM107	Data	R/S	AN	1/10	142	
IDENTIFICATION CODE QUALIFIER	NM108	Qualifier	R/S	ID	1/2	142	
PROVIDER IDENTIFIER	NM109	Data	R/S	AN	2/80	142	
ENTITY RELATIONSHIP CODE	NM110	Data	R/R	ID	2/2	142	
PROVIDER CITY NAME	N401	Data	S/R	AN	2/30	143	
PROVIDER STATE CODE	N402	Data	S/R	ID	2/2	143	
MEMBER POSTAL ZONE OR ZIP CODE	N403	Data	S/R	ID	3/15	144	
COUNTRY CODE	N404	Data	S/S	ID	2/3	144	
LOCATION QUALIFIER	N405	Qualifier	S/S	ID	1/2	144	
LOCATION IDENTIFICATION CODE	N406	Data	S/S	AN	1/30	144	
CONTACT FUNCTION CODE	PER01	Data	S/R	ID	2/2	146	
COMMUNICATION NUMBER QUALIFIER	PER03	Qualifier	S/R	ID	2/2	146	
COMMUNICATION NUMBER	PER04	Data	S/R	AN	1/80	146	
COMMUNICATION NUMBER QUALIFIER	PER05	Qualifier	S/S	ID	2/2	146	
COMMUNICATION NUMBER	PER06	Data	S/S	AN	1/80	146	
COMMUNICATION NUMBER QUALIFIER	PER07	Qualifier	S/S	ID	2/2	147	
COMMUNICATION NUMBER	PER08	Data	S/S	AN	1/80	147	
PCP Change							N/A
ACTION CODE	PLA01	Data	S/R	ID	1/2	148	
ENTITY IDENTIFIER CODE	PLA02	Data	S/R	ID	2/3	148	
PROVIDER EFFECTIVE DATE	PLA03	Data	S/R	DT	8/8	148	
MAINTENANCE REASON CODE	PLA05	Data	S/R	ID	2/3	149	
Loop 2320 - Coordination of Benefits							N/A
PAYER RESPONSIBILITY SEQUENCE NUMBER CODE	COB01	Data	S/R	ID	1/1	150	
INSURED GROUP OR POLICY NUMBER	COB02	Data	S/S	AN	1/30	151	
COORDINATION OF BENEFITS CODE	COB03	Data	S/R	ID	1/1	151	

HIPAA Item_Name	Seg Ref	Data, Qual	Usage	Type	Length	Pg	Comments
Additional COB Identifiers							N/A
REFERENCE IDENTIFICATION QUALIFIER	REF01	Qualifier	S/R	ID	2/3	152	
INSURED GROUP OR POLICY NUMBER	REF02	Data	S/R	AN	1/30	153	
Other Insurance Company Name							N/A
ENTITY IDENTIFIER CODE	N101	Data	S/R	ID	2/3	154	
INSURER NAME	N102	Data	S/S	AN	1/60	154	
IDENTIFICATION CODE QUALIFIER	N103	Qualifier	S/S	ID	1/2	155	
INSURED GROUP OR POLICY NUMBER	N104	Data	S/S	AN	2/80	155	
COB Eligibility Dates							N/A
DATE TIME QUALIFIER	DTP01	Qualifier	S/R	ID	3/3	156	
DATE TIME PERIOD FORMAT QUALIFIER	DTP02	Qualifier	S/R	ID	2/3	156	
COORDINATION OF BENEFITS DATE	DTP03	Data	S/R	AN	1/35	157	
Transaction Set Trailer							
TRANSACTION SEGMENT COUNT	SE01	GEN Data	R/R	N0	1/10	158	Segment Count
TRANSACTION SET CONTROL NUMBER	SE02	GEN Data	R/R	AN	4/9	158	SHBP will be assigning a sequential batch number to the BGN02 element.

Exhibit B
SHBP HIPAA 834 TRANSACTION CODE MAPPINGS

1. INS02: Individual Relationship Code to D-RELATION-CD

HIPAA Code	Application Value
01 Spouse	S Spouse
03 Father or Mother	not used
04 Grandfather or Grandmother	not used
05 Grandson or Granddaughter	G Grandchild
06 Uncle or Aunt	not used
07 Nephew or Niece	N Niece or Nephew
08 Cousin	not used
09 Adopted Child	A Adopted Child
10 Foster Child	F Foster Child
11 Son-in-law or Daughter-in-law	not used
12 Brother-in-law or Sister-in-law	not used
13 Mother-in-law or Father-in-law	not used
14 Brother or Sister	not used
15 Ward	L Legal Ward
17 Stepson or Stepdaughter	P Stepchild
18 Self	
19 Child	C Child
23 Sponsored Dependent	not used
24 Dependent of a minor dependent	not used
25 Ex-spouse	not used
26 Guardian	not used
31 Court Appointed Guardian	not used
32 Mother	not used
33 Father	not used
38 Collateral Dependent	not used
48 Stepfather	not used
49 Stepmother	not used
53 Life Partner	D Domestic Partner

2. INS04: Maintenance Reason Code

HIPAA Code	Application Value	*Active*	Cobra	Retired
AI No reason given	Non-audit except for COBRA end of term			
XN Notification	Audit			
07 Termination of Benefits	COBRA end of term			

3. Benefit Status Code/Employment Status Code/Maintenance Reason Code to E-EMPL-STATUS/EL-PLAN-CODE/EVENT REASON CODE

INS05-pg 47:HIPAA Benefit Status	INS08-pg 49: HIPAA Employment St	INS 04: Maintenance Reason Code	E-EMPL-STATUS	EL-PLAN-CODE (byte 5)	EVENT REASON CODE
A Active	**SHBP will only send FT. The PT and others may be future opportunities:** **AO** Active Military - Overseas **AU** Active Military - USA **FT** Full-time/Full time Active Employee **L1** Leave of Absence **PT** Part time/Part time Active Employee		A Active		
A Active	**RT** Retired		R Retired		
A Active	**TE** Terminated		A Active		
C COBRA	**AO** Active Military - Overseas **AU** Active Military - USA **FT** Full-time/Full time Active Employee **L1** Leave of Absence **PT** Part time/Part time Active Employee		C COBRA		
C COBRA	**RT** Retired		C COBRA	R	
C COBRA	**TE** Terminated		C COBRA		
S Surviving Insured	**AO** Active Military - Overseas **AU** Active Military - USA **FT** Full-time/Full time Active Employee **L1** Leave of Absence **PT** Part time/Part time Active Employee		N/A		
S Surviving Insured	**RT** Retired		R Retired		
S Surviving Insured	**TE** Terminated		N/A		
T Tefra	**AO** Active Military - Overseas **AU** Active Military - USA **FT** Full-time/Full time Active Employee **L1** Leave of Absence **PT** Part time/Part time Active Employee		N/A		
T Tefra	**RT** Retired		N/A		
T Tefra	**TE** Terminated		N/A		

4. INS07: COBRA Qualifying Event Code to E-COBRA-REASON

HIPAA Value	Application Value	*Cobra Reason Subscriber*	Spouse	Child
1 Termination of Employment	T Termination other than retirement L Leave of Absence P Privatization R Retirement	T,L,P,R	T,L,P,R	T,L,P,R
2 Reduction of Work hours		-	-	-
3 Medicare	E Medicare Entitlement	-	E	E
4 Death	D Death of Employee	-	D	D
5 Divorce	V Divorce or Separation	-	V	V
6 Separation	V Divorce or Separation	(N/A: NJ does npt recognize separation)	-	-
7 Ineligible Child	A Attained age 23 I Independent – Moved Out M Marriage	-	-	A,I,M
8 Bankruptcy of a Retired Employee		-	-	-

5. DMG04: Marital Status Code to PERS-MARITAL-STATUS

HIPAA Value	Application Value
B Registered Domestic Partner	P Domestic Partner
D Divorced	D Divorced
I Single	S Single
M Married	M Married, Civil Union
R Unreported	not used
S Separated	not used
U Unmarried	T Terminated Domestic Partner
W Widowed	W Widowed
X Legally Separated	not used

6. HD03: Insurance Line Code to C-SERVICE-ID/D-SERVICE ID

HIPAA Value	Mapped Value
AG Preventative Care/Wellness	not used
AH 24 Hour Care	not used
AJ Medicare Risk	not used
AK Mental Health	not used
DCP Dental Capitation	N/A
DEN Dental	not used
EPO Exclusive Provide Org	not used
FAC Facility	not used
HE Hearing	not used
HLT Health	N/A
HMO Health Maintenance Org	N/A
LTC Long-Term Care	not used
LTD Long-Term Disability	not used
MM Major Medical	not used
MOD Mail Order Drug	not used
PDG Prescription Drug	3 character values TBD
POS Point of Service	N/A
PPO Preferred Provider Org	not used
PRA Practitioners	not used
STD Short-Term Disability	not used
UR Utilization Review	not used
VIS Vision	not used
Application Value	
201 - 299 (range reserved for RX)	Values TBD

7. HD05: Coverage Level to C-CONTRACT-LEVEL

HIPAA Value	Application Value
CHD Children Only	not used
DEP Dependents Only	not used
E1D Employee & One Dependent	not used
E2D Employee & Two Dependents	not used
E3D Employee & Three Dependents	not used
E 5D Employee & One or More Dependents	not used
E 6D Employee & Two or More Dependents	not used
E7D Employee & Three or More Dependents	not used
E8D Employee & Four or More Dependents	not used
E9D Employee & Five or More Dependents	not used
ECH Employee & Children	P Parent/Child(ren)
EMP Employee Only	S Single
ESP Employee & Spouse	M Member/Spouse
FAM Family	F Family
IND Individual	not used
SPC Spouse & Children	not used
SPO Spouse Only	not used
TWO Two Party	not used

8. REF01: Member Identification Number

HIPAA Value	Application Field Valued
17 - Client Reporting Category This data should only be transmitted when such transmission is required under the insurance contract between the sponsor and payer and allowed by federal and state regulations. This element is NOT USED when the member identified in the related INS segment is not the subscriber. See section 2.7, "Coverage Levels and Dependents", for additional information.	Industry Code, Employer ID, Payroll Number, Check Distribution Number, Union Code, Free Reason Code, Person Cobra Through Date. **Format:** position 1 = industry code; pos. 2-7 = employer id; pos 8-10 = payroll # ; pos 11-12 = ck distribution # ; pos 13-15 = union code; pos 16-18 = free reason code; pos 19-27 = pers_cobra_through_date; for benefit tier positions 1-4 are benefit data; for medicare part d positions 8-12 are s or d followed by yymm
23 - Client Number To be used to pass a payer specific identifier for a member. Not to be used after the HIPAA standard National Identifier for Individuals is implemented.	N/A
3H - Case Number	N/A
DX - Department/Agency Number Use when members in a coverage group are set up as different departments or divisions under the terms of the insurance policy.	N/A
F6 -Health Insurance Claim (HIC) Number Use when reporting Medicare eligibility for a member until the National Identifier is mandated for use.	PERS MEDICARE-ID-NO, onlywhen qualified as MA, A; or haaving -A suffix
Q4 - Prior Identifier Number Use to pass the Identifier Number under which the member had previous coverage with the payer. This could be the result of a change in employment or coverage that resulted in a new ID number being assigned but left the member covered by the same payer.	PERS-FORMER-SSN This will only be sent when the ssn is changed. Otherwise, it will not be sent.
ZZ - Mutually Defined Use this code to transmit the title of the members employment position.	N/A
6O - Medicare Cross Reference Number-This number is used to tie back the Survived Insured back to the original Subscriber ID.	Identifies FORMER-LINK-SSN

9. DTP01: Status Information Effective Date

HIPAA Value	Application Value
286-Retirement	SHBP RETIREMENT-DT
296-Return to Work	N/A
297-Date Last Worked	N/A
300-Enrollment Signature Date	N/A
301-COBRA Qualifying Event	N/A
303-Maintenance Effective	N/A
336-Employment Begin	SHBP HIRE-DT
337-Employment End	SHBP EMPL-TERM-DT
338-Medicare Begin	SHBP PERSON MEDICARE-PROOF-A-DT SHBP PERSON MEDICARE-PROOF-B-DT
339-Medicare End	
340-COBRA Begin	SHBP COBRA-START-DT
341-COBRA End	N/A
350-Education Begin	N/A
351-Education End	N/A
356-Eligibility Begin	SHBP EFFECTIVE DATE
357-Eligibility End	SHBP TERM DATE
383-Adjusted Hire	N/A
393-Plan Participation Suspension	N/A
394-Rehire	N/A
473-Medicaid Begin	N/A
474-Medicaid End	N/A

Exhibit C -- F4 Daily Return File Transmission Layout (HIPAA 997)

POS#	SEG ID.	NAME	REQ.DES.	Max Use	Loop Repeat	
10	**ST**	Transaction Set Header	M	1		
20	**AK1**	Funcitonal Group Response Header	M	1		
		LOOP ID - AK2				1E+06
30	**AK2**	Transaction Set Response Header	O	1		
		LOOP ID - AK2/AK3			999999	
40	**AK3**	Data Segment Note	O	1		
50	**AK4**	Data Element Note	O	99		
60	**AK5**	Transaction Set Response Trailer	M	1		
70	**AK9**	Functional Group Response Trailer	M	1		
80	**SE**	Segment End	M	1		

EXHIBIT D -- Employer File Layout (300 bytes)

Description	Format/Length	Start	End	Values/Comments
non-par	A1	1	1	Y or N to designate whether employer is not participating in SHBP, where N indicates the employer is participating in the SHBP, and Y indicates the employer is NOT participating (I.e., is a non-par employer)
employer id	A6	2	7	
payroll	A3	8	10	
SLE type	A1	11	11	S or L or E (State, Local, or Ed)
employer name	A40	12	51	
address 1	A30	52	81	
address 2	A30	82	111	
address 3	A30	112	141	
POBOX	A9	142	150	
city	A20	151	170	
state	A2	171	172	
zip	A9	173	181	
phone	A11	182	192	
phone ext	A5	193	197	
contact name	A30	198	227	
enroll date	A8	228	235	MMDDYYYY
term date	A8	236	243	MMDDYYYY
RX resolution	A3	244	246	000 (non-par employer), 003 (State plan), 005 (private plan), 007 (no plan)
RX plan eff date	A8	247	254	MMDDYYYY
Employer Tax ID	A8	255	262	

Fixed block, record length 300

EXHIBIT E -- Carrier Audit Layout

Header Record

Fields Sent	Length	Values	Columns
Indicator	A1	D, H	001-001
Date	A8		002-009
Literal	A391	State of NJ/SHIPS/Audit	010-400

Detail Record

Fields Sent	Length	Values	Columns
Sequence Number	A6		001-006
Subscriber SSN	A9		007-015
Dependent SSN	A9		016-024
Relation	A1	A, C, D, F, L, P, S (G, N)	025-025
Plan Type	A1	H, D, V, R	026-026
Employer ID	A6		027-032
Employment Status	A1	A,R,C	033-033
Reason	A1	1,2,3,4	034-034
Service ID	A3		035-037
Coverage Effective Date	A8		038-045
Coverage Termination Date	A8		046-053
Last Name	A20		054-073
First Name	A15		074-088
Middle Name	A15		089-103
Date Of Birth	A8		104-111
Gender	A1	M,F	112-112
Marital Status	A1	S, M, D, P, T, W	113-113
Contract Level	A1	S, M, F, P	114-114
Covcombo Medicare Indicator	A2	For H only	115-116
Medicare Primary Indicator	A1	blank	117-117
Medicare Proof Indicator	A1	1, 2, 3, 4, 5	118-118
Medicare ID	A11		119-129
MedA Date	A8		130-137
MedB Date	A8		138-145
COBRA Paid Thru Date	A8		146-153
Disabled Indicator	A1	1, 2, 3, 4, 5	154-154
SEL Type	A1	S,E,L	155-155
Payroll Number	A3		156-158
RX Union Code	A3		159-161
Primary Physician	A12		162-173
Free/Not Free Code	A3	For H only	174-176
Address Line 1	A30		177-206
Address Line 2	A30		207-236
Address Line 3	A30		237-266
PO Box	A9		267-275
City	A20		276-295
State	A2		296-297
Zip Code	A9		298-306
Country	A40		307-346
Address Effective Date	A8		347-354
RX Indicator	A1	Y - has Rx plan, N - has no Rx plan (For H, R only)	355-355
Eligibility Plan Type	A5	H, P, D, V, R (For C only)	356-360
Subsidy Indicator	A1	blank, D or S (for H only)	361-361
Filler for possible future use	A39	blank	362-400

Trailer Record

Fields Sent	Length	Values	Columns
Indicator	A1	T	001-001
Date	A8		002-009
Literal	A29	State of NJ/SHIPS/Audit/Count	010-038
Count	N6		039-044
Filler	A356		045-400

Request for Proposal 10-X-20899, Employee Benefits: Pharmacy Benefit Management
BIDDER RESPONSE FILE

NOTE: A fillable version of this file will be made available at the Mandatory Pre-Bid Conference.

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.0 SCOPE OF WORK	The contractor shall have satisfied the following minimum threshold requirements in order to be awarded the contract resulting from this RFP: a. a minimum of ten (10) years experience as an administrator and/or manager of an employer pharmacy benefit program	
	b. annual pharmacy benefit management revenue in excess of $0.5 billion	
	c. a retail pharmacy network available in all 50 states	
	d. administered/managed three (3) or more accounts with at least 100,000 covered lives	
	e. managed a public sector client for at least one (1) year duration.	
	Questions:	
	a. The bidder must describe in detail the services provided to its largest governmental account.	
	b. In the bidder's book of business, what are the total members currently served?	
	c. Is the bidder currently seeking or planning seek URAC Pharmacy Benefit Management accreditation (scheduled for implementation in 2010)?	
	d. Does the bidder possess NCQA Disease Management Program Accreditation? If so, what is the expiration date for same?	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	e. What other accreditations are held or have been attained by the bidder?	
	f. What is the percentage of total revenue that the Pharmacy Benefits Manager (PBM) represents to the bidder's organization?	
	g. The bidder must provide an overview of the services it provides for: (1) Mail Order Services i. Managed and delivered in-house or one or more pharmacy(ies) subcontracted/outsourced to a third-party ii. If outsourced or subcontracted, identify the contracted vendor iii. If outsourced or subcontracted, what is the term of the outsourcing or subcontracting agreement? iv. What will the bidder do to minimize disruptions to the contract described herein when the outsourcing or subcontracting agreements expire or are terminated?	
	(2) Specialty Pharmacy Services i. Managed and delivered in-house or one or more pharmacy(ies) subcontracted/outsourced to a third-party ii. If outsourced or subcontracted, identify the contracted vendor iii. If outsourced or subcontracted, what is the term of the outsourcing or subcontracting agreement? iv. What will the bidder do to minimize disruptions to the contract described herein when the outsourcing or subcontracting agreements expire or are terminated?	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	(3) Formulary Management i. Managed and delivered in-house or one or more formulary(ies) subcontracted/outsourced to a third-party ii. If outsourced or subcontracted, identify the contracted vendor iii. If outsourced or subcontracted, what is the term of the outsourcing or subcontracting agreement? iv. What will the bidder do to minimize disruptions to the contract described herein when the outsourcing or subcontracting agreements expire or are terminated?	
	(4) Pharmacy & Therapeutic Committee i. Managed in-house or subcontracted to a third-party ii. If outsourced or subcontracted, identify the contracted vendor iii. If outsourced or subcontracted, what is the term of the outsourcing or subcontracting agreement? iv. What will the bidder do to minimize disruptions to the contract described herein when the outsourcing or subcontracting agreements expire or are terminated?	
	(5) Clinical Services i. Managed and delivered in-house or one or more clinical services subcontracted/outsourced to a third-party ii. If outsourced or subcontracted, identify the contracted vendor iii. If outsourced or subcontracted, description of the service iv. If outsourced or subcontracted, what is the term of the outsourcing or subcontracting agreement?	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	v. What will the bidder do to minimize disruptions to the contract described herein when the outsourcing or subcontracting agreements expire or are terminated?	
	(6) Claims Processing i. Managed and delivered in-house or one or more clinical services subcontracted/outsourced to a third-party ii. If outsourced or subcontracted, identify the contracted vendor iii. If outsourced or subcontracted, description of the service iv. If outsourced or subcontracted, what is the term of the outsourcing or subcontracting agreement? v. What will the bidder do to minimize disruptions to the contract described herein when the outsourcing or subcontracting agreements expire or are terminated?	
	(7) Rebate Management i. Managed in-house or subcontracted to a third-party ii. If outsourced or subcontracted, identify the contracted vendor iii. If outsourced or subcontracted, what is the term of the outsourcing or subcontracting agreement? iv. What will the bidder do to minimize disruptions to the contract described herein when the outsourcing or subcontracting agreements expire or are terminated?	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.1 NETWORK ACCESS / PHARMACY DISTRIBUTION CHANNELS **3.1.1 RETAIL**	a. The contractor must pass the full discounted amounts that are negotiated with providers to the SHBP/SEHBP and plan members if the State contracts using a pass-through transparent pricing model. In addition, the dollar for dollar reimbursement paid to providers is the exact amount that must be charged to the State for claims. Fees based on a percentage of savings are not permissible.	
	b. The contractor must provide for access to prescription drug services that satisfy all state and federal licensure, record-keeping, access, and consumer protection requirements.	
	c. The contractor must maintain a network of pharmacies that have agreed to discount their charges for prescription drugs.	
	d. With regard to additions and deletions of network pharmacies, the contractor must provide at least 45 days advance written notification to the State of any change in provider networks that will affect a 1% or greater change in the number of providers in the network or a disruption that would impact 3% or greater of the members. The contractor must provide the State, at the same time, with a list of the names and social security numbers of the members that will be affected by the discontinuation of the network provider contracts involved in the network change.	
	e. The contractor shall make available to the State automated analyses of member network access, including but not limited to a mapped presentation of said analyses.	
	f. For network accessibility, a minimum of 97% of all participating members shall have available a participating retail pharmacy located within a ten (10) mile radius of their residence.	
	g. The contractor shall ensure that MAC pricing applies to retail claims.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	Questions:	
	a. Using the census data provided at the Mandatory Pre-Bid Conference, the bidder must provide network access data separately for its Limited Network and its Broadest Network, on a state-by-state-basis, that shows the percent of members within 1.5 miles and a 10-mile radius of a participating network pharmacy as of January 1, 2009. How does the bidder propose addressing any access concerns within its network?	
	b. Separate reports should be completed for each of the bidder's networks (limited and broadest networks) by group as follows: ▪ State Actives ▪ State Retirees ▪ Local Education Actives ▪ Local Education Retirees ▪ Local Government Actives ▪ Local Government Retirees	
	c. Identification of these populations may be determined using the census data field "EMP-SEL" to identify State, Local Education, or Local Government and the "EMP-STATUS" field to identify Active or Retired.	
	d. For a Pharmacy Disruption Analysis, the worksheet provided on the disc given to the bidder at the Mandatory Pre-Bid Conference contains a list of utilized pharmacies for which the State requires the bidder to identify if the provider is in-network in its limited network and its broadest network as of January 1, 2009.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	e. The bidder must describe its pharmacy network options, i.e., standard network versus deeper discounted limited network.	
	f. Provide the total number of contracted pharmacies nationwide in its broadest networks.	
	g. Provide the total number of contracted pharmacies nationwide in the bidder's most limited network.	
	h. Describe the bidder's network pharmacy credentialing process. Provide a description of the bidder's re-credentialing process. How often is re-credentialing performed and how is the provider information verified?	
	i. How does the bidder grade the performance of network pharmacies, both financial and service performance factors? How does the bidder use this data to enhance network performance?	
	j. How many pharmacies has the bidder's PBM terminated due to poor performance in the last two years? How many for contract non-compliance?	
	k. How does the bidder deal with pharmacy chain organizations? Does the bidder have direct access to their stores or is the bidder required to work through their chain headquarters? Does the bidder allow them to block PBM system messages to their stores? If so, which messages and how is this justified?	
	l. How does the bidder inform the network pharmacies of new generic items when they become available? How does the bidder manage the network	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	to the highest performance in this area?	
	m. What procedures are established to ensure that the pharmacy is in compliance with these provisions?	
	n. Does the bidder have the capability to provide a retail maintenance network where less than 3 copays can be charged for a 90-day supply of a drug at a retail facility?	
	o. For the “mail at retail” program, the bidder must fully describe as well as compare the financial implications, including but not limited to AWP discounts, dispensing fees, and rebates and other pharmaceutical revenue. What are the member cost share requirements to secure this pricing? What are the member utilization requirements to secure this pricing?	
	p. For the bidder's broadest network, provide a list of all major retail pharmacy chains that are located in New Jersey. What is the total number of New Jersey pharmacies in the bidder's network?	
	q. Would the bidder consider adding retail pharmacies to its network at the request of the State? Describe any limitations or requirements involved in adding a retail pharmacy.	
	r. What are the bidder's capabilities regarding on-site pharmacy?	
	s. Provide the bidder's past experience running an on-site pharmacy, including size and capacity.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.1.2 90-DAY AT RETAIL NETWORK	a. The contractor must have a network of pharmacies to dispense 90-day supplies of maintenance medications.	
	b. The contractor shall ensure that MAC pricing applies to 90-day retail claims.	
	c. The contractor must maintain a network of pharmacies that have agreed to discount their charges for prescription drugs.	
	d. With regard to additions and deletions of network pharmacies, the contractor must provide at least 45 days advance written notification to the State of any change in provider networks that will affect a 1% or greater change in the number of providers in the network or a disruption that would impact 3% or greater of the members. The contractor must provide the State, at the same time, with a list of the names and social security numbers of the members that will be affected by the discontinuation of the network provider contracts involved in the network change.	
	e. The contractor shall make available to the State automated analyses of member network access, including but not limited to a mapped presentation of said analyses.	
	Questions:	
	a. The bidder must provide the total number of bidder mail order facilities nationwide.	
	b. If prescription orders are sent back to members that do not provide appropriate payments with their prescription order, what is the dollar amount that triggers this process versus sending the order without the appropriate payment?	
	c. The bidder must provide information on the proposed mail order facility locations for the State,	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	given the geographic location of their employees, using the Census file provided at the Mandatory Pre-Bid Conference. <u>Primary Mail Order Facility Location(s)</u> Street Address City / State / Zip Code % Current Capacity/month What is the mail service dispensing capacity per month? How many members are serviced by this mail order facility? How many pharmacists are on staff at this location? How many pharmacy technicians are on staff? <u>Secondary Mail Order Facility Location(s)</u> *Facility #1* Street Address City / State / Zip Code % Current Capacity What is the mail service dispensing capacity per month How many members are serviced by this mail order facility? How many pharmacists are on staff at this location? How many pharmacy technicians are on staff? *Facility #2* Street Address City / State / Zip Code % Current Capacity What is the mail service dispensing capacity per month How many members are serviced by this mail order facility? How many pharmacists are on staff at this location? How many pharmacy technicians are on staff? *Facility #3* Street Address City / State / Zip Code	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	% Current Capacity What is the mail service dispensing capacity per month How many members are serviced by this mail order facility? How many pharmacists are on staff at this location? How many pharmacy technicians are on staff? What are your standard hours of operation? <u>Service Statistics for all Mail Order Facilities for all clients:</u> Quarterly Dispensing Capacity Number of Prescriptions Dispensed in the Most Recent Quarter Ratio of Pharmacists to Pharmacy Technicians Average Number of Prescriptions Dispensed per Pharmacist per Hour Average turnaround time in the most recent quarter for prescriptions that: Required intervention (in days) Did not require intervention (in days)	
	a. What investment has the bidder made in its mail order technology?	
	b. At what percent of total capacity is the mail order pharmacy currently operating? How much new volume beyond the proposed State of New Jersey account is expected to be added in 2010 (excluding membership resulting from this RFP)?	
	c. Are all mail order claims processed online, real-time, through the PBM administrative system?	
	d. Does the mail order pharmacy provide its own customer service unit or is this responsibility provided by a separate customer service unit?	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	e. Does the bidder promote a 90-day supply of medication in every case possible? If not, how is the medication supply tailored around the patient's specific need?	
	f. What is the bidder's current mail order pharmacy generic dispensing rate? What does the bidder expect it to be in 2010? How does the bidder manage the mail order pharmacy to the highest generic dispensing rate possible? What actions are required by the State to allow the mail order pharmacy to maximize its generic dispensing?	
	g. What is the bidder's mail order pharmacy prescription filling error rate?	
	h. How does the bidder manage the error rate to the lowest possible?	
	i. Does the mail order pharmacy track internal errors (not leaving the facility) separately from external errors (those that did leave the facility)?	
	j. How does the bidder handle internal and external dispensing errors when they occur?	
	k. What is the bidder's average turnaround time for orders from its facility? What is the bidder's target turnaround time? How does the bidder manage the performance of this facility to these targets?	
	l. Does the mail order pharmacy offer voice response and/or website ordering and order tracking services?	
	m. How does the bidder handle PBM Drug	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	Utilization Review (DUR) messages when they are presented to the mail order pharmacy staff during the handling of a prescription order? Does the bidder's mail order pharmacy staff document their action from these messages?	
	n. Does the bidder's mail order pharmacy perform therapeutic drug substitutions on targeted brand and generic medications? How are drugs selected for inclusion in the drug substitution process? The bidder must explain how this process works and list the targeted drugs and the preferred drugs currently affected by this process. How is this list reviewed and how often is it updated? How does the bidder ensure that members will not be directed to higher cost medications?	
	o. What procedures are established to ensure that the pharmacy is in compliance with the provisions that members will pay the lower of (i) U&C price; (ii) discount ingredient cost (MAC); or (iii) the member copays/coinsurance?	
	p. What discount will be offered on non-covered drugs and services?	
	q. What procedures are established to ensure that the pharmacy is in compliance with this price discounting methodology?	
3.1.3 MAIL ORDER	a. The contractor must have a technologically-advanced, state-of-the-art mail-order facility(ies)	
	b. Dispensing time should be within two (2) business days following receipt by the contractor.	
	c. The contractor shall not require the State to pay outstanding balances owed by membership.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	d. If requested, the contractor must provide the member with a check for monies owed as opposed to maintaining a credit at the contractor's mail facility.	
	e. The PBM mail order service may not substitute products that will result in a higher member copay. If a substitution must occur, the members shall be charged the original copay.	
	f. The contractor shall obtain open refill files from the State's mail order vendors, if available.	
	g. The contractor shall maintain a website supporting the mail order function, which allows members to access their pharmacy claims and request refills online.	
	h. MAC pricing shall apply at mail.	
	i. The AWP applied to mail order claims must be the actual NDC-11 of the package size dispensed.	
	Questions:	
	a. Provide the total number of contracted pharmacies nationwide in the bidder's broadest 90-day retail networks.	
	b. Provide the total number of contracted pharmacies nationwide in the bidder's most limited 90-day retain network (defined as mail at retail pricing network).	
	c. Mail at retail pricing is defined as contracted rates and rebates that are the exact same at mail as at retail. If available, the bidder must describe its mail at retail program, including participation and member cost share requirements.	
3.1.4 SPECIALTY PHARMACY	a. The contractor must have either an in-house or subcontracted specialty pharmacy provider.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	b. The specialty pharmacy network shall be the preferred provider of certain drugs. The specialty pharmacy network shall guarantee more favorable reimbursement rates on the designated products and possess unique clinical monitoring, member assistance, and distribution capabilities.	
	c. The contractor, or a third-party specialty pharmacy that has a written arrangement with the contractor, may provide specialty drugs. New specialty products and the pricing for these products shall be added to the list of specialty drugs only after notifying the State Contract Manager.	
	d. Additions to the contractor's "specialty drug list" must be based on the criteria established by the P&T Committee, unless specifically approved by the State Contract Manager.	
	e. The contractor shall limit specialty drugs to a 30-day supply via mail/specialty pharmacies.	
	f. The specialty pharmacy must ship to the appropriate location, such as patient's home or doctor's office.	
	g. The contractor must work with the State's medical carriers to transition specialty drugs from the State's current plans.	
	h. The contractor must ensure that the AWP applied to specialty claims will be the actual NDC-11 of the package size dispensed.	
	Questions:	
	a. What is the total number of specialty pharmacies nationwide in the bidder's network?	
	b. What are the bidder's specialty network requirements?	
	c. The bidder must describe its shipping and	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	handling policy for specialty products.	
	d. The bidder must identify its primary shipping carrier.	
	e. Will the actual package size be used for AWP basis for specialty products?	
	f. What are the bidder's specialty disease clinical management capabilities	
	g. The bidder must discuss if its organization receives educational funding or support from pharmaceutical manufacturers.	
	h. Does the specialty pharmacy service have access to the patient profile? That is, are the specialty, retail and mail systems fully integrated so that a complete patient profile is accessible?	
	i. The bidder must provide its most recent specialty drug list.	
	j. The bidder must list its specialty disease clinical management capabilities.	
	k. What are the bidder's recommended policies and procedures for coverage of injectables under a prescription plan?	
	l. The bidder must describe its approach to carve-out specialty drugs from the medical benefits.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.2 CLINICAL CAPABILITIES **3.2.1 CLINICAL PROGRAMS**	a. The contractor must administer the following programs: (1) Controlled substance excessive use program (2) Drug utilization review, concurrent (CDUR) (3) Drug utilization review, retrospective (RDUR) (4) Formulary management (5) Medication adherence program (6) Member letters about lower cost alternatives when available (7) Pharmacy and physician profiling (8) Prior Authorization program, both on a drug-specific and patient-specific basis (9) Quantity level limits (10) Step therapy protocols (11) Dose optimization program	
	b. The contractor must provide a guaranteed Return on Investment for all of the programs, collectively, identified in RFP Section 3.2.1a.	
	c. The contractor must recommend to the State policies and procedures for coverage of injectables under the prescription plan.	
	Questions:	
	a. The bidder shall describe the clinical program strategy used by the PBM.	
	b. The bidder shall describe the scope of each of the following programs: (1) Controlled substance excessive use program (2) Drug utilization review, concurrent (CDUR) (3) Drug utilization review, retrospective (RDUR); including a list of the criteria used in RDUR evaluation, how programs are addressed, and the qualifications of the staff (4) Formulary management (5) Medication adherence program (6) Participant letters about lower cost alternatives	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	when available (7) Pharmacy and physician profiling (8) Prior Authorization program (9) Quantity level limits (10) Step therapy protocols (11) Dose optimization program	
	c. At a minimum, the bidder must include all programs listed above in the clinical fee quoted on the Price Schedule(s).	
	d. How often are the bidder's clinical programs reviewed to ensure they remain up-to-date?	
	e. The bidder must provide a list of drugs by name, drug class and indication that the bidder would recommend that the State not cover, or restrict the coverage (such as through higher copay, limited quantities), under the retail network program. The response shall include a rationale for these restrictions.	
	f. The bidder must describe its ability and process to integrate medical, pharmacy, lab and/or absence data.	
	g. For each ROI guarantee, the bidder must describe the guarantee.	
	h. How will each ROI guarantee be measured?	
	i. How will the bidder assess penalties relative to each ROI guarantee?	
3.2.2 PHARMACY AND THERAPEUTIC COMMITTEE	a. The contractor must utilize a Pharmacy and Therapeutic (P&T) Committee to develop and maintain its formulary, as well as its utilization management program and overage rules.	
	b. Members of the P&T Committee must fully disclose funds accepted from pharmaceutical	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	manufacturers and recuse themselves when a conflict is apparent.	
	c. Individuals employed by the contractor shall not represent greater than 30% of the decision-making P&T Committee members.	
	d. A new drug product approved by the U.S. Food and Drug Administration, which is not a generic drug product, must be included as a non-preferred brand (third-tier brand) until the contractor's P&T Committee makes a determination concerning inclusion of the drug product in the list of preferred brands.	
	e. A drug product for which there is no other therapeutically equivalent drug product must be a preferred brand.	
	Questions:	
	a. What percentage of brand drugs are on the bidder's formulary list?	
	b. The bidder must provide the following information concerning the Pharmacy and Therapeutic Committee: (1) Frequency of meetings (2) Number of physicians (3) Number of pharmacists (4) Number of nurses (5) Number of PBM employees	
	c. What is the bidder's P&T formulary development process?	
	d. Does the P&T Committee accept funds from pharmaceutical manufacturers? If yes, the bidder must explain.	

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	e. How often is the bidder's formulary updated? When are negative formulary decisions applied? When are additions to the formulary applied? Would the bidder be willing to provide a custom formulary specific to the State? The bidder's proposal must include the current formulary in an electronic format.	
	f. Does the bidder have any generic drugs on its non-formulary list? If so, provide a list of these drugs, including rationale.	
	g. The bidder must describe any proprietary interests the bidder has with pharmaceutical manufacturers. How do these relationships impact any formulary programs that are maintained by the bidder?	
	h. The bidder must describe its procedure for monitoring claims/litigations against pharmaceutical providers. The bidder must also describe in detail what steps it will take to ensure the State's interests are protected with respect to any claim/litigation relating to pharmaceuticals paid for by the State under the contract.	
3.2.3 PHARMACY MANAGEMENT / UTILIZATION MANAGEMENT SERVICES	a. The contractor must provide Utilization Management (UM) services.	
	b. The contractor must prepare an annual business plan, in consultation with the State.	
	c. The contractor must compile and submit to the State a quarterly report on the UM activities it has undertaken, results and subsequent corrective actions.	
	d. The contractor must send a claims file on a mutually agreed upon basis to the medical vendors to interpret and evaluate claims data.	
	e. The State reserves the right to establish dispensing limits on any medication based on Food	

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	and Drug Administration (FDA) recommendations and medical appropriateness.	
	f. Upon request, the contractor shall provide the State with a copy of its MAC list.	
	Questions:	
	a. The bidder must list and describe all programs designed to increase generic utilization.	
	b. In the bidder's effort to maximize generic substitution, what strategies will be used to efficiently and effectively communicate with prescribing physicians? How does the bidder communicate drug changes to members?	
	c. Will the bidder offer a generic dispensing rate guarantee that the State's generic utilization will improve at least 1% annually? If so, the bidder must describe the guarantee.	
	d. How does the bidder educate members, proactively, about new medications, medications going 'off patent', prescribing abuses, or other areas that could adversely impact the quality or cost of the program?	
	e. Does the bidder sponsor an incentive program to pharmacists to facilitate generic drug substitution? If so, the bidder must describe the program.	
	f. What other incentive award programs for pharmacists has the bidder offered and implemented?	
	g. The bidder must describe how its utilization programs are evaluated and identify members responsible for the programs. What evaluation tools,	

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	e.g., trend analysis, are utilized in developing disease management and other clinical management programs?	

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3.3 MEMBER AND CLIENT MANAGEMENT SERVICES / PROGRAMS **3.3.1 ACCOUNT MANAGEMENT**	The contractor's account (or contract) management activities must include an individual designated as the Account Executive. Further, the Account Executive shall also	
	a. have decision making authority for the contract resulting from this RFP	
	b. ensure smooth administration of all aspects of the contract, coordinate the resources of the contractor organization to meet the needs of the State, and act as a facilitator toward that end	
	c. ensure that his/her organization follows DPB procedures and directives concerning marketing, attendance at health fairs, timeliness and accuracy of materials available to Members, reporting (financial and other), and other procedural and contractual requirements	
	d. be accessible to the DPB at all times during normal business hours. Contact information for the account team must be updated as appropriate, and must include key contact information (office, fax and cell phone numbers, email, and physical mailing addresses) for each PBM account team member. (The State is agreeable to the Account Executive's designee or an appropriate team member representing the Account Executive for this item.)	
	e. attend all meetings as assigned or requested by the DPB	
	d. communicate effectively and professionally, conducting and facilitating meetings with, organized and well thought-out agenda	
	e. fully inform the DPB of changes of key staff members, contractor policies that may affect the contract, pending mergers, or new financial arrangements with contractors that may have an effect on the State prescription drug program, e.g., loss of providers	

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	f. expeditiously and effectively address issues or problems as they arise, work to resolve problems, and communicate solutions to the DPB.	
	Questions:	
	a. The bidder must describe its specific plans to manage, control and supervise the contract to ensure satisfactory contract completion according to the required schedule. The plan must include the bidder's approach to communicate with the State Contract Manager including, but not limited to, status meetings, status reports, etc. The bidder must also respond in the account (or contract) management portion of its bid to the items listed below.	
	b. Will the bidder's proposed Account Manager have any other accounts? Does he/she possess previous experience either in the public sector, with accounts greater than 100,000 members, or both?	
	c. The bidder's proposal must provide the following information regarding the individuals proposed to have overall responsibility for managing the resultant contract: (1) The individual proposed as an Account Executive to have decision making authority for the contract resulting from this RFP, including a statement as to this individual's availability to the State (2) How the Account Executive will coordinate with all product areas to provide a seamless account management approach (3) A description of the Account Executive's sales/marketing duties in addition to client service responsibilities (4) Identification of the percentage of his/her total annual work hours devoted to client account	

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	responsibilities. Identify other major clients for whom the Account Executive has and will continue to have account responsibilities. Identify the percentage of this individual's time that will be dedicated to the State account.	
	d. The bidder must describe its approach to implementing the New Jersey account, including the following information: (1) The structure of the proposed implementation team to ensure a smooth implementation, including an indication of percentage of time dedicated to the New Jersey project (2) The nature and amount of involvement the bidder requires from the State team	
3.3.2 CUSTOMER SERVICE / MEMBER SERVICES	a. The contractor shall provide a customer service center (or call center) to inform members about plan specifics and to answer claim processing questions.	
	b. The call center should be operational during the transition period from the State's old contract to this contract and must be operational as of October 1, 2009.	
	c. The contractor's call center is subject to the Performance Standards set forth in RFP Section 5.13.2.2.	
	d. There shall be a dedicated, toll-free customer service telephone number(s).	
	e. Customer service hours must 24/7, i.e., 24 hours per day and 7 days per week.	
	f. Registered pharmacists must be available 24 hours a day for consultation at the mail order facility and specialty pharmacies.	
	g. Customer service must be available in English, Spanish and for the hearing impaired.	

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	h. A toll-free number must be available to members in need of telecommunications device assistance (TTY).	
	i. Customer Service Representatives (CSRs) must have access to a comprehensive list of all participating pharmacies and their locations.	
	j. CSRs must have access to the contractor's case tracking system in order to respond to incoming inquiries.	
	k. The CSRs shall recommend use of the mail order pharmacy to members with new prescriptions, and when discussing with the member claims submitted by network pharmacies.	
	l. Web-based information must be available for members and to facilitate customer service needs, including but not limited to the website being dedicated to the State of New Jersey, the ability to renew a prescription, drug information and identifying/locating providers.	
	m. The contractor must provide a team dedicated to the development, design and dissemination of plan information.	
	n. The contractor must conduct annual patient/member satisfaction surveys and present the results to the State.	
	Questions:	
	a. What are the location(s) of the bidder's proposed call center(s)?	
	b. How the customer service team will be structured?	
	c. How many customer service representatives (CSRs) will be dedicated to the SHBP/SEHBP? What qualifications and experience does the bidder require	

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	of its CSR team?	
	d. How are calls segmented, e.g., routing of general information calls, claims calls, ID network pharmacies, etc.?	
	e. How are specific management reports captured? The bidder's proposal must include examples of telephone, email and written correspondence reports.	
	f. What investments has the bidder made in call center technology?	
	g. The bidder's response must include samples of its standard employee communication materials.	
	h. The bidder must provide an outline of how its communication materials can be customized and at what cost for various levels of customization.	
	i. The response must include a timeline on delivery of the bidder's standard employee communication materials.	
	j. The bidder must identify suggested communications and change management service capabilities that it can provide to the State.	
	k. The bidder must provide a list of recommendations on additional services or tools that are used by the bidder that have not been identified in the RFP, e.g., support tools during open enrollment, online changes and other member vs. plan sponsor services.	

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	l. The bidder's proposal must describe in detail and include a sample of patient/member satisfaction surveys.	
3.3.3 BENEFIT COVERAGE AND PLAN DESIGN	The State reserves the right to change plan design and/or copayments, coinsurance and out-of-pocket maximums over the course of the Contract. The State may establish dispensing limits on any medication based on Food and Drug Administration (FDA) recommendations and medical appropriateness. Volume restrictions currently apply to certain drugs such as sexual dysfunction drugs, e.g., Viagra and Muse. The following reflects the plan designs as they currently exist. All plan designs must offer the option of using a mail order pharmacy.	
	All plan designs must offer a 90-day at retail option.	
	All plan designs must include specialty pharmacy; pre-authorization is required for certain drugs.	
	The contractor plan design must conform to current plans as described in RFP Section 1.2. During the term of the contract resulting from this RFP, some or all of the plan designs may change.	

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3.4 TECHNOLOGY / SYSTEMS CAPABILITIES	The contractor shall share and accept data files from other State contractors as required at mutually agreed upon intervals. The data files shall be in the State requested format (per Exhibits C, D and E, as well as the disc distributed at the Mandatory Pre-Bid Conference). The contractor shall not charge additional fees for file exchange. These files may be used for disease management, case management and integrated health and productivity programs.	
3.4.1 ELIGIBILITY / ENROLLMENT **3.4.1.1 OPEN ENROLLMENT**	a. The contractor must support the annual open enrollment period established by the Commissions. The contractor's support shall include the provision of materials, where all materials shall be approved by the DPB prior to distribution.	
	b. The contractor must support any special open enrollment period. The support may include communication to the employers and subscribers. A special open enrollment is triggered when the Commissions deem it necessary.	
3.4.1.2 IDENTIFICATION CARDS	a. The contractor must produce and distribute member Identification cards to enrolled members within four (4) business days of the receipt and processing of a subscriber's eligibility record or a change warranting the production and release of a new member identification card. The format of the membership identification card must be approved by the State Contract Manager. One (1) ID card must be sent to an individual subscriber, while two (2) ID cards must be sent to a family.	
	b. The contractor shall not charge a member to provide a replacement ID card, and may require replacement ID cards be printed from the contractor website.	
	c. The contractor must accommodate and provide approximately twenty (20) concurrent ID card	

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	designs.	
	d. A toll-free number for the contractor's member services shall appear on the card.	
3.4.1.3 ELIGIBILITY FILE	The DPB processes all prescription drug enrollments, changes and terminations for active, retired, COBRA and over-age dependent (Chapter375) members and then sends the processed information to the contractor daily via Connect:Direct, a product of Sterling Commerce to update the State's records with new information. The file that is sent each day is referred to herein as the Plan Eligibility File and is described in Exhibit C. (a) Each day, the contractor must accept, process and report any errors or omissions back to the DPB. The contractor must accommodate these procedures using Connect:Direct (version 4.6.1, Secure Plus) and adapt to future changes in plan eligibility file transmission.	
	(b) The contractor shall report, to the persons designated by the State Contract Manager, within one (1) business day of discovery, any events or conditions adversely affecting the processing of enrollment or claims.	
	(c) The contractor shall provide DPB personnel with online query access to the contractor's enrollment system.	
	(d) The contractor must accept the plan eligibility files containing eligibility transactions, transmitted from the DPB daily after 12:00 AM via Connect:Direct, and update its eligibility records daily. The purpose of the daily transmission is to ensure that the contractor has the most current and accurate eligibility information. After updating its eligibility file, contractor must send to the DPB a daily return file before 8:30 AM by the second business day after the transmission. The daily	

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	return file must list the number of enrollments, terminations, and changes effected. The daily return file shall also list any errors that prevented proper processing of any enrollment, termination or change on the plan eligibility file. The daily return file must contain detailed records for the unprocessed transactions and the DPB-specified reason codes as set forth in Exhibit D, Daily Return File Transmission Layout; Error Return Codes.	
	(e) In the event of a transmission or other failure, the file may be sent by the State during business hours. On rare occasions, the contractor must be able to accept multiple plan eligibility files in a single day, on a Saturday, Sunday, or on a State holiday.	
	(f) In the event of a segment failure or syntax error, the DPB requires the contractor to complete the remainder of the daily file and not reject the entire file. Examples of syntax errors are an invalid date of birth, invalid country code, or an invalid character present in a field.	
	(g) The contractor must maintain its records so that it can categorize members as categorized by the DPB, examples include: State, Educational Employer (Educational) or Local Employer (Local). (The State currently uses the "SEL TYPE" designation to demarcate the groups.)	
	(h) The contractor must track the member and dependent eligibility for prescription drug coverage by a unique six (6) digit employer/location identification number.	
	(i) In addition to being assigned a SEL TYPE, members must also be enrolled by employment status as an Active, Retired or COBRA member (ARC). (The State currently uses the "ARC TYPE" designation to demarcate a member's employment status.)	
	(j) The contractor must also maintain its records so that it can categorize retired members in each SEL	

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	TYPE using the free/not free code.	
	(k) The contractor must be able to maintain concurrent employment status (ARC TYPE) information for a given enrollee. For example, the contractor must be able to maintain the record of a person with a given SSN having concurrent non-terminated or future termination date on coverage information due to active and retired coverage at the same location. The future date must be available for online inquiry when it is received.	
	(l) The contractor must be able to maintain concurrent employer location eligibility (SEL TYPE) information for a given enrollee. For example, the contractor must be able to maintain the record for a person with a given SSN having concurrent non-terminated or a future termination date on coverage information due to employment at two different work sites or employer locations. The future date must be available for online inquiry when it is received.	
	(m) The contractor must be able to support termination from one SEL TYPE experience group and enrollment in another SEL TYPE experience group in the same day.	
	(1) The contractor must be able to accept plan eligibility file effective dates that may be up to six (6) months in the future.	
	(2) If the contractor transmits information to another organization with whom it has contracted to perform services under this contract, then the contractor must use a secure transmission protocol.	
	(3) The DPB utilizes a Positive Transaction Reporting format. This means that the contractor must be able to receive the entire plan eligibility file and only process those fields in which the resident information has been added, deleted or changed.	

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	In the case where the contractor is the administrator for more than one plan under the SHBP/SEHPB, and stores member information on more than one file, the contractor must execute changes to a member's information for each plan in which that member is enrolled based on one change instruction in the plan eligibility file.	
	(4) The contractor must support the DPB's peak daily transmission activity of records for 10,000 members within the plan eligibility file.	
	(5) The contractor must store history information by member with the social security number as an access key.	
	(6) The contractor must support retroactive enrollments and terminations of up to one (1) year for members.	
	(7) The contractor must store dependent information as sent by the DPB and only pay claims for those dependents actively covered on the file. Any dependent claim that is denied based on ineligibility must be reported to the DPB.	
	(8) The contractor must be able to maintain both foreign addresses and post office boxes.	
	(9) The contractor must ensure that only DPB-originated eligibility information and changes will be reflected on the plan records contained in the contractor's files.	
	(10) The contractor must provide edits/security to ensure the integrity of the data in the contractor's files.	
	(11) The contractor must accept alternative sequence numbers in lieu of actual SSNs for newborns and foreign nationals and also be able to replace such number with an SSN, if one becomes available.	
	(12) The contractor must be able to accept	

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	corrections to SSNs if needed.	
	(13) The contractor must have a process to replace its current employer file with a new employer file supplied by the DPB on a monthly basis. The layout for the employer file is attached as Exhibit E.	
	(14) The contractor must process coverage termination date changes on the plan eligibility file without an intervening add of coverage. For example, if the State sends a coverage termination effective 7/1/08 and at a later date sends an 8/1/08 termination date, the contractor must reinstate coverage for the month of July without the State sending an add, then a drop. The example could also be reversed with a termination date being 8/1/08 and later changed to 7/1/08.	
	(15) Specific subscribers (COBRA, over-age dependents, part-time employees) pay their own monthly premiums. The State requires payment of claims for these "self-pays" up to the subscriber's premium paid-through date. The "paid-through date" will be transmitted with the eligibility file. The State uses the 2000 loop REF segment of the HIPAA 834 format to communicate the "paid-through date" information.	
	(16) Under extraordinary circumstances, the contractor must be able to manually update the paid-through date at the request of the State Contract Manager.	
	(17) The system must accept eligibility changes for employees and dependents, including the following:	
	i. identify dependents exceeding or nearing a plan's limiting age	
	ii. administer lapses and/or overlaps in coverage	

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	iii. process marriage, birth and/or termination on the same day	
3.4.1.4 TECHNICAL STAFFING / COMMUNICATIONS	a. The contractor must resolve/accommodate all data processing problems/changes within a reasonable time period mutually agreed upon, and the required changes must be implemented in a timely manner. The State will identify how the technical priorities will be set.	
	b. The contractor's staff must participate in IT system status meetings during implementation (from contract award until the 1-1-2010 benefit effective date) and on a regular basis. This includes but is not limited to the Account Executive, IT, Eligibility and Claims Managers. The meetings will focus on open IT problems/changes and any issues associated with them.	
	c. All IT system changes (either State- or contractor-generated) must be tested between the DPB and the contractor prior to implementation.	
	Questions:	
	a. The bidder must describe how historical information is maintained in the system and the length of time it is maintained.	
	b. The bidder must describe its identification card distribution process, including details about the card creation locations, distribution methods, use of subcontractors, third-party involvement, etc.	
	c. How is dependent information stored? Is it part of the subscriber record, or a separate record? If subscriber and dependent information are maintained separately, how are the two linked so that changes or termination on the subscriber record update the	

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	dependent record?	
	d. The bidder's proposal must include a description of how dependent coverage will be managed when a dependent person with a given SSN may be receiving coverage under the a person with a different SSN having concurrent non-terminate or future termination date coverages in the following scenarios: (1) where employment is at two different work sites, and (2) having both an active and retired enrollment at the same location (member may retire and receive retiree prescription drug benefits and return to employment at the same location and receive active prescription drug benefits in addition to retiree benefits).	
	e. If a member has other group prescription drug coverage (e.g., through a spouse's plan) with the bidder, will the plan's eligibility record be separate or shared? If common data is shared (e.g., SSN, DOB, name), the bidder must describe how this information can be protected from changes made by other plans or groups.	
	f. The bidder must describe how it will notify the State concerning information received that is relevant to, but not indicated on, State enrollment records, such as death, divorce, or Medicare entitlement.	
	g. How do the bidder's systems interface with those of its subcontractors being used to administer the plans?	
	h. The proposal must describe any planned enhancements of the bidder's systems and how they will integrate with the other systems that are being used.	

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	i. How soon is the eligibility system updated online after the receipt of the daily plan eligibility file? How frequently can eligibility be updated?	
3.4.2 REPORTING **3.4.2.1 GENERAL DATA REPORTING**	The contractor must report to the State Contract Manager any required modifications to the Plan's benefit provisions and/or administrative procedures for compliance with Federal or State enacted and/or proposed legislation and, upon request, provide an estimated cost associated with the legislation.	
	At no additional cost to the State, the contractor must provide ongoing, standard reports to the State (and its designated consultant) through an online system that can be downloaded into various applications, e.g., Microsoft Excel or Access. Access to the online system must be provided to a minimum of five (5) State employees. Additional users may be added at any time at the State's request.	
	The contractor shall provide secure electronic transmittal of prescription drug claim data to the medical plan vendors for disease, case management and member out-of-pocket limits. This must be done at mutually agreed upon intervals and at no additional cost to the State.	
	The contractor shall provide secure electronic transmittal of prescription drug claim data on a quarterly basis to the DPB and its designated consultant within thirty (30) days following the end of the quarter. This must be done at mutually agreed upon dates and at no additional cost to the State.	
3.4.2.2 MEDICARE PART D REPORTING	The State receives the Medicare Part D drug subsidy. The contractor must produce at no additional cost all monthly cost reports and reconciliation files necessary to obtain the subsidy. It is required that the contractor provide the cost reports and support for the Medicare	

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	Part D reconciliations for each of the plan years that the contractor provides PBM services to the State. This includes providing cost reports and support at no additional cost after the expiration of the contract resulting from this RFP for the plan years that the contractor provided pharmacy benefit services under the contract.	
	The contractor must provide DPB's designated consultant with the reports described below, at no extra cost, in addition to cooperating with the State's consultants on all areas of reporting.	
3.4.2.3 QUARTERLY ENROLLMENT SUMMARY REPORTS	The contractor must provide the DPB with quarterly enrollment reports including but not limited to the following variables: Employer Type: State, Local Education, Local Government Employee Type: Active, Early Retiree, Medicare Retiree, COBRA, Chapter 375 enrollee Prescription Drug Plan Type: Employee Prescription Drug Card, Employee Prescription Drug Reimbursement Plan, HMO Active and Retiree Prescription Drug Plan, Retiree NJ DIRECT Prescription Drug Plan Who Pays premium: Free/not free code	
3.4.2.4 PERIODIC REPORTING	Ninety (90) days after the completion of the calendar year, the contractor must meet with DPB to review the plan's pharmacy claim experience, performance guarantees and financial guarantees. Periodic reports should be annualized and presented for discussion.	
	a. A quarterly summary by the report parameters in RFP Section 3.4.2.3, displaying amount paid by Plan, paid by employees, provider discounts and rebates.	
	b. A quarterly prescription drug claims summary	

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	c. A quarterly drug utilization report comparing this contract to the drug utilization of the contractor's book of business	
	d. A quarterly report of the year-to-year increase in claim cost per employee, delineating increases due to cost and utilization for active versus retiree and for State, local government, and local education.	
	e. The contractor must provide a report that captures performance guarantees (RFP Section 5.13.2.2) to the State within 45 days of the end of each quarter. Each standard must be identified with specific up-to-date quarterly results and an assessment of whether it has or has not been met for that period.	
	f. The contractor must provide a report that accounts for all financial guarantees (discounts, fees rebates) to the State within 45 days of the end of the Plan Year. Each financial guarantee must be identified with specific up-to-date quarterly results and an assessment of whether the pricing guarantee has or has not been met for that period.	
	g. A report that accounts for the rebate payments due to the State summarized at the NDC-11 level shall be made available each quarter.	
	h. The contractor must provide a report detailing open issues raised by the DPB within 15 days of the end of each quarter. This report must identify all issues brought up by the State. Each issue must indicate the date it was brought up, the date it was resolved, or whether it is still in progress with a proposed resolution date.	
	i. At any time, the State may require special reporting that is not currently provided by the contractor. When this occurs, the contractor must take the specifications and develop the proposed report with due diligence. Reports are expected to be completed within 5 business days of the close of the reporting period unless otherwise agreed upon, in writing, by the	

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	State and the contractor.	
	j. The contractor must provide a report within 45 days of the end of each quarter to fully explain how savings are measured for the guaranteed Return on Investment (ROI) on the clinical programs listed in RFP Section 3.2.1a.	
	k. The contractor must provide a report to the State within 45 days of the end of each quarter, showing savings as a percentage of contracted ingredient costs.	
	l. Reports should include analysis of the following, split by employer and employee type: (1) Quantity of drugs dispensed (2) Number of days supply (3) Total AWP (brand, generic, specialty, retail, 90-day retail, mail and specialty pharmacy) (4) Total ingredient costs (brand, generic, specialty, retail, 90-day retail, mail and specialty pharmacy) (5) Discounts (brand, generic, specialty, retail, 90-day retail, mail and specialty pharmacy) (6) Total dispensing fees (brand, generic, specialty, retail, 90-day retail, mail and specialty pharmacy) (7) Employee cost share (8) Net paid amount (9) Formulary versus non-formulary (10) Single-source versus multi-source (11) Brand versus generic (12) Retail, 90-day retail, mail order and specialty (13) Specialty drug utilization (14) Utilization differences by prescription plan (15) Top 25 drugs by claim spend (16) Top 25 drugs by total number of prescriptions.	
3.4.2.5 RENEWAL	a. During the annual rate renewal process, the	

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SERVICES	contractor must assist in the development of recommended premium rates necessary to cover claims and expenses anticipated for the next Plan Year.	
	b. The contractor must develop cost projections and trend assumptions upon renewal and cost projections for any proposed benefit changes.	
	c. The contractor shall meet with DPB during the renewal process to discuss cost projections, trends, benefit changes and cost optimization strategies.	
3.4.2.6 FINANCIAL REPORTING	a. Banking reconciliation reports must be provided on a monthly basis. These must be available to the DPB on or before the tenth (10^{th}) day of the succeeding month.	
	b. Biweekly Reports (1) Notification of the biweekly total of eligible prescription drug claims due under the contract resulting from this RFP. This information may be provided by fax, telephone followed by details, or agreed upon electronic format. It must be reported before 11 AM on State work days. (2) Biweekly report showing the State, education and local active and retired breakdown of the above mentioned biweekly total of claims, including a State, education and local, active and retired breakdown of any, debits or credits applied against the biweekly billing under the contract.	
	c. Quarterly Reports (1) Paid Detail register. The contractor must provide the DPB a quarterly list of billed eligible prescription drug claims by member and account type via a secure electronic format in Microsoft	

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	Access 2003 format or other formats acceptable to the DPB no later than the fifteenth (15th) day of the month following the end of the quarter. The totals must match the total biweekly amounts wired to the contractor's bank including SEL and ARC breakdowns and a full and complete listing of all debits and credits and all applicable data elements. (2) Summary of Paid Claims (3) Rebate Detail, if applicable, broken down by SEL and ARC groups.	
	d. Annual reports – On or before June 20, the contractor must provide the DPB with estimates as of June 30 each year the following for each SEL and ARC group: (1) Incurred unpaid claims (2) administrative fees, if any (3) outstanding check amounts	
	Questions:	
	a. The bidder's response must include sample copies of standard online utilization reports, including samples of management reports for each benefit program, including samples of standard reports available at no additional cost.	
	b. What types of online capabilities are available to the State to view and/or create standard and ad hoc reports?	
3.4.3 DISASTER RECOVERY	The contractor must maintain a disaster recovery plan designed to minimize any disruption to the services being performed. The contractor must be completely functional within 24 hours of a major disaster. A detailed disaster recovery plan, contingency and backup procedures shall be made available for review	

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	by the State, within ten (10) days of such request. The contractor must be able to demonstrate, during an inspection of operations and a review of documented procedures, that in the event of a system breakdown or catastrophic event, State operations will be minimally affected and State records recovered intact.	
	The contractor must fully cooperate during any and all disaster recovery testing operations initiated by the State. The contractor should be ready to receive and validate test files transmitted or delivered from a State of New Jersey disaster recovery exercise. In addition, the contractor must be able to demonstrate that sufficient safeguards are in place to prevent test files from being loaded into a production environment.	
	The contractor's systems must ensure there is no disruption to call center, mail order and claim processing services provided to the State's members under the contract. Routine systems maintenance must not be scheduled during the following business hours: Monday through Friday 8 am to 11 PM ET, Saturday 9 AM to 9 PM ET, and Sunday 9 AM to 5:30 PM ET.	
	Questions:	
	a. The bidder must explain security measures and disaster recovery procedures for the services requested by this RFP. What security procedures are in place to minimize the risk of unauthorized transactions? What controls are in place to protect against lost files and duplicate transmissions?	
	b. The proposal must describe the bidder's disaster recovery protocols, procedures and backup systems. Are claim files and microfilm files (or current imaging technology) stored off-site? How will the bidder rapidly shift phone service to another center, if needed? How will the bidder rapidly shift claim processing to another center, if needed?	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.5 CLAIM MANAGEMENT SERVICES **3.5.1 CLAIMS ADMINISTRATION**	The AWP for claims filled by a participating pharmacy and mail order pharmacy must be the AWP for the eleven-digit National Drug Code (NDC-11) for the prescription drug or OTC package size dispensed by the pharmacy to the contractor. The contractor must use NDC-11 AWP prices that are updated at least weekly from a nationally recognized source designated by the contractor, to adjudicate all claims submitted to the contractor on each date for which services are rendered by participating retail pharmacies, the contractor mail order pharmacy, and the contractor specialty pharmacy. If AWP is no longer published by the nationally recognized source, or is revised such that it no longer represents a comparable percentage of WAC, the contractor and the State shall negotiate, in good faith, an amendment to the contract to substitute another pricing index or methodology and make any corresponding revisions to the financial terms set forth in the contract, including without limitation, the Pricing Schedule(s), in order to preserve, to the greatest extent possible, the financial benefits hereunder for both parties that would have resulted if AWP were still published or were not revised, as applicable. The contractor must provide written notice to the State at least ninety (90) days prior to effective date of such proposed change.	
	a. The contractor shall have controls in place to ensure claims are paid only for eligible members. The contractor shall reimburse the State for claims paid for ineligible members.	
	b. Claims files must be reconciled with enrollment files.	
	c. Online access must be provided to the State for reports concerning enrollments, eligibility, and distributions of ID cards. Further, the contractor shall ensure electronic reports are secured when they are provided to and/or made accessible to the State.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	d. The contractor must process claims for services incurred on and after the Effective Date of coverage.	
	e. The contractor must maintain current, complete and accurate records of all claims and correspondence associated with each claim. Each claim shall, upon receipt, be immediately assigned an appropriate tracking number which will remain with the claim until it can be reviewed for completeness before adjudication;	
	f. Request in writing from the provider, the appropriate Commission, or, if appropriate, the member, whatever additional information is necessary for the appropriate disposition of the claim if it finds during the adjudication process, that information essential to the accurate coding and subsequent determination of benefits has not been provided;	
	g. Maintain appropriate systems edits and critically examine charges for all prescriptions that appear aberrant, excessive or fraudulent. Examine such prescriptions with the provider, when necessary and appropriate;	
	h. Verify member eligibility before paying claims;	
	i. Notify claimants of denied claims and the reason for the denial;	
	j. Review denied claims that are appealed by a member to the contractor in accordance with standards established by the Commissions or by law. In order to do so, the Commissions delegate to contractor the authority, responsibility and discretion to initially interpret and construe the provisions of the plan, as necessary to reach factually supported conclusions and to make a full and fair review of each claim and to notify each member in writing of each claim that has been denied. The contractor must inform each member, whose claim is denied after exhausting the contractor's internal appeals process, that the member	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	has a right to appeal to the appropriate Commission, stating the address and procedure for such an appeal. Final authority to interpret and construe the provisions of the plan, on appeal by the member, remains with the Commissions and the contractor must comply with the respective Commission's decisions;	
	k. Consult with the appropriate Commission on the resolution of member claim disputes by members who have exhausted the contractor's internal appeals process and who are now appealing to the Commission;	
	l. Provide representatives for all Commission meetings (generally monthly) where claims appeals for the plan will be heard;	
	m. Verify that all requirements of the Federal Department of Health and Human Services, (DHHS) with regard to HIPAA-mandated electronic data interchange (EDI) for claims transactions are met. File and field formats must conform to ANSI ASC X12N guidelines[1];	
	n. The contractor must make a reasonable effort to recover claim amounts overpaid or paid in error and refund the recoveries to the State or credit these recoveries against any amounts payable by the State. The contractor may pursue the overpayment with the provider and/or member.	
	o. The contractor must make all reasonable efforts to recover claims paid in error when the member has been involved in a workplace accident. Reasonable efforts include: asserting liens, appearing in workers' compensation court to recover liens and all correspondence with member's attorney.	
	p. With regard to recovery of overpayment to members, the contractor must never pursue legal remedies such as dunning or placing liens for	

[1] The implementation guides and addenda are available electronically at www.wpc-edi.com.

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	overpayment. After reasonable attempts are made to recover the overpayment, the contractor may deduct the overpayment from future payments to the member. If the overpayment was the result of an error of the contractor, the overpayment will be immediately absorbed by contractor and will not be charged to the State or to the member.	
	q. The contractor must disclose and fully account to the State any and all funds received by it as a recovery of an overpayment or incorrect payment.	
	r. Monies recovered, such as through Worker's Compensation claim or lien, must be fully disclosed, accounted for and credited to the State.	
	Questions:	
	a. If separate systems are used for enrollment and claim processing, how are changes in enrollment data updated on the system used to pay claims?	
	b. The bidder must describe its fraud detection capabilities and supporting reports.	
3.5.2 SUBROGATION (ONLY OUTSIDE OF NEW JERSEY)	a. The contractor must inquire of the member whether a third party may be liable for the cost of the prescription received, and, if so, request that the identity of the third party, and if known, the name of the third-party's insurer, for purposes of instituting subrogation;	
	b. The contractor must actively pursue the State's right of subrogation to recover claim payments from third parties, including pursing payments made when there is a work related accident or illness.	
3.5.3 FRAUD	a. The contractor must develop procedures to identify providers and/or members who appear to be committing fraud and work with the State and	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	appropriate law enforcement agencies to pursue prosecution; and when notified by the State that a member or provider is being prosecuted, provide all claim information and participate as a fact or an expert witness as necessary.	
	b. In addition, the contractor must provide semi-annual fraud reports as follows: (1) fraud cases investigated and closed (no fraud involved) (2) fraud cases currently under investigation (3) fraud cases confirmed and disposition of findings.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.6 FINANCIAL	a. The contractor shall not exclude any claims, including U&C claims, single source generics, patent expirations, zero-balance claims, new generics, OTC items, compounds, brand specialty drugs, or specialty generics from claims from the financial guarantees (RFP Section 5.13.2.2) including the discount guarantee, dispensing fee guarantee and the rebate guarantee.	
	b. The contractor's financial terms shall be in effect for the entire contract period and must not require the State to implement any plan designs or programs that are different from the plan design and programs currently in place;	
	c. Specialty pricing and guarantees shall apply to brand drugs as defined by First Data Bank, MediSpan or other nationally recognized source.	
	d. The AWP used to price the claim must be the lowest price available from the various sources for pricing claims or from only one nationally recognized source like First DataBank, MediSpan, etc.	
	e. The bidder must describe how each guarantee component of the pricing formula (discounts, MAC savings, rebates, and other pharmaceutical revenue, dispensing fees, other) will be reported on a dollar for dollar basis.	
	f. "Lesser of" pricing must be adhered to by all participating pharmacies.	
	g. The AWP used to price the claim must be the one associated with the actual NDC-11 submitted by the retail, mail or specialty pharmacy, and used to fill the prescription.	
	h. In the event there are changes in the marketplace to the baseline measure used for the ingredient costs of drugs, e.g., AWP, the terms must be adjusted accordingly to provide an equivalent price. The contractor must provide notice to the State and the	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	conversion must be agreed upon in writing before any changes are made.	
	i. The contractor must apply "lowest-of pricing logic", meaning that the plan and plan member pay the lowest price available: the negotiated pharmacy rate (discounted AWP, or MAC if available, plus dispensing fee), the U&C price or the copay-coinsurance. This applies to retail, mail, 90-day retail and specialty.	
	j. If the pricing source is changing from the methodology proposed originally, the contractor must show better or comparable pricing results than the current methodology. The new pricing methodology must be discussed and agreed upon in writing between the contractor and the State.	
	k. The contractor must ensure that guaranteed minimum discounts and fees for the retail networks, mail pharmacy program, specialty and 90 day retail pharmacy network are measured individually. Over-performance in one network area shall not offset under-performance in other network areas. The contractor must also agree that specific brand, generic and dispensing fee components of each contract guarantee will be measured individually. Guaranteed financial contract terms shall be measured quarterly and reconciled annually with the plan. The difference between the actual and the guarantee is payable to the plan by cash or check only. Credits to the Plan are not acceptable unless otherwise agreed upon by both parties in writing	
	l. Claims administration fees must be based on a mature basis accounting for the fact that when the contract expires or is terminated, run-out claims must continue to be processed with no additional fees.	
	m. Should the contract expire or be terminated, all rebates due to the State based on its utilization will remain payable. Rebates shall be payable for utilization through the last day of service.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	n. Prescriptions that are filled at a retail pharmacy but not picked up must be reversed in the system and not charged as a claim to the State.	
	Questions:	
	In addition to the information required by the State's Price Schedule(s), the bidder must incorporate the following parameters into its proposal and provide explanatory information where required. a. The bidder must identify the source for its AWP and the process for its development.	
	b. The bidder must explain how changes to AWP methodology will be managed by its organization.	
	c. The bidder must confirm that it will not charge minimum copay at retail and for mail order.	
	d. The bidder must describe how the AWP used to price a claim would be determined for drugs that do not have a specific NDC-11 associated with them, e.g., compound prescriptions.	
	e. The bidder must guarantee each component of the pricing formula (discounts, MAC savings, rebates, and other pharmaceutical revenue, dispensing fees, other) presented on a dollar for dollar basis.	
	f. The proposal must include a sample of the bidder's annual financial guarantee reconciliation report, inclusive of discounts, dispensing fees and rebate reconciliation.	
	g. How will the bidder disclose all forms of rebate revenue on an annual basis?	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	h. What is the bidder's process for applying a MAC list at mail order pharmacies?	
3.6.1 FORM OF COMPENSATION AND PAYMENT	a. The contractor must request reimbursement for eligible prescription drug claims (excluding administrative fees) biweekly. The contractor must advise the DPB of the total amount of funding requested, via electronic mail or facsimile machine to the DPB by 11:00 AM ET, in order for the total amount, determined to be appropriate, to be funded by wire transfer to the contractor's designated bank on the same day. Requests received after the 11:00 AM ET cut-off time will be funded on the next business day. Reference RFP Section 3.6 for biweekly (every other week) report requirements. If the amount to be funded is not provided by the contractor to the DPB by 11:00 AM ET, then no charges shall be assessed against the State and the amount will be wired to the contractor the next business day. Administrative fees, clinical program fees and/or disease management fees must be wired to the bank selected by the contractor payable within 31 days after the beginning of the monthly coverage period based on the DPB membership file.	
	b. The contractor agrees that if in the normal course of business, it, or any other organization with which the contractor has a working arrangement, chooses to advance any funds that are due to any provider, subsidiary or subcontractor, the cost of such advance must not be charged back to the State except the DPB must reimburse the contractor within the confines of the provisions contained in this contract.	
	c. The contractor must disclose, fully account for, and remit to the State any and all funds received by it as the result of a recovery of an overpayment or incorrect payment, prescription drug rebates and other	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	pharmaceutical revenues, or subrogation of a claim or lien. Any discounted or negotiated rates or payment arrangements, any price adjustment, or refunds, and any retroactive or supplemental payments or credits negotiated with regard to covered services received by State members must be remitted to the State. Administrative fees must take this provision into consideration.	
	d. The contractor shall not charge the State for a claim payment that is greater than the actual amount paid by the contractor.	
	e. The contractor must submit to the State an itemization of the charges and fees (other than claim payments) and credit for services provided in the administration of the plan.	
	f. The contractor must comply with unclaimed property laws and regulations in regard to escheated unclaimed monies and provide the DPB with an annual report identifying any outstanding checks more than twelve (12) months from the date of issue. The report must be used for escheat purposes and should conform to the reporting formats required by the State of New Jersey Unclaimed Property Unit which can be found at the State of New Jersey Unclaimed Property website (http://www.state.nj.us/treasury/taxation/updiscl.shtml).	
	g. Rebates must be paid to the State quarterly and reconciled annually. Rebates are payable to the plan by cash or check only. Credits to the plan are not acceptable unless otherwise agreed upon in writing by both parties.	
	Question:	
	The bidder must provide a sample of a billing statement or invoice.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.7 IMPLEMENTATION	The contractor's implementation services must minimally comport with the following requirements. a. The contractor's implementation team must meet with DPB five (5) business days after contract award. An implementation project manager must be assigned as well as a project team including but not limited to account management, clinical and information system. All key contractor project staff shall attend all implementation meetings and conference calls. State project staff shall provide access and orientation to the plans and necessary information as requested by the contractor.	
	b. Plan benefit design must be accurately loaded to and tested in the contractor's database within 30 calendar days of the 1-1-2010 benefit effective date.	
	c. The contractor must be equipped to receive the State's plan enrollment/eligibility file thirty (30) calendar days prior to benefit effective date.	
	d. The contractor must be equipped to receive plan's claim data files from incumbent vendors thirty (30) calendar days prior to benefit effective date. The file must be tested with the contractor's claim system and plan benefit design, and be ready for claim payment by the benefit effective date.	
	e. The contractor must be equipped to receive the incumbent vendors' scheduled mail order fills thirty (30) calendar days prior to benefit effective date to insure no disruption of members' scheduled mail order refills.	
	f. Member ID card design must be available for approval by the State at least 45 days prior to the benefit effective date.	
	g. Member ID cards must be mailed such that member possession is achieved seven (7) calendar days before effective date of contract.	

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	h. The contractor's toll-free telephone number, customer service unit and website must be operational ninety (90) calendar days prior to benefit effective date. The SHBP/SEHBP-specific website must be accessible fifteen (15) calendar days prior to benefit effective date.	
	Questions:	
	a. The bidder's proposal must identify the individual who will managing the implementation process, including a description of his/her role and responsibilities. The bidder must also identify clinical, account management and information systems resources, including a description of each person's role and responsibilities.	
	b. A sample of the Implementation Work plan used in the bidding entity's most recent implementation must be included in the bidder's proposal.	
	c. How many clients and total lives does the bidder anticipate its organization and the assigned implementation team will be involved to implement during the same timeframe?	
	d. The proposal must describe the bidder's approach to implementation of the State account, including the following items: (1) The structure of the implementation team proposed to ensure a smooth implementation. (2) Indicate whether the team will be dedicated full-time to the State, and, if not, the nature of their other responsibilities during the State implementation. (3) A preliminary timetable showing tasks that need to be completed, who will perform them, target dates and the major milestones that will be used to monitor progress.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	e. What are the most critical steps that the bidder and/or the State must take to ensure a smooth transition by the effective date?	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.8 IMPLEMENTATION CAPABILITIES **3.8.1 OPERATIONAL TRANSITION**	a. The contractor must provide finalize its transition plan at least 120 calendar days prior to the 1-1-2010 benefit effective date. The plan should include at least: (1) proposed approach to transition (2) tasks and timeline for transition (3) documentation update procedure during transition (4) member communication strategy.	
	b. The contractor shall provide training to DPB staff during the transition. Such training must be completed at least 90 calendar days prior to the benefit effective date.	
3.8.2 TRANSITION OF CLINICAL PROGRAM MEMBERS	The contractor must ensure that all members currently undergoing drug treatment for any therapeutic condition be transitioned into the new plan without any disruption in drug therapy or exposure to any additional health risks. Loading of detailed historical plan documentation and member claim history should be completed in all instances where data is available from the previous contractor. Pharmacies will need to be instructed to program new processing information to accurately track member history:	
	a. Step Therapy – new or renewal scripts need to be checked against history to see if they had already been approved.	
	b. Prior Authorization – new or renewal scripts need to be checked against history to see if prior authorization was granted.	
	c. Quantity Limits – new or renewal scripts need to be checked against history to see if they are still under a quantity restriction (especially with regard to narcotics)	
	d. Drug Utilization Review – new scripts will need	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
	to be checked against history to ensure there are no adverse drug interactions, drug-pregnancy conflicts, therapeutic duplication, drug-age conflicts, etc.	
	Question:	
	The bidder's response must include a draft transition plan.	

RFP SECTION	REQUIREMENT(S)	BIDDER'S RESPONSE
3.9 QUALITY CONTROL	The State reserves the right to perform audits to verify the contractor has performed its obligations under the contract. The State's audit rights include, but are not limited to pre-implementation audits, eligibility audits, claim audits, clinical program audits, rebate audits, financial contract term audits, and operational audits.	
	a. The contractor must cooperate in the administration of audits performed by the DPB or its designee, at no extra charge, on various aspects of the administration of the Plan, including but not limited to claims processing, pharmacy management and enrollment data. The various audits are designed to ensure (1) contract compliance, (2) that the interface system is working properly, (3) proper payment of claims where the individual should have coverage or (4) proper rejection of claims where the individual's coverage has terminated, and (5) correct allocation of claims according to SHBP/SEHBP SEL groups and (6) efficient and effective pharmacy management. Researched responses to audit findings must be provided within 10 business days. (An acknowledge-ment to receiving the report is not considered a response.) The contractor must provide all data related to the audit at no additional cost to the State.	
	(1) An audit will be conducted if the DPB has a reasonable and good faith belief that a situation exists that will result in harm to the Plan. An audit may also be conducted for due diligence as determined by the State. The DPB reserves the right to review and audit all records associated with the administration of the Plan for cause at any time during the normal business hours of the contractor after providing written notice (10 business days). Audits must encompass records held by any subcontractor or related organization and held by any entity that is a member of the contractor group of companies. The contractor agrees	

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	that the results of any review or audit are for the exclusive use of the DPB.	
	(2) All reviews or audits may be performed by the State or any designee chosen by the DPB, other than a designee whose action would reasonably be considered by the contractor to be a conflict of interest. The findings of any designee authorized to perform a review of the audit must be presented in a written report to the DPB. The contractor must have the right to read the report prior to submission to the DPB and contractor's written comments pertinent to the audit, if furnished, must be submitted to the DPB with the audit as a supplementary statement.	
	(3) The State reserves the right to conduct audits as follows: i. to audit any data necessary to ensure the vendor is complying with all contract terms, which includes but is not limited to 100% of pharmacy claims data, which includes at least all fields from the most current version and release from the National Council for Prescription Drug Plans (NCPDP); retail pharmacy contracts; data management, pharmaceutical manufacturer and wholesaler agreements; mail and specialty pharmacy contracts to the extent they exist with other vendors; approved and denied utilization management reviews; clinical program outcomes; appeals; information related to the reporting and measurement of performance guarantees; etc. ii. to audit post termination. iii. to audit more than once per year if the audits are different in scope or for different services.	

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	iv. to perform additional audits during the year of similar scope if requested as a follow-up to ensure significant/material errors found in an audit have been corrected and are not recurring or if additional information becomes available to warrant further investigation.	
	b. The contractor must conduct routine audits and control inspections of randomly selected claims under the plan and must report quarterly to the State on such audits.	
	c. The contractor must give the auditor access to original pharmacy network contracts and pharmaceutical contracts as part of the audit.	
	d. The contractor must conduct, on request, eligibility audits between the DPB's master file and the contractor's eligibility files. The frequency of the audits will be established by the DPB. The contractor must be able to accommodate various cutoff dates which may apply to specific experience groups. Currently, eligibility audits are conducted quarterly.	
	e. The contractor must annually submit to the DPB the American Institute of Certified Public Accountant's Statement on Auditing Standards No. 70 II, "Reports on the Processing of Transactions by Service Organizations," otherwise known as a "SAS 70 II." At the time of SAS 70 II submission, the contractor must also supply the DPB with a report of the actions taken to deal with any weaknesses or deficiencies identified in the SAS 70 II.	
	f. At least 5% of network pharmacies must be audited at least once per year through a desktop audit. At least 5% of network pharmacies must be audited at least once per year through an on-site audit. It is required that 100% of desktop and onsite audit recoveries be returned to the State.	

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	g. The contractor must conduct annual onsite audits and desktop audits of the mail order location(s) and specialty pharmacies being used for this contract.	
	h. The contractor shall provide reasonable cooperation with requests for information, which includes but is not limited to the timing of the audit, deliverables, data/information requests and response time to State questions during and after the process.	
	i. The contractor agrees to pay to the plan 100% of any overpayments made by plan as determined from an audit by a firm that the State chooses, and no later than 30 days after both parties have agreed to the recoveries.	
	j. The contractor must allow a third party selected by the State to audit claims at any time, including, but not limited to, rebates and AWP savings.	
	Questions:	
	a. The bidder must describe its network pharmacy auditing program, including what elements are audited in desktop and/or field audits.	
	b. The proposal must Indicate the percentage of network pharmacies in the bidder's retail network for which: (1) on-site audits are conducted annually (2) desktop audits are conducted annually.	
	c. How does the bidder audit for network pharmacy contract compliance, including proper handling of DUR messaging? How many pharmacy providers have been disciplined due to these activities over the last two years?	

RFP 10-X-20899 PRICING SCHEDULE
Pricing Guarantees for Calendar Year 2010

Vendor Name:

Instructions: All items in this pricing schedule must be completed. The bidder shall not skip any cells. This pricing schedule must be completed for each of the 5 years during which the contract will apply, allowing the bidder to improve pricing during the term of the contract.

Vendor Name:	**Traditional Pricing**	**Pass-Through Pricing**
FEES (PEPM) [1]		
Administration Fee Per Employee Per Month	(Select Admin Fee)	(Select Admin Fee)
Clinical Fee Per Employee Per Month [2]	(Select Fee)	(Select Fee)
Clinical Program Fee Return On Investment (R.O.I) [2]	(Select Guaranteed ROI)	(Select Guaranteed ROI)
DISPENSING FEES (per claim)		
Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
90-Day Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Mail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Specialty		
All Specialty Pharmacy Claims	(Select Disp Fee)	(Select Disp Fee)
RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
90-DAY RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
MAIL AWP NETWORK DISCOUNTS [3]		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
SPECIALTY AWP NETWORK DISCOUNTS [4]		
All Specialty Pharmacy Claims	(Select Effective Rate)	(Select Effective Rate)
REBATES (per claim [5])		
Retail		
All Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
90-Day Retail		
All 90-Day Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Mail		
All Mail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Specialty		
All Specialty Pharmacy Claim Basis	(Select Rebate)	(Select Rebate)

(1) PEPM fees will be guaranteed regardless of fluctuations in enrollment.
(2) Clinical program fee and ROI must cover all clinical categories outlined in RFP Section 3.2.1.
(3) If adopted by the State, mail rates will be applied to 90 day mail at retail program.
(4) The bidder must provide its complete list of specialty drugs and the AWP discount for each drug.
(5) Rebates must be guaranteed on an all-claims basis and not a rebateable basis.

For purposes of pricing, a claim shall be defined as any single processed paid prescription.

RFP 10-X-20899 PRICING SCHEDULE
Pricing Guarantees for Calendar Year 2011

Vendor Name:

Instructions: All items in this pricing schedule must be completed. The bidder shall not skip any cells. This pricing schedule must be completed for each of the 5 years during which the contract will apply, allowing the bidder to improve pricing during the term of the contract.

Vendor Name:	**Traditional Pricing**	**Pass-Through Pricing**
FEES (PEPM) (1)		
Administration Fee Per Employee Per Month	(Select Admin Fee)	(Select Admin Fee)
Clinical Fee Per Employee Per Month (2)	(Select Fee)	(Select Fee)
Clinical Program Fee Return On Investment (R.O.I) (2)	(Select Guaranteed ROI)	(Select Guaranteed ROI)
DISPENSING FEES (per claim)		
Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
90-Day Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Mail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Specialty		
All Specialty Pharmacy Claims	(Select Disp Fee)	(Select Disp Fee)
RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
90-DAY RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
MAIL AWP NETWORK DISCOUNTS (3)		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
SPECIALTY AWP NETWORK DISCOUNTS (4)		
All Specialty Pharmacy Claims	(Select Effective Rate)	(Select Effective Rate)
REBATES (per claim (5))		
Retail		
All Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
90-Day Retail		
All 90-Day Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Mail		
All Mail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Specialty		
All Specialty Pharmacy Claim Basis	(Select Rebate)	(Select Rebate)

(1) PEPM fees will be guaranteed regardless of fluctuations in enrollment.
(2) Clinical program fee and ROI must cover all clinical categories outlined in RFP Section 3.2.1.
(3) If adopted by the State, mail rates will be applied to 90 day mail at retail program.
(4) The bidder must provide its complete list of specialty drugs and the AWP discount for each drug.
(5) Rebates must be guaranteed on an all-claims basis and not a rebateable basis.

For purposes of pricing, a claim shall be defined as any single processed paid prescription.

RFP 10-X-20899 PRICING SCHEDULE
Pricing Guarantees for Calendar Year 2012

Vendor Name:

Instructions: All items in this pricing schedule must be completed. The bidder shall not skip any cells. This pricing schedule must be completed for each of the 5 years during which the contract will apply, allowing the bidder to improve pricing during the term of the contract.

Vendor Name:	**Traditional Pricing**	**Pass-Through Pricing**
FEES (PEPM) [1]		
Administration Fee Per Employee Per Month	(Select Admin Fee)	(Select Admin Fee)
Clinical Fee Per Employee Per Month [2]	(Select Fee)	(Select Fee)
Clinical Program Fee Return On Investment (R.O.I) [2]	(Select Guaranteed ROI)	(Select Guaranteed ROI)
DISPENSING FEES (per claim)		
Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
90-Day Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Mail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Specialty		
All Specialty Pharmacy Claims	(Select Disp Fee)	(Select Disp Fee)
RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
90-DAY RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
MAIL AWP NETWORK DISCOUNTS [3]		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
SPECIALTY AWP NETWORK DISCOUNTS [4]		
All Specialty Pharmacy Claims	(Select Effective Rate)	(Select Effective Rate)
REBATES (per claim [5])		
Retail		
All Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
90-Day Retail		
All 90-Day Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Mail		
All Mail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Specialty		
All Specialty Pharmacy Claim Basis	(Select Rebate)	(Select Rebate)

(1) PEPM fees will be guaranteed regardless of fluctuations in enrollment.
(2) Clinical program fee and ROI must cover all clinical categories outlined in RFP Section 3.2.1.
(3) If adopted by the State, mail rates will be applied to 90 day mail at retail program.
(4) The bidder must provide its complete list of specialty drugs and the AWP discount for each drug.
(5) Rebates must be guaranteed on an all-claims basis and not a rebateable basis.

For purposes of pricing, a claim shall be defined as any single processed paid prescription.

RFP 10-X-20899 PRICING SCHEDULE
Pricing Guarantees for Calendar Year 2013

Vendor Name:

Instructions: All items in this pricing schedule must be completed. The bidder shall not skip any cells. This pricing schedule must be completed for each of the 5 years during which the contract will apply, allowing the bidder to improve pricing during the term of the contract.

Vendor Name:	**Traditional Pricing**	**Pass-Through Pricing**
FEES (PEPM) (1)		
Administration Fee Per Employee Per Month	(Select Admin Fee)	(Select Admin Fee)
Clinical Fee Per Employee Per Month (2)	(Select Fee)	(Select Fee)
Clinical Program Fee Return On Investment (R.O.I) (2)	(Select Guaranteed ROI)	(Select Guaranteed ROI)
DISPENSING FEES (per claim)		
Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
90-Day Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Mail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Specialty		
All Specialty Pharmacy Claims	(Select Disp Fee)	(Select Disp Fee)
RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
90-DAY RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
MAIL AWP NETWORK DISCOUNTS (3)		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
SPECIALTY AWP NETWORK DISCOUNTS (4)		
All Specialty Pharmacy Claims	(Select Effective Rate)	(Select Effective Rate)
REBATES (per claim (5))		
Retail		
All Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
90-Day Retail		
All 90-Day Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Mail		
All Mail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Specialty		
All Specialty Pharmacy Claim Basis	(Select Rebate)	(Select Rebate)

(1) PEPM fees will be guaranteed regardless of fluctuations in enrollment.
(2) Clinical program fee and ROI must cover all clinical categories outlined in RFP Section 3.2.1.
(3) If adopted by the State, mail rates will be applied to 90 day mail at retail program.
(4) The bidder must provide its complete list of specialty drugs and the AWP discount for each drug.
(5) Rebates must be guaranteed on an all-claims basis and not a rebateable basis.

For purposes of pricing, a claim shall be defined as any single processed paid prescription.

RFP 10-X-20899 PRICING SCHEDULE
Pricing Guarantees for Calendar Year 2014

Vendor Name:

Instructions: All items in this pricing schedule must be completed. The bidder shall not skip any cells. This pricing schedule must be completed for each of the 5 years during which the contract will apply, allowing the bidder to improve pricing during the term of the contract.

Vendor Name:	**Traditional Pricing**	**Pass-Through Pricing**
FEES (PEPM) [1]		
Administration Fee Per Employee Per Month	(Select Admin Fee)	(Select Admin Fee)
Clinical Fee Per Employee Per Month [2]	(Select Fee)	(Select Fee)
Clinical Program Fee Return On Investment (R.O.I) [2]	(Select Guaranteed ROI)	(Select Guaranteed ROI)
DISPENSING FEES (per claim)		
Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
90-Day Retail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Mail		
Brand	(Select Disp Fee)	(Select Disp Fee)
Generic	(Select Disp Fee)	(Select Disp Fee)
Specialty		
All Specialty Pharmacy Claims	(Select Disp Fee)	(Select Disp Fee)
RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
90-DAY RETAIL AWP NETWORK DISCOUNTS		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
MAIL AWP NETWORK DISCOUNTS [3]		
Brand	(Select Effective Rate)	(Select Effective Rate)
Generic	(Select Rate)	(Select Rate)
SPECIALTY AWP NETWORK DISCOUNTS [4]		
All Specialty Pharmacy Claims	(Select Effective Rate)	(Select Effective Rate)
REBATES (per claim [5])		
Retail		
All Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
90-Day Retail		
All 90-Day Retail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Mail		
All Mail Claim Basis (Brand & Generic)	(Select Rebate)	(Select Rebate)
Specialty		
All Specialty Pharmacy Claim Basis	(Select Rebate)	(Select Rebate)

(1) PEPM fees will be guaranteed regardless of fluctuations in enrollment.
(2) Clinical program fee and ROI must cover all clinical categories outlined in RFP Section 3.2.1.
(3) If adopted by the State, mail rates will be applied to 90 day mail at retail program.
(4) The bidder must provide its complete list of specialty drugs and the AWP discount for each drug.
(5) Rebates must be guaranteed on an all-claims basis and not a rebateable basis.

For purposes of pricing, a claim shall be defined as any single processed paid prescription.

RFP 10-X-20899 PRICING SCHEDULE

Vendor Name:

Instructions: This pricing section is for optional quotes. It is not mandatory. Bidder may respond to any or all sections. All fees quoted except for insured Medicare Part D must be guaranteed for entire 5 year contract term.

a. Disease Management

Disease Management (DM) Program		
DM All Inclusive Package Fee Per Enrolled Member Per Month (PEMPM)		
DM All Inclusive Package (List by numbers below all programs included)		
DM Data Integration Fee PEPM		(Select Fee)
Individual DM Programs	**Guaranteed Per Individual DM Program ROI**	**Per Individual DM Program Fee (PEMPM)**
1) Diabetes	(Select Guaranteed ROI)	
2) Asthma	(Select Guaranteed ROI)	
3) COPD	(Select Guaranteed ROI)	
4) Hypertension	(Select Guaranteed ROI)	
5) Other programs (Add name)	(Select Guaranteed ROI)	
6) Other programs (Add name)	(Select Guaranteed ROI)	
7) Other programs (Add name)	(Select Guaranteed ROI)	
8) Other programs (Add name)	(Select Guaranteed ROI)	
9) Other programs (Add name)	(Select Guaranteed ROI)	
10) Other programs (Add name)	(Select Guaranteed ROI)	
11) Other programs (Add name)	(Select Guaranteed ROI)	
12) Other programs (Add name)	(Select Guaranteed ROI)	

b. Medicare Part D

(i) Proposed Self-Insured Guaranteed Discounts and Fees

Retail	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014
Brand Discounts	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)
Generic Discounts	(Select Rate)	(Select Rate)	(Select Rate)	(Select Rate)	(Select Rate)
Electronic Claim Admin Fee PMPM	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)
Manual Claim Admin Fee PMPM	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)
Brand Dispensing Fee	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)
Generic Dispensing Fee	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)
Rebates (All Claim Basis)	$0.02	(Select Rebate)	(Select Rebate)	$0.05	(Select Rebate)
90-day Retail	**CY 2010**	**CY 2011**	**CY 2012**	**CY 2013**	**CY 2014**
Brand AWP Discounts	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)
Generic AWP Discounts	(Select Rate)	(Select Rate)	(Select Rate)	(Select Rate)	(Select Rate)
Electronic Claim Admin Fee PMPM	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)
Manual Claim Admin Fee PMPM	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)
Brand Dispensing Fee (per claim)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)
Generic Dispensing Fee (per claim)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)
Rebates (All Claim Basis)	$0.02	(Select Rebate)	$0.02	(Select Rebate)	$0.02

RFP 10-X-20899 PRICING SCHEDULE

Vendor Name:

Instructions: This pricing section is for optional quotes. It is not mandatory. Bidder may respond to any or all sections. All fees quoted except for insured Medicare Part D must be guaranteed for entire 5 year contract term.

Mail	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014
Brand Discounts	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)
Generic Discounts	(Select Rate)	(Select Rate)	(Select Rate)	(Select Rate)	(Select Rate)
Electronic Claim Admin Fee PMPM	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)
Manual Claim Admin Fee PMPM	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)
Brand Dispensing Fee (per claim)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)
Generic Dispensing Fee (per claim)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)
Rebates (All Claim Basis)	(Select Rebate)	(Select Rebate)	(Select Rebate)	(Select Rebate)	(Select Rebate)
Specialty	**CY 2010**	**CY 2011**	**CY 2012**	**CY 2013**	**CY 2014**
Discounts (All Specialty)	(Select Effective Rate)	-15.03%	(Select Effective Rate)	(Select Effective Rate)	(Select Effective Rate)
Electronic Claim Admin Fee PMPM	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)
Manual Claim Admin Fee PMPM	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)	(Select Admin Fee)
Dispensing Fee (Per Specialty claim)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)	(Select Disp Fee)
Rebates (All Claim Basis)	(Select Rebate)	(Select Rebate)	(Select Rebate)	(Select Rebate)	(Select Rebate)

(ii) Proposed Fully Insured Rates and Components

	CY 2010*
Fully Insured Rates (PMPM)	**Insert rates below:**
Retiree	
Spouse	
Pricing Components (PMPM	**Insert rates below:**
Anticipated Medicare Reimbursement	
Administration Fee	
Net Claims Cost	
Effective Rebates	

* First Year rates only. Subsequent annual rate changes will be dependent on future Medicare reimbursement rate changes.

c. Other Clinical Programs

Clinical Program	PEPM Clinical Fee
Other clinical program (Add name)	(Select Fee)
Other clinical program (Add name)	(Select Fee)
Other clinical program (Add name)	(Select Fee)
Other clinical program (Add name)	(Select Fee)
Other clinical program (Add name)	(Select Fee)
Other clinical program (Add name)	(Select Fee)
Other clinical program (Add name)	(Select Fee)
Other clinical program (Add name)	(Select Fee)

d. Claims Coordination Adjudication Administration

Claims Coordination Adjudication Administration	PEPM Claims Coordination Fee
Claims Coordination Adjudication	(Select Fee)

PEPM and PMPM fees must be guaranteed regardless of fluctuations in enrollment.
For purposes of pricing, a claim shall be defined as any single processed paid prescription.

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
PURCHASE BUREAU
P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230

JON S. CORZINE
Governor

R. DAVID ROUSSEAU
State Treasurer

April 22, 2009

To: All Interested Bidders

Re: **RFP # 10-X-20899**
EMPLOYEE BENEFITS: PHARMACY BENEFIT MANAGEMENT

Bid Due Date: **May 20, 2009** (2:00 PM ET)

ADDENDUM #1

The document constitutes Addendum #1 to the referenced solicitation. This addendum provides notice that a corrected version of the fillable vendor response file is being sent via email on this date to the Mandatory Pre-Bid Conference attendees. The corrected vendor response file is being sent to the email contacts listed on the Mandatory Pre-Bid Conference Attendee List, available on the web at http://www.nj.gov/treasury/purchase/bid/summary/10x20899.shtml.

A forthcoming addendum will provide answers to questions received both at the Mandatory Pre-Bid Conference and through the electronic Question & Answer window.

It is the bidder's responsibility to ensure that all changes are incorporated into the original RFP.

All other instructions, terms and conditions of the RFP shall remain the same.

State of New Jersey
DEPARTMENT OF THE TREASURY
DIVISION OF PURCHASE AND PROPERTY
PURCHASE BUREAU
P.O. BOX 230
TRENTON, NEW JERSEY 08625-0230

JON S. CORZINE
Governor

R. DAVID ROUSSEAU
State Treasurer

April 29, 2009

To: All Interested Bidders

Re: **RFP # 10-X-20899**
EMPLOYEE BENEFITS: PHARMACY BENEFIT MANAGEMENT

Bid Due Date: **May 20, 2009** (2:00 PM ET)

ADDENDUM #2

The following constitutes Addendum #2 to the referenced solicitation. This addendum provides answers to questions received both at the Mandatory Pre-Bid Conference and through the electronic Question & Answer window.

It is the bidder's responsibility to ensure that all changes are incorporated into the original RFP.

All other instructions, terms and conditions of the RFP shall remain the same.

PART 1
EMPLOYEE BENEFITS: PHARMACY BENEFIT MANAGEMENT
Bid Number 10-X-20899

Answers to Questions

Note: Some of the questions have been paraphrased in the interest of readability and clarity. Each question is referenced by the appropriate RFP page number(s) and section where applicable.

#	Page #	RFP Section Reference	Question	Answer
1	6	1.1, Purpose and Intent	Will the State expect the bidders proposal to stay intact if the State exercises its option to procure individual requirements given the fact that a bidder's offer is often developed based on the whole, not individual parts? (7309)	If the State were to exercise the right to separately procure individual requirements that are the subject of the contract during the contract term, when deemed by the Director to be in the State's best interest, then a contract amendment agreed to by the parties would be necessary.
2	8	1.2, Background	Does SHBP/SEHBP currently have a 90-day retail program in place? (7366)	Yes, the State's current 90-day retail program is included in the "Prescription Drugs" narrative beginning on RFP page 8.
3	8-13	1.2, Background	Can the DPB please provide the number of members enrolled in each of the benefit designs described in Section 1.2? If that is not possible, can DPB provide the number of members that have at least a $15 differential between the second and third tier copayment? (7371)	Page 12 of the RFP shows the subscriber enrollment in each of the prescription drug card plans (exclusive of dependents). Pages 10-12 list the copays for each of the prescription drug card plans. All retirees enrolled in NJ DIRECT have at least a $15 differential between the second and third tier copayment.
4	11	1.2, Background	Can the State give more detail as far as what is expected of the bidders regarding the Prescription Reimbursement Program? (7308)	To recap the RFP's requirements, the contractor must provide a nationwide network of pharmacies wherein the pharmacies agree to provide prescription drugs to members at a discounted rate. The contractor must also process claims electronically when a member uses his/her Employee Prescription Drug Reimbursement Plan identification card at a participating pharmacy and process paper claims when the identification card is not used or the pharmacy does not participate. In addition, the contractor must reimburse members the applicable co-insurance percentage of the discounted price once the member has satisfied the deductible. The contractor must interact electronically with the SHBP/SEHBP medical plans to track

#	Page #	RFP Section Reference	Question	Answer
				deductibles and out-of-pocket maximums.
5	12	1.0, Information for Bidders	How many SHBP members have prescription drug coverage through the HMO? (7364)	The number of SHBP members having prescription drug coverage through the HMO may be deduced from the census file distributed on the disc at the Mandatory Pre-Bid Conference.
6	12	1.2, Background	Please confirm we should be using the grid on page 12 to determine total eligibles/subscribers. (7366)	The grid on page 12 is enrollment as of the 4th quarter 2008. The census data that was provided at the Mandatory Pre-Bid Conference has enrollment as of March 2009 and is more current than the page 12 grid. The census file also contains coverage tiers to determine single coverage, two person and family coverage.
7	12	1.2, Background	How many of the 135,081 Retiree Subscribers are Medicare eligible? (7366)	Of the 135,081 retiree subscribers, 91,488 are Medicare eligible. In addition, there are 40,124 retiree dependents who are Medicare eligible.
8	13	1.3.1, Mandatory Pre-Bid Conference	Who should we notify that our firm will be attending the mandatory pre-bid conference? Will the mandatory pre-bid conference be interactive? Will the State be responding to questions issued by bidders or just accepting questions? (7275)	The State did not require prior notice by a firm of its intended attendees for the Mandatory Pre-Bid Conference. The State's Mandatory Pre-Bid Conference was interactive, with the State both responding to and accepting bidder's questions.
9	13	Bidder Response File, 3.1.2	Regarding Therapeutic Substitution, does the State allow this type of substitution with its current mail order vendors. (7368)	No, the State does not allow therapeutic substitutions.
10	14	1.3.1, Mandatory Pre-Bid Conference	Would the SHBP/SEHBP be willing to provide a full year (2008) claims data with anonymous patient identifiers in order for the vendor to view full patient profiles and enable vendor to identify clinical and savings opportunities? If not, would the State be willing to provide the requested patient identifiers for the data that has already been provided? (7366)	The State has determined that a quarter's data is ample for the bidder to develop its bid proposal, inclusive of pricing, and for the State to then evaluate the bidder's response based on the quarter's data. A full year's data is not essential to proposal development by the bidder or to the State's proposal evaluation process.
11	14	1.3.1, Mandatory Pre-Bid Conference	Would the SHBP/SEHBP be willing to provide a breakout of claims data that would enable the vendor to determine claims volume for all 90-day supply	The claims data provided on the disc at the Mandatory Pre-Bid Conference includes the days' supply, so bidders could identify claims at retail that have

#	Page #	RFP Section Reference	Question	Answer
			options, e.g. 90-day Retail vs. 90-day Retail Supplied via Mail Pharmacy vs. Mail? (7366)	90 days supply.
12	14	1.3.2, Electronic Question and Answer Period	Will bidders be permitted to ask questions if/when addenda get posted the website? (7364)	Since the Q&A window closed on 4/13/2009 and is not being reopened, bidders will not be permitted to ask questions prompted by addenda posted to the State's website.
13	14	3.1.3e, Mail Order	What if the generic drug is in short supply (for example due to manufacturing problems) and the brand is dispensed; does this mean the SHBP will fund the difference between the brand and generic co-pay? (7309)	The State will review exceptions on a case by case basis when there is a documented generic drug shortage.
14	18	2.0, Definitions	Can we make changes to clarify definitions contained in the Definitions Section? (7366)	The bidder may not modify the definitions provided in RFP Section 2.0 and its subsections.
15	26	3.0, Scope of Work	Please confirm that the minimum threshold requirements are satisfied by the bidder, together with its subcontractor(s). (7373)	The PBM entity(ies) that comprise the bidder's solution as contained in the bid proposal must satisfy requirements "a" through "e" within RFP Section 3.0.
16	27	3.1.4b, Specialty Pharmacy	Can the State supply the list of drugs to which it is referring? Are we being asked to guarantee more favorable reimbursement rates than at retail? Will the member be blocked from having a specialty prescription filled at retail? (7368)	The State is not providing a list of designated specialty products. The State realizes that this is PBM specific, and that there is no standard definition of specialty drugs. However, there are many drugs that are generally recognized as specialty drugs that are common across PBMs. RFP requirement 3.1.4b is affirmed by the State in response to the second question. Yes, the member will be blocked from having a specialty prescription filled at retail.
17	28	3.2.1a and 3.2.1b, Clinical Programs	Is a separate clinical fee required? If yes, is there an ROI model the SHBP would like used or will that be agreed upon post award? (7309)	No, a separate clinical fee is not required. A specific ROI model is not required but the one used by the bidder should be accompanied by a thorough explanation.
18	28	3.2.2e, Pharmacy and Therapeutic Committee	Would the SHBP please define "therapeutically equivalent drug product" for purposes of this requirement? (7309)	The PBM's P&T committee determines if a drug is therapeutically equivalent. Generally, a drug is considered to be therapeutically equivalent if it has a

#	Page #	RFP Section Reference	Question	Answer
				similar therapeutic effect and works in a manner similar to the reference drug.
19	28	3.2.3c, Pharmacy Management / Utilization Management Services	What level of detail is expected for UM reporting – member level or aggregate (group level) results? (7309)	For quarterly UM activity reporting, both member level and aggregate (group level) reporting is required.
20	29	3.4, Technology / Systems Capabilities	Requirement reads: "The contractor shall share and accept data files from other State contractors as required at mutually agreed upon intervals…" Can you provide us with the estimated number of files we will receive, and then send out? (7369)	The State currently contracts with three (3) vendors for medical benefits. As of the date of this addendum, one (1) file would need to be sent by the contractor to each of the medical benefits vendors. In addition, for purposes of the prescription drug reimbursement plan, two (2) files (NJ DIRECT10 and NJ DIRECT15) must be sent and received by the contractor.
21	30	3.3.2l, Customer Service / Member Services	The RFP indicates that the vendor's website must provide the ability to locate providers. Does this relate to pharmacy providers and medical providers, or just pharmacy? (7366)	Since the scope of this RFP is strictly for pharmacy benefit management, the requirement to locate providers via the contractor-provided website refers only to pharmacies.
22	30	3.3.2n, Customer Service / Member Services	Is the State requesting that the annual patient/member satisfaction surveys be prepared for just the State of NJ members, or for our entire book-of-business? (7368)	The requirement for annual patient/member satisfaction surveys pertains to State of New Jersey members.
23	30	3.3.3, Benefit Coverage and Plan Design	Is New Jersey subject to Any Willing Provider laws? How does New Jersey anticipate accommodating other states' Any Willing Provider laws for its members living in those states?	The SHBP/SEHBP is self-insured and therefore not subject to New Jersey's Any Willing Provider law. Further, the contract resulting from this RFP will be subject to the laws of the State of New Jersey.
24	31	3.4.1.2c, Identification Cards	Can the SHBP/SEHBP please provide copies of your existing ID card formats? (7366)	Included with this addendum are images of representative card formats.
25	31	3.4.1.2c, Identification Cards	Are you simply asking if we can accommodate and provide approximately 20 concurrent ID cards designs; or asking us to show 20 different ID card designs in the response? (7372)	The State is requiring the contractor to provide approximately 20 concurrent ID card designs. Refer also to Question #24 above. The bidder need not present 20 different card designs in its bid proposal.
26	31	3.4.1.3d,	Will all eligibility files be coming	All eligibility files will be coming from

#	Page #	RFP Section Reference	Question	Answer
		Eligibility File	directly from the State, or from different vendors? (7372)	the State.
27	34	3.4.2.3, Quarterly Enrollment Summary Reports	Can the SHBP define who is considered as an "Early Retiree?" Will "Early Retiree" be identified as an Employee Type in the prescription eligibility feed? (7309)	An “Early Retiree” is a retiree who is not eligible for Medicare. Early retirees are not identified as an employee type, however, Medicare retirees have a Medicare effective date on the daily eligibility file. Hence, early retirees can be deduced from that data.
28	35	3.4.2.4g, Periodic Reporting	Is the State willing to accept alternative reporting since NDC-11 level data is typically not available from pharmaceutical manufacturers? (7309)	The State affirms reporting requirement "g" contained in RFP Section 3.4.2.4.
29	39	3.5.1r, Claims Administration	Will the bidder be working with Worker's Comp claims, and/or services directly? (7372)	This RFP is not for Workers' Compensation (WC) claims, but should a claim come under question and be deemed to be a WC claim, and the claim credited to the PBM’s mail order facility or to a retail pharmacy in your network, the credit must be passed on to the State.
30	39	3.5.1r, Claims Administration	Can you please provide us with the member to employee ratio for this group? (7372)	The following date represents the member to employee (or retiree) ratio: State Employees 2.44:1 State Retirees 1.61:1 Local Employees 2.42:1 Local Retirees 1.63:1 Total Employees 2.43:1 Total Retirees 1.62:1
31	39	3.5.2, Subrogation (Only Outside of New Jersey)	How does the SHBP/SEHBP's current vendor administer subrogation? How is subrogation handled outside the State of New Jersey? (7366)	An overview of subrogation is available in all of the State's medical plan member handbooks, available on the DPB website at http://www.state.nj.us/treasury/pensions .
32	39	3.6a, Financial	What is excluded from the financial guarantees?	Only compounds are excluded from the financial guarantees.
33	46	4.4, Bid Proposal Content	If necessary and appropriate, may financial or cost information be included as part of a response to a specific question in Volume 1 (the technical proposal)? (7370)	Explanatory notes to accompany the spreadsheets that comprise the State's Price Schedule(s) must be placed in Volume 2 (Cost Proposal) of the bidder's response.

#	Page #	RFP Section Reference	Question	Answer
34	46	4.4.1.4, Subcontractor Set-Aside Forms	Are there any MBE or WOB requirements associated with this procurement? (7366)	While this RFP contains neither full nor partial set-aside award provisions, it does contain small business subcontracting goals, as explained in RFP Section 4.4.1.4.
35	48	4.4.5, Technical Proposal	This section references a State-provided bidder response file. Will the State be issuing a response file or a questionnaire as part of this RFP; or is it the State's intention for bidders to create a Technical Proposal based on the requirements as laid out in the Scope of Work? (7265)	The State provided a pdf version of the bidder response file on the web at http://www.nj.gov/treasury/purchase/bid/summary/10x20899.shtml. An editable version of this file was made available on disc at the Mandatory Pre-Bid Conference.
36	48	4.4.5, Technical Proposal	We are having difficulty utilizing/populating the pdf files within the RFP. Is it possible to repost the files as Microsoft Word documents? (7278)	The State-provided bidder response file discussed in RFP Section 4.4.5 is posted to the web in Adobe's pdf format. As stated therein, a fillable version of the bidder response file was included on the disc provided at the Mandatory Pre-Bid Conference. All other pdf-formatted files for this RFP are either not available in Microsoft Word format or are intentionally provided in pdf format.
37	51	4.4.6.5, Experience of Bidder on Contracts of Similar Size and Scope	Please confirm that the experience requirement is satisfied by the bidder, together with its subcontractor(s). (7373)	The PBM entity(ies) that comprise the bidder's solution as contained in the bid proposal must satisfy the requirements of RFP Section 4.4.6.5.
38	53	4.4.7.1, Claim Data Repricing for 4th Quarter 2008	a. Please confirm that Horizon BCBS (Caremark/CVS) currently administers the Rx benefit for the Horizon reimbursement ("HR") and Horizon Rx Card ("HM") plans flagged as such on claim file provided. b. Please distinguish the difference between Horizon reimbursement ("HR") and Horizon Rx Card ("HM") plans flagged as such on claim file. c. Will selected vendor secure ALL pharmacy business identified on claim file including those administered by Aetna ("A") and Cigna ("C"). What business will the selected vendor secure with certainty? d. Please confirm scripts on claim file are all associated with self funded	a. Yes, Horizon administers the claims identified as HR and HM on the claims file. b. "HR" claims are for the prescription drug reimbursement plan described in the RFP on page 9, bullet 2(a). "HM" claims are for the employee prescrip-tion drug card plan described in the RFP on pages 8 and 9, bullets 1(a) and 1(b), and the retiree prescription drug plan described in the RFP on page 10, bullets 3(a)1, 3(a)3, 3(b)1, and 3(b)3. c. The State intends to contract for all of the prescription drug benefits it administers, however, the State reserves the right to separately procure individual requirements that are the subject of the contract during the

#	Page #	RFP Section Reference	Question	Answer
			arrangements. (7374)	contract term, when deemed by the Director to be in the State's best interest. d. The State confirms that all prescriptions on the claim file are associated with self-funded arrangements.
39	54	4.4.7.2, Priced Options	If we decide to offer one or all of the optional priced programs, the cost should be included in the Price Schedule; however, where should we include the descriptions of these programs? Would you like us to create an addendum to the Pricing Schedule? (7366)	Descriptions to accompany price options must be placed in Volume 2 (Cost Proposal) of the bidder's response.
40	60	5.13.2.2, Performance Standards and Liquidated Damages to Meet Those Standards	Is the State flexible regarding the 45-day reporting requirement since some data may not be available in time to meet a 45-day turnaround? (7364)	The State affirms the 45-day reporting requirement contained in RFP Section 5.13.2.2.
41	60	5.13.2.2, Performance Standards and Liquidated Damages to Meet Those Standards	Would the annual liquidated damages be divided by four for those guarantees measured and assessed quarterly? If one quarter is missed, what is the amount assessed? (7364)	Yes, the annual damage amount divided by four (4) will be assessed on a quarterly basis. All quarters will be measured and assessed pursuant to RFP Section 5.13.2.2, i.e., there will be no allowance made for a "missed quarter".
42	60-64	5.13.2.2, Performance Standards and Liquidated Damages to Meet Those Standards	Is it required that bidder measure each standard as defined or will the State be receptive to alternatives that still meet the State's desired performance levels? (7373)	It is required that the bidder measure each standard as defined.
43	61	5.13.2.2, Performance Standards and Liquidated Damages to Meet Those Standards	For claim adjudication accuracy, please confirm that the accuracy metric is produced through statistically valid periodic audits. Also, please define "material adjudication error". (7364)	Yes, a sample utilized in a statistically valid period audit is an acceptable method to demonstrate claim adjudication accuracy. An adjudication error is an error that has a positive or negative financial impact (overpayment or underpayment) for the parties.
44	7	1.2, Background	Does SHBP/SEHBP currently have a 90-day mail at retail program? (7366)	No, the State does not currently have a 90-day mail at retail program.

#	Page #	RFP Section Reference	Question	Answer
45	70	6.1, Proposal Evaluation Committee	Can the State disclose the make-up of the Evaluation Committee? (7366)	The composition of the State's Evaluation Committee will be disclosed in the State' Evaluation Committee Report, which will be available when the State issues the Notice of Intent to Award.
46	70	6.3, Evaluation Criteria	What is the weighting of requirements as they relate to scoring of the bids? (7366)	The State does not reveal the detailed evaluation criteria, their weighting, or the overall evaluation methodology before the bid due date.
47	–	–	Is it appropriate for a firm to bid using an established PBM or is the State looking only for bids directly from PBMs? (7276)	The State will consider both direct contracting and subcontracting arrangements.
48	–	–	Has the State considered asking each bidder to describe in detail its (a) formularies and information concerning how the formulary is developed, (b) the criteria for inclusion on the formulary, (c) the composition of the P&T committee, (d) the rules for choosing members of that committee, and (e) use of evidence based criteria for inclusion or exclusion from the formulary? (7345)	The SHBP/SEHBP uses an open formulary. The State-provided bidder response file contains questions – beginning at Section 3.2.2 – concerning the bidder's formulary management and P&T committee.
49	–	–	Can we get a list of the PBMs/vendors that will be submitting an RFP response? (7363)	The State's RFP is published and made available to the bidder community via a public website. The State does not track the vendors/companies that access and/or download the RFP from its website. Therefore, the State does not know who will be submitting a bid response until the actual bid opening occurs.
50	–	–	Can the vendor deviate from contract requirements and language? If so, how should the vendor communicate these in our bid submission? (7366)	The State's RFP provides the mandatory requirements necessary for successful completion of the contractual scope of work. These mandatory requirements represent the State's essential needs and, therefore, must not be changed by a bidder.
51	–	–	Please confirm that, based on the vendor's understanding of AWP, the SHBP/SEHBP are self-insured and are not required to comply with the	The State's understanding of this question is that AWP refers to Any Willing Provider laws. The State confirms that the

#	Page #	RFP Section Reference	Question	Answer
			Any Willing Provider laws in the State of New Jersey? (7366)	SHBP/SEHBP are self-insured and not subject to the Any Willing Provider laws in the State of New Jersey.
52	–	–	Can the State provide the amount of member direct reimbursement claims (paper claims) processed in 2008? (7368)	This information is not currently available, although it is known that paper claims are less than 1% of all claims processed. The majority of claims are submitted electronically for all plans. Paper claims are submitted primarily for out-of-network claims.
53	–	–	Is the State required to comply with New Jersey's "Any Willing Provider" requirements? According to this provision, the only way to exclude Wal-Mart or Walgreens or any pharmacy from the network is with their refusal to join at the proposed discounts and fees. Given this situation, does the State expect to restrict their network access? (7368)	The SHBP/SEHBP are self-insured and not subject to the Any Willing Provider laws in the State of New Jersey.
54	–	–	Is it the State's intention to partner with a contractor PBM that only will act in the State's best interests by contractually accepting the legal obligations of a fiduciary? The meaning of the term "Fiduciary" is subject to different interpretations of what obligations the term creates, and based on common practices in the industry these varied interpreta-tions can and most likely will result in far different actions and bid assumptions by the PBM. We assume that it is the State's intention is to have the Contractor act as a legally defined "fiduciary"; is the definition of "fiduciary" a widely accepted definition such as the ERISA definition of fiduciary or some other standardized definition? (We understand that the State is not subject to ERISA but this definition has been used in other similar contracts to clearly define the fiduciary obligation). As we understand the ERISA definition (which has been accepted in the past) in the context of this RFP it would require the Contractor to act	The State requires the contractor to act in the best interests of the State including the pass-through to the State of all savings, by way of example but not limitation, 100% of contracted pharmacy discounted rates and dispensing fees and all funds received from pharmaceutical manufacturers (including but not limited to rebates, administrative fees, grants, etc.) associated with State utilization. In addition, the contractor has the affirmative obligation to disclose any interests of the contractor that may conflict with the interests of the State as well as disclose and share with the State all benefits, direct and indirect, derived from the contractor's contract with the State.

#	Page #	RFP Section Reference	Question	Answer
			in the best interests of the State and would include the requirement to pass through all savings to the client, including the passing through of 100% of contracted pharmacy discounted rates and dispensing fees and all funds received from pharmaceutical manufacturers (including but not limited to rebates, rebates, administrative fees, grants, etc.) associated with State utilization and the affirmative obligation to disclose interests of the contractor that may conflict with the interests of the State and, other than as disclosed, the commitment that the only fee or revenue the Contractor may derive under this Contract is the agreed upon Administrative Fee. Should all the proposing PBMs assume this definition as a contractual requirement or is there a different definition that the State had in mind? (7370)	
55	–	Bidder Response File, 3.0 (Scope of Work), question f	Is this question only for those bidders partnering with a sub-contractor? (7373)	No, it is required that this question be answered by all bidders.
56	–	Bidder Response File, 3.1.1 (Retail), question k	The question asks if retail stores can block PBM messages. Does this refer to blocking non-clinical messages from a PBM? Or does this refer to the ability to override certain clinical edits? (7366)	This question refers to the ability of a retail store to block select messages from PBMs to individual stores. The messages may be non-clinical or clinical in nature. This question does not refer to the ability to override certain clinical edits.
57	–	Bidder Response File, 3.1.1 (Retail), question o	Can you please clarify what is meant by the first part of this question, i.e., financial implications? To what should we compare the "mail at retail" program? Does the State desire that we include specific financial information in our response? (7370)	The State is asking the bidder to provide information, for use by the State on an exploratory basis, on a mail at retail program versus a 90-day retail program (which is currently in place). Financial Information specific to the difference in these programs including but not limited to AWP discounts, dispensing fees, and rebates and other pharmaceutical revenue is requested. In addition, any differences between the two networks should be highlighted (e.g., number of pharmacies). The mail at retail program should be compared to a 90-day retail program.

#	Page #	RFP Section Reference	Question	Answer
58	–	Bidder Response File, 3.1.1 (Retail), question r	Regarding the State's interest in on-site pharmacy capabilities, can you provide additional details? Are you looking for more than one location? (We would typically request that at least 3,500 members have convenient access to an on-site pharmacy.) (7368)	This is an exploratory question inviting the bidder to describe its abilities and requirements, and as such, does not seek to limit the bidder's response.
59	–	Bidder Response File, 3.1.1 (Retail)	When the RFP refers to a "restricted" or "limited" network, is this in reference to a 90-day at mail network? (7368)	The State requires the broadest network possible for the retail program and the broadest network possible for the 90-day retail program. For those PBMs that offer a limited or narrow retail network with improved financial arrangements compared to the broader network, the State is requesting information on that limited network to be used for future consideration by the State. If the bidder has a mail at retail network, the State will be seeking the broadest network possible, and acknowledges that this will be a smaller (or limited) network than a 90-day retail network.
60	–	Bidder Response File, 3.1.2 (90-Day at Retail Network), questions a–q	Section: Bidder's Response File / The questions in this section appear to be related to mail order; can you please clarify if these questions should fall under this section or Section 3.1.3, Mail Order? (7370)	The bidder response file as originally provided by the State contained an error, as pointed out by this question. A corrected version of the fillable bidder response file was made available via Addendum #1.
61	–	Bidder Response File, 3.1.2 (90-Day at Retail Network), requirements a-c and questions a-m	These questions refer to mail. Should they be placed under Section 3.1.3, Mail Order? (7366)	Please refer to the response to Question #60 above.
62	–	Bidder Response File, 3.1.2 (90-Day at Retail Network) and 3.2.1 (Clinical Programs)	Technical Proposal 3.1.2 and 3.2.1 It appears the questions for these two sections should be switched. Please confirm. (7364)	Please refer to the response to Question #60 above.
63	–	Bidder Response File, 3.1.3 (Mail Order), question	Regarding the statement "mail at retail pricing is designed as contracted rates and rebates that are	This question seeks to ascertain if the bidder has a 90-day at retail network offering the same pricing as mail order.

#	Page #	RFP Section Reference	Question	Answer
		c	the exact same at mail as at retail." Are you requesting that are mail discounts equal those of our retail discounts (when the 90 day at retail is used?). Typically we are able to provide deeper discounts through our mail order facility, than are provided at retail. (7368)	The State is not asking the bidder to reduce its mail discounts to match the 90-day at retail network.
64	–	Bidder Response File, 3.2.3 (Pharmacy Management / Utilization Management Services), question c	What is the basis of the requested guarantee of "at least 1% annually"? Is this based on a percentage of overall claim volume or an increase of one percentage point (for example, from 54% to 55% of all claims)? (7309)	This question is based on an increase of one percentage point. The State is seeking at least a 1% annual increase in the Generic Dispensing Rate.
65	–	Bidder Response File, 3.3.2 (Customer Service/Member Services), question g	Is the request for samples of the bidder's employee communication, or for the State of NJ members' communication? (7368)	The State is seeking samples of the PBM's communication materials for use with members. See also Part 2, Item #5 of this addendum.
66	–	Bidder's Response File, 3.3.2 (Customer Service/Member Services), question j	Please clarify what is meant by "change management service capabilities." (7370)	Change management service capabilities refers to transitional communiqués with members.
67	–	Price Schedule	Footnote 3 – How will the 90 day 'mail at retail' program pricing factor into the overall cost evaluation? (7364)	The Mail at Retail program information is being requested for future consideration. It is not a current requirement and will not be used in the cost evaluation.
68	–	Price Schedule	Are bidders precluded from offering a la carte costs, i.e., ID card re-issuance, processing of paper claims? (7309)	The State-provided Price Schedule(s) may not be modified by the bidder and, therefore, may not have additional line items added to them.
69	–	State of New Jersey Standard Terms and Conditions, section 3.11, Subcontracting or Assignment, and Subcontractor Set Aside	Do the requirements stated in this section apply to all possible subcontractors/vendors that the PBM may utilize for even non-core services? For example, if some of the printing or mailing of member communication materials were to be out-sourced by the PBM, would that printer be subject to subcontractor identification, and would a	During the bidding process, i.e., pre-award period, all subcontractors must be identified on the Subcontractor Set-Aside Forms discussed in RFP Section 4.4.1.4. After contract award, section 3.11 of the State of New Jersey Standard Terms and Conditions applies for all vendors utilized by the prime contractor to fulfill the scope of work.

#	Page #	RFP Section Reference	Question	Answer
			Subcontractor Set Aside Form need to be completed? (7366)	

PART 2
EMPLOYEE BENEFITS: PHARMACY BENEFIT MANAGEMENT
Bid Number 10-X-20899

Additions, Deletions, Clarifications and Modifications to the RFP

#	Page #	RFP Section Reference	Additions, Deletions, Clarifications and Modifications
1	40	3.6, Financial	The passage below is added as item "o" to the referenced section: On 3-31-2009 there was a final settlement announced by the federal government regarding AWP. For the contract resulting from this RFP, the successful bidder will use the pre-settlement AWP in the proposal process. The contractor selected by the State must provide pricing and a reconciliation between the pre-settlement AWP and post-settlement AWP. The State expects the contract to include post-settlement AWP, although that could change (for example, if an appeal is filed to the AWP settlement or implementation of post-settlement AWP is delayed).
2	48	4.4.5, Technical Proposal	The following statement is added immediately following the first sentence of this RFP Section: "In addition to the mandatory requirements from the RFP's Scope of Work, i.e., RFP Section 3, the State-provided bidder response file contains numerous questions to which the bidder must respond."
3	61	5.13.2.2, Performance Standards and Liquidated Damages to Meet Those Standards	For "Claim Adjudication Accuracy", the word ***material*** is deleted.

#	Page #	RFP Section Reference	Additions, Deletions, Clarifications and Modifications
4	67	5.23.2, Indemnification	This RFP section is revised to include a new subsection "e": **5.23.3 <u>INSURANCE - PROFESSIONAL LIABILITY INSURANCE</u>** Section 2.3 of the NJ Standard Terms and Conditions version 07/27/07 regarding insurance is modified with the addition of the following section regarding Professional Liability Insurance. d) Professional Liability Insurance: The contractor shall carry Errors and Omissions, Professional Liability Insurance and/or Professional Liability Malpractice Insurance sufficient to protect the contractor from any liability arising out the professional obligations performed pursuant to the requirements of the Contract. The insurance shall be in the amount of not less than $5,000,000 and in such policy forms as shall be approved by the State. If the contractor has claims-made coverage and subsequently changes carriers during the term of the Contract, it shall obtain from its new Errors and Omissions, Professional Liability Insurance and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage. e) The contractor's insurance carrier must have an A. M. Best rating of A- VII (excellent for the former, and a financial size category of $50 Million to $100 Million for the latter), or better.
5	–	Exhibit D, Employer File Layout	An error was detected on the Exhibit D posted to the web for this RFP. The corrected Exhibit D is attached hereto.
6	–	Bidder Response File, 3.3.2 (Customer Service / Member Services), question g	Question "g" is modified to: "The bidder's response must include samples of its standard member communication materials."
7	–	Bidder Response File, 3.6 (Financial)	An item "o" is added, stating: o. On 3-31-2009 there was a final settlement announced by the federal government regarding AWP. For the contract resulting from this RFP, the successful bidder will use the pre-settlement AWP in the proposal process. The contractor selected by the State must provide pricing and a reconciliation between the pre-settlement AWP and post-settlement AWP. The State expects the contract to include post-settlement AWP, although that could change (for example, if an appeal is filed to the AWP settlement or implementation of post-settlement AWP is delayed).

FRONT

ROBERT SINGLECRDMAINT
9501 SHEA
SCOTTSDALE AZ 85258

STATE OF NEW JERSEY
Retiree Prescription Drug Plan

X0741

RXBIN: 004336
RXPCN: HZSP
RXGRP:
ISSUER (80840)
ID: 666666666
NAME: ROBERT J SINGLECRDMAINT

000001

BACK

MEMBER:

- This card must be presented at a participating pharmacy when purchasing prescription drugs.
- Only the person named on this card and covered dependents may use this card to obtain prescription drug benefits.
- The Pharmacist will tell you the amount to pay for your prescription(s).
- No claim form is required when using a participating pharmacy.

For prescription drug information or to locate a participating pharmacy in your area, call Customer Care at 1-866-881-5605.
Send all claims to : CAREMARK, P.O. Box 52136, Phoenix, AZ 85072-2136
PHARMACIST: For assistance, please call our pharmacy help desk at 1-800-364-6331.

X0741

FRONT

ROBERT SINGLECRDMAINT
9501 SHEA
SCOTTSDALE AZ 85258

MAIL STOP 0XM
NJ 07105

	RETAIL	MAIL SERVICE
Your Co-payments		
Generic		
Non-Preferred Brand		
Other Brand		
Day Supply Limit		

STATE OF NEW JERSEY
Retiree Prescription Drug Plan

X0741

RXBIN: 004336
RXPCN: HZSP
RXGRP:
ISSUER (80840)
ID: 666666666
NAME: ROBERT J SINGLECRDMAINT

000001

BACK

MEMBER:

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- The Pharmacist will tell you the amount to pay for your prescription(s).
- No claim form is required when using a participating pharmacy.

For prescription drug information or to locate a participating pharmacy in your area, call Customer Care at 1-866-881-5605.
Send all claims to : [illegible]k, P.O. Box 52136, Phoenix, AZ 85072-2136
PHARMACIST: For assistance, please call our pharmacy help desk at 1-800-364-6331.

X0741

EXHIBIT D -- Employer File Layout (300 bytes)

Description	Format/Length	Start	End	Values/Comments
non-par	A1	1	1	Y or N to designate whether employer is not participating in SHBP, where N indicates the employer is participating in the SHBP, and Y indicates the employer is NOT participating (I.e., is a non-par employer)
employer id	A6	2	7	
payroll	A3	8	10	
SLE type	A1	11	11	S or L or E (State, Local, or Ed)
employer name	A40	12	51	
address 1	A30	52	81	
address 2	A30	82	111	
address 3	A30	112	141	
POBOX	A9	142	150	
city	A20	151	170	
state	A2	171	172	
zip	A9	173	181	
phone	A11	182	192	
phone ext	A5	193	197	
contact name	A30	198	227	
enroll date	A8	228	235	MMDDYYYY
term date	A8	236	243	MMDDYYYY
RX resolution	A3	244	246	000 (non-par employer), 003 (State plan), 005 (private plan), 007 (no plan)
RX plan eff date	A8	247	254	MMDDYYYY
Employer Tax ID	A9	255	263	

Fixed block, record length 300

State of New Jersey
Standard Terms and Conditions

Applicable to all advertised DPP Procurements unless otherwise indicated

STANDARD TERMS AND CONDITIONS:

I. Unless the bidder is specifically instructed otherwise In the Request for Proposal, the following terms and conditions will apply to all contracts or purchase agreements made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in the Request for Proposal (RFP) and should be read in conjunction with same unless the RFP specifically indicates otherwise. If a bidder proposes changes or modifications or takes exception to any of the State's terms and conditions, the bidder must so state specifically in writing in the bid proposal. Any proposed change, modification or exception in the State's terms and conditions by a bidder will be a factor in the determination of an award of a contractor purchase agreement.

II. All of the State's terms and conditions will become a part of any contract(s) or order(s} awarded as a result of the Request for Proposal, whether stated in part, in summary or by reference. In the event the bidder's terms and conditions conflict with the State's, the State's terms and conditions will prevail, unless the bidder is notified in writing of the State's acceptance of the bidder's terms and conditions.

III. The statutes, laws or codes cited are available for review at the New Jersey State Library, 185 West State Street, Trenton, New Jersey 08625.

IV. If awarded a contract or purchase agreement, the bidder's status shall be that of any independent principal and not as an employee of the State.

1. STATE LAW REQUIRING MANDATORY COMPLIANCE BY ALL CONTRACTORS

1.1 BUSINESS REGISTRATION –Effective September 1, 2004, pursuant to an amendment to N.J.S.A. 52:32-44, State and local entities (including the Division of Purchase and Property) are prohibited from entering into a contract with an entity unless the contractor has provided a copy of its business registration certificate (or interim registration) as part of its bid submission. Failure to submit a copy of the Business Registration Certificate within the bid proposal may be cause for rejection of the bid proposal.

The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury the use tax due pursuant to the "Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all their sales of tangible personal property delivered into the State. This requirement shall apply to all contracts awarded on and after September 1, 2004. Any questions in this regard can be directed to the Division of Revenue at (609) 292-1730. Form NJ-REG can be filed online at http://www.state.nj.us/treasury/revenue/busregcert.htm

1.2 ANTI-DISCRIMINATION - All parties to any contract with the State of New Jersey agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A.l0:5-1 et seq. and N.J.S.A.l0:5-31 through 10:5-38, and all rules and regulations issued there under.

1.3 PREVAILING WAGE ACT - The New Jersey Prevailing Wage Act, N.J.S.A. 34: 11-56.26 et seq. is hereby made part of every contract entered into on behalf of the State of New Jersey through the Division of Purchase and Property, except those contracts which are not within the contemplation of the Act. The bidder's signature on this proposal is his guarantee that neither he nor any subcontractors he might employ to perform the work covered by this proposal has been suspended or debarred by the Commissioner, Department of Labor for violation of the provisions of the Prevailing Wage Act and/or the Public Works Contractor Registration Acts; the bidder's signature on the proposal is also his guarantee that he and any subcontractors he might employ to perform the work covered by this proposal will comply with the provisions of the Prevailing Wage and Public Works Contractor Registration Acts, where required.

1.3(a) PUBLIC WORKS CONTRACTOR REGISTRATION ACT - The New Jersey Public Works Contractor Registration Act requires all contractors, subcontractors and lower tier subcontractors who bid on or engage in any contract for public work as defined in N.J.S.A. 34:11-56.26 be first registered with the New Jersey Department of Labor and Workforce Development. Any questions regarding the registration process should be directed to the Division of Wage and Hour Compliance at (609) 292-9464 or http://www.nj.gov/labor/lsse/lspubcon.html.

1.4 AMERICANS WITH DISABILITIES ACT - The contractor must comply with all provisions of the Americans With Disabilities Act (ADA), P.L 101-336, in accordance with 42 U.S.C. 12101 et seq.

1.5 THE WORKER AND COMMUNITY RIGHT TO KNOW ACT - The provisions of N.J.S.A. 34:5A-l et seq. which require the labeling of all containers of hazardous substances are applicable to this contract. Therefore, all goods offered for purchase to the State must be labeled by the contractor in compliance with the provisions of the Act.

1.6 OWNERSHIP DISCLOSURE - Contracts for any work, goods or services cannot be issued to any corporation or partnership unless prior to or at the time of bid submission the bidder has disclosed the names and addresses of all its owners holding 10% or more of the corporation or partnership's stock or interest. Refer to N.J.S.A. 52:25-24.2.

1.7 COMPLIANCE - LAWS - The contractor must comply with all local, state and federal laws, rules and regulations applicable to this contract and to the goods delivered and/or services performed hereunder.

1.8 COMPLIANCE - STATE LAWS - It is agreed and understood that any contracts and/or orders placed as a result of this proposal shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the STATE OF NEW JERSEY.

1.9 COMPLIANCE - CODES - The contractor must comply with NJUCC and the latest NEC70, B.O.C.A. Basic Building code, OSHA and all applicable codes for this requirement. The contractor will be responsible for securing and paying all necessary permits, where applicable.

2. LIABILITIES

2.1 LIABILITY - COPYRIGHT - The contractor shall hold and save the State of New Jersey, its officers, agents, servants and employees, harmless from liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of his contract.

2.2 INDEMNIFICATION - The contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith on account of the loss of life, property or injury or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract. This indemnification obligation is not limited by, but is in addition to the insurance obligations contained in this agreement.

2.3 INSURANCE - The contractor shall secure and maintain in force for the term of the contract liability insurance as provided herein. The Contractor shall provide the State with current certificates of insurance for all coverages and renewals thereof, naming the State as an Additional Insured and shall contain the provision that the insurance provided in the certificate shall not be canceled for any reason except after thirty days written notice to:

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Purchase Bureau – Bid Ref. #

The insurance to be provided by the contractor shall be as follows:

a. Comprehensive General Liability Insurance or its equivalent: The minimum limit of liability shall be $1,000,000 per occurrence as a combined single limit for bodily injury and property damage. The above required Comprehensive General Liability Insurance policy or its equivalent shall name the State, its officers, and employees as Additional Insureds. The coverage to be provided under these policies shall be at least as broad as that provided by the standard basic, unamended, and unendorsed Comprehensive General Liability Insurance occurrence coverage forms or its equivalent currently in use in the State of New Jersey, which shall not be circumscribed by any endorsement limiting the breadth of coverage.

b. Automobile liability insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than $1 million per occurrence as a combined single limit.

c. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than:

$1,000,000 BODILY INJURY, EACH OCCURRENCE

$1,000,000 DISEASE EACH EMPLOYEE
$1,000,000 DISEASE AGGREGATE LIMIT

3. TERMS GOVERNING ALL PROPOSALS TO NEW JERSEY PURCHASE BUREAU

3.1 CONTRACT AMOUNT - The estimated amount of the contract(s), when stated on the Advertised Request for Proposal form, shall not be construed as either the maximum or minimum amount which the State shall be obliged to order as the result of this Request for Proposal or any contract entered into as a result of this Request for Proposal.

3.2 CONTRACT PERIOD AND EXTENSION OPTION - If, in the opinion of the Director of the Division of Purchase and Property, it is in the best interest of the State to extend a contract entered into as a result of this Request for Proposal, the contractor will be so notified of the Director's Intent at least 30 days prior to the expiration date of the existing contract. The contractor shall have 15 calendar days to respond to the Director's request to extend the contract. If the contractor agrees to the extension, all terms and conditions of the original contract, including price, will be applicable.

3.3 BID AND PERFORMANCE SECURITY

a. Bid Security - If bid security is required, such security must be submitted with the bid in the amount listed in the Request for Proposal, see N.J.A.C. 17: 12- 2.4. Acceptable forms of bid security are as follows:

1. A properly executed individual or annual bid bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey as beneficiary issued by a federally insured financial institution.

2. The State will hold all bid security during the evaluation process. As soon as is practicable after the completion of the evaluation, the State will:

   a. Issue an award notice for those offers accepted by the State;

   b. Return all bond securities to those who have not been issued an award notice.

   All bid security from contractors who have been issued an award notice shall be held until the successful execution of all required contractual documents and bonds (performance bond, insurance, etc. If the contractor fails to execute the required contractual documents and bonds within thirty (30) calendar days after receipt of award notice, the contractor may be found in default and the contract terminated by the State. In case of default, the State reserves all rights inclusive of, but not limited to, the right to purchase material and/or to complete the required work in accordance with the New Jersey Administrative Code and to recover any actual excess costs from the contractor. Collection against the bid security shall be one of the measures available toward the recovery of any excess costs.

b. Performance Security - If performance security is required, the successful bidder shall furnish performance security in such amount on any award of a term contractor line item purchase, see N.J.A.C. 17: 12- 2.5. Acceptable forms of performance security are as follows:

1. The contractor shall be required to furnish an irrevocable security in the amount listed in the Request for Proposal payable to the Treasurer, State of New Jersey, binding the contractor to provide faithful performance of the contract.

2. The performance security shall be in the form of a properly executed individual or annual performance bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey as beneficiary issued by a federally insured financial institution.

   The Performance Security must be submitted to the State within 30 days of the effective date of the contract award and cover the period of the contract and any extensions thereof. Failure to submit

performance security may result in cancellation of contract for cause pursuant to provision 3.5b,1, and nonpayment for work performed.

3.4 VENDOR RIGHT TO PROTEST - INTENT TO AWARD - Except in cases of emergency, bidders have the right to protest the Director's proposed award of the contract as announced in the Notice of Intent to Award, see N.J.A.C. 17:12-3.3. Unless otherwise stated, a bidder's protest must be submitted to the Director within 10 working days after receipt of written notification that its bid has not been accepted or that an award of contract has been made. In the public interest, the Director may shorten this protest period, but shall provide at least 48 hours for bidders to respond to a proposed award. In cases of emergency, stated in the record, the Director may waive the appeal period. *See* N.J.A.C. 17: 12- 3 et seq.

3.5 TERMINATION OF CONTRACT

a. For Convenience

Notwithstanding any provision or language in this contract to the contrary, the Director may terminate at any time, in whole or in part, any contract entered into as a result of this Request for Proposal for the convenience of the State, upon no less than 30 days written notice to the contractor.

b. For cause:

1. Where a contractor fails to perform or comply with a contract, and/or fails to comply with the complaints procedure in N.J.A.C. 17: 12-4.2 et seq., the Director may terminate the contract upon 10 days notice to the contractor with an opportunity to respond.

2. Where a contractor continues to perform a contract poorly as demonstrated by formal complaints, late delivery, poor performance of service, short-shipping etc., so that the Director is repeatedly required to use the complaints procedure in N.J.A.C. 17:12-4.2 et seq. the Director may terminate the contract upon 10 days notice to the contractor with an opportunity to respond.

c. In cases of emergency the Director may shorten the time periods of notification and may dispense with an opportunity to respond.

d. In the event of termination under this section, the contractor will be compensated for work performed in accordance with the contract, up to the date of termination. Such compensation may be subject to adjustments.

3.6 COMPLAINTS - Where a bidder has a history of performance problems as demonstrated by formal complaints and/or contract cancellations for cause pursuant to 3.5b a bidder may be bypassed for this award. See N.J.A.C. 17:12-2.8.

3.7 EXTENSION OF CONTRACT QUASI-STATE AGENCIES - It is understood and agreed that in addition to State Agencies, Quasi-State Agencies may also participate in this contract. Quasi-State Agencies are defined in N.J.S.A. 52:27B-56.1 as any agency, commission, board, authority or other such governmental entity which is established and is allocated to a State department or any bi-state governmental entity of which the State of New Jersey is a member.

3.8 EXTENSION OF CONTRACTS TO POLITICAL SUBDIVISIONS, VOLUNTEER FIRE DEPARTMENTS AND FIRST AID SQUADS, AND INDEPENDENT INSTITUTIONS OF HIGHER EDUCATION - N.J.S.A. 52:25-16.1 permits counties, municipalities and school districts to participate in any term contract{s), that may be established as a result of this proposal.

N.J.S.A. 52:25-16.2 permits volunteer fire departments, volunteer first aid squads and rescue squads to participate in any term contract(s) that may be established as a result of this proposal.

N.J.S.A. 52:25-16.5 permits independent institutions of higher education to participate in any term contract(s) that may be established as a result of this proposal, provided that each purchase by the Independent Institution of higher education shall have a minimum cost of $500.

In order for the State contract to be extended to counties, municipalities, school districts, volunteer fire departments, first aid squads and independent institutions of higher education the bidder must agree to the extension and so state in his bid. proposal. The extension to counties municipalities, school districts, volunteer fire

departments, first aid squads and Independent Institutions of higher education must 'be under the same terms and conditions, including price, applicable to the State.

3.9 EXTENSIONS OF CONTRACTS TO COUNTY COLLEGES - N.J.S.A. 18A:64A - 25. 9 permits any college to participate in any term contract(s) that may be established as a result of this proposal.

3.10 EXTENSIONS OF CONTRACTS TO STATE COLLEGES - N.J.S.A. 18A:64- 60 permits any State College to participate in any term contract{s) that may be established as a result of this proposal.

3.11 SUBCONTRACTING OR ASSIGNMENT - The contract may not be subcontracted or assigned by the contractor, in whole or in part, without the prior written consent of the Director of the Division of Purchase and Property. Such consent, if granted, shall not relieve the contractor of any of his responsibilities under the contract.

In the event the bidder proposes to subcontract for the services to be performed under the terms of the contract award, he shall state so in his bid and attach for approval a list of said subcontractors and an Itemization of the products and/or services to be supplied by them.

Nothing contained in the specifications shall be construed as creating any contractual relationship between any subcontractor and the State.

3.12 MERGERS, ACQUISITIONS - If, subsequent to the award of any contract resulting from this Request for Proposal, the contractor shall merge with or be acquired by another firm, the following documents must be submitted to the Director, Division of Purchase & Property.

a. Corporate resolutions prepared by the awarded contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices.

b. State of New Jersey Bidders Application reflecting all updated information including ownership disclosure, pursuant to provision 1.5.

c. Vendor Federal Employer Identification Number.

The documents must be submitted within thirty (30) days of completion of the merger or acquisition. Failure to do so may result in termination of contract pursuant to provision 3.5b.

If subsequent to the award of any contract resulting from this Request for Proposal, the contractor's partnership or corporation shall dissolve, the Director, Division of Purchase & Property must be so notified. All responsible parties of the dissolved partnership or corporation must submit to the Director in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment should be made until all parties to the dissolved partnership or corporation submit the required documents to the Director.

3.13 PERFORMANCE GUARANTEE OF BIDDER - The bidder hereby certifies that:

a. The equipment offered is standard new equipment, and is the manufacturer's latest model in production, with parts regularly used for the type of equipment offered; that such parts are all in production and not likely to be discontinued; and that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice.

b. All equipment supplied to the State and operated by electrical current is UL listed where applicable.

c. All new machines are to be guaranteed as fully operational for the period stated in the Request For Proposal from time of written acceptance by the State. The bidder will render prompt service without charge, regardless of geographic location.

d. Sufficient quantities of parts necessary for proper service to equipment will be maintained at distribution points and service headquarters.

e. Trained mechanics are regularly employed to make necessary repairs to equipment in the territory from which the service request might emanate within a 48-hour period or within the time accepted as industry practice.

f. During the warranty period the contractor shall replace immediately any material which is rejected for failure to meet the requirements of the contract.

g. All services rendered to the State shall be performed in strict and full accordance with the specifications stated in the contract. The contract shall not be considered complete until final approval by the State's using agency is rendered.

3.14 DELIVERY GUARANTEES - Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the Request for Proposal.

The contractor shall be responsible for the delivery of material in first class condition to the State's using agency or the purchaser under this contract and in accordance with good commercial practice.

Items delivered must be strictly in accordance with the Request for Proposal.

In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the Request for Proposal, the using agency may be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the contractor failing to meet his commitments.

3.15 DIRECTOR'S RIGHT OF FINAL BID ACCEPTANCE - The Director reserves the right to reject any or all bids, or to award in whole or in part if deemed to be in the best interest of the State to do so. The Director shall have authority to award orders or contracts to the vendor or vendors best meeting all specifications and conditions in accordance with N.J.S.A. 52:34-12. Tie bids will be awarded by the Director in accordance with N.J.A.C.17:12-2.1D.

3.16 BID ACCEPTANCES AND REJECTIONS - The provisions of N.J.A.C. 17:12-2.9, relating to the Director's right, to waive minor elements of non-compliance with bid specifications and N.J.A.C. 17: 12- 2.2 which defines causes for automatic bid rejection, apply to all proposals and bids.

3.17 STATE'S RIGHT TO INSPECT BIDDER'S FACILITIES - The State reserves the right to inspect the bidder's establishment before making an award, for the purposes of ascertaining whether the bidder has the necessary facilities for performing the contract.

The State may also consult with clients of the bidder during the evaluation of bids. Such consultation is intended to assist the State in making a contract award which is most advantageous to the State.

3.18 STATE'S RIGHT TO REQUEST FURTHER INFORMATION - The Director reserves the right to request all information which may assist him or her in making a contract award, including factors necessary to evaluate the bidder’s financial capabilities to perform the contract. Further, the Director reserves the right to request a bidder to explain, in detail, how the bid price was determined.

3.19 MAINTENANCE OF RECORDS - The contractor shall maintain records for products and/or services delivered against the contract for a period of three (3) years from the date of final payment. Such records shall be made available to the State upon request for purposes of conducting an audit or for ascertaining information regarding dollar volume or number of transactions.

3.20 ASSIGNMENT OF ANTITRUST CLAIM(S) - The contractor recognizes that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the ultimate purchaser. Therefore, and as consideration for executing this contract, the contractor, acting herein by and through its duly authorized agent, hereby conveys, sells, assigns, and transfers to the State of New Jersey, for itself and on behalf of its political subdivisions and public agencies, all right, title and interest to all claims and causes of action it may now or hereafter acquire under the antitrust laws of the United States or the State of New Jersey, relating to the particular goods and services purchased or acquired by the State of New Jersey or any of its political subdivisions or public agencies pursuant to this contract.

In connection with this assignment, the following are the express obligations of the contractor;

a. It will take no action which will in any way diminish the value of the rights conveyed or assigned hereunder.

b. It will advise the Attorney General of New Jersey:

   1. in advance of its intention to commence any action on its own behalf regarding any such claim or cause(s) of action;

   2. immediately upon becoming aware of the fact that an action has been commenced on its behalf by some other person(s) of the pendency of such action.

c. It will notify the defendants in any antitrust suit of the fact of the within assignment at the earliest practicable opportunity after the contractor has initiated an action on its own behalf or becomes aware that such an action has been filed on its behalf by another person. A copy of such notice will be sent to the Attorney General of New Jersey.

Furthermore, it is understood and agreed that in the event any payment under any such claim or cause of action is made to the contractor, it shall promptly pay over to the State of New Jersey the allotted share thereof, if any, assigned to the State hereunder.

4. TERMS RELATING TO PRICE QUOTATION

4.1 PRICE FLUCTUATION DURING CONTRACT - Unless otherwise noted by the State, all prices quoted shall be firm through issuance of contract or purchase order and shall not be subject to increase during the period of the contract.

In the event of a manufacturer's or contractor's price decrease during the contract period, the State shall receive the full benefit of such price reduction on any undelivered purchase order and on any subsequent order placed during the contract period. The Director of Purchase and Property must be notified, in writing, of any price reduction within five (5) days of the effective date.

Failure to report price reductions will result in cancellation of contract for cause, pursuant to provision 3.5b.1.

4.2 DELIVERY COSTS - Unless otherwise noted in the Request for Proposal, all prices for items in bid proposals are to be submitted F.O.B. Destination. Proposals submitted other than F.O.B. Destination may not be considered. Regardless of the method of quoting shipments, the contractor shall assume all costs, liability and responsibility for the delivery of merchandise in good condition to the State's using agency or designated purchaser.

F.O.B. Destination does not cover "spotting" but does include delivery on the receiving platform of the ordering agency at any destination in the State of New Jersey unless otherwise specified. No additional charges will be allowed for any additional transportation costs resulting from partial shipments made at contractor's convenience when a single shipment is ordered. The weights and measures of the State's using agency receiving the shipment shall govern.

4.3 C.O.D. TERMS - C.O.D. terms are not acceptable as part of a bid proposal and will be cause for rejection of a bid.

4.4 TAX CHARGES - The State of New Jersey is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State's Federal Excise Tax Exemption number is 22-75-0050K.

4.5 PAYMENT TO VENDORS - Payment for goods and/or services purchased by the State will only be made against State Payment Vouchers. The State bill form in duplicate together with the original Bill of Lading, express receipt and other related papers must be sent to the consignee on the date of each delivery. Responsibility for payment rests with the using agency which will ascertain that the contractor has performed in a proper and satisfactory manner in accordance with the terms and conditions of the award. Payment will not be made until the using agency has approved payment.

For every contract the term of which spans more than one fiscal year, the State's obligation to make payment beyond the current fiscal year is contingent upon legislative appropriation and availability of funds.

The State of New Jersey now offers State contractors the opportunity to be paid through the MasterCard procurement card (p-card). A contractor's acceptance and a State Agency's use of the p-card, however, is optional. P-card transactions do not require the submission of either a contractor invoice or a State payment voucher. Purchasing transactions utilizing the p-card will usually result in payment to a contractor in three days. A Contractor should take note that there will be a transaction processing fee for each p-card transaction. To participate, a contractor must be capable of accepting MasterCard. For more information, call your bank or any merchant services company.

4.6 NEW JERSEY PROMPT PAYMENT ACT - The New Jersey Prompt Payment Act N.J.S.A. 52:32-32 et seq. requires state agencies to pay for goods and services within sixty (60) days of the agency's receipt of a properly executed State Payment Voucher or within sixty (60) days of receipt and acceptance of goods and services, whichever is later. Properly executed performance security, when required, must be received by the state prior to processing any payments for goods and services accepted by state agencies. Interest will be paid on delinquent accounts at a rate established by the State Treasurer. Interest will not be paid until it exceeds $5.00 per properly executed invoice.

Cash discounts and other payment terms included as part of the original agreement are not affected by the Prompt Payment Act.

4.7 RECIPROCITY - In accordance with N.J.S.A. 52:32-1.4 and N.J.A.C. 17: 12- 2. 13, the State of New Jersey will invoke reciprocal action against an out-of-State bidder whose state or locality maintains a preference practice for their bidders.

5. CASH DISCOUNTS - Bidders are encouraged to offer cash discounts based on expedited payment by the State. The State will make efforts to take advantage of discounts, but discounts will not be considered in determining the lowest bid.

a. Discount periods shall be calculated starting from the next business day after the recipient has accepted the goods or services received a properly signed and executed State Payment Voucher form and, when required, a properly executed performance security, whichever is latest.

b. The date on the check issued by the State in payment of that Voucher shall be deemed the date of the State's response to that Voucher.

6. STANDARDS PROHIBITING CONFLICTS OF INTEREST - The following prohibitions on vendor activities shall apply to all contracts or purchase agreements made with the State of New Jersey, pursuant to Executive Order No. 189 (1988).

a. No vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee or special State officer or employee, as defined by N.J.S.A. 52:13D-13b and e., in the Department of the Treasury or any other agency with which such vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i., of any such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52: 13D-13g.

b. The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the Executive Commission on Ethical Standards.

c. No vendor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such vendor to, any State officer or employee or special State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52: 130-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest.

d. No vendor shall influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.

e. No vendor shall cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for the vendor or any other person.

f. The provisions cited above in paragraph 6a through 6e shall not be construed to prohibit a State officer or employee or Special State officer or employee from receiving gifts from or contracting with vendors under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the Executive Commission on Ethical Standards may promulgate under paragraph 6c.

7. NOTICE TO ALL BIDDERS SET-OFF FOR STATE TAX NOTICE

Please be advised that, pursuant to P.L 1995, c. 159, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off under this act.

The Director of the Division of Taxation shall give notice to the set-off to the taxpayer and provide an opportunity for a hearing within 30 days of such notice under the procedures for protests established under R.S. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest under this section shall stay the collection of the indebtedness. Interest that may be payable by the State, pursuant to P.L. 1987, c.184 (c.52:32-32 et seq.), to the taxpayer shall be stayed.

8. APPLICABLE LAW - This contract and any and all litigation arising therefrom or related thereto shall be governed by the applicable laws, regulations and rules of evidence of the State of New Jersey without reference to conflict of laws principles.