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QUESTIONS AND RESPONSES # 1
PROJECT NO. F10B640005R
Department of Budget & Management
Pharmacy Benefit Management Services and Pharmacy Benefits
Purchasing Pool Management
March 28, 2016

Ladies/Gentlemen:

This List of Questions and Responses #1, questions #1 through #9, is being issued to clarify certain information contained in the above named RFP.

In most instances the Department's response to the submitted questions merely serves to clarify the existing requirements of the RFP. Sometimes, however, in submitting questions potential Offerors may make statements or express interpretations of contract requirements that may be inconsistent with the Department's intent. To the extent that the Department recognizes such an incorrect interpretation, the provided answer will note that the interpretation is erroneous and either state that the question is moot once the correct interpretation is explained or provide the answer based upon the correct interpretation.

No provided answer to a question may in and of itself change any requirement of the RFP. If it is determined that any portion of the RFP should be changed based upon a submitted question, the actual change may only be implemented via a formal amendment to the RFP. In this situation the answer provided will reference the amendment containing the RFP change.

Questions and Answers

1. Attachment F, Tab F-2, Item F-15 (Commercial and EGWP) requests a base administrative fee that appears to require a number of programs (including step programs, prior authorization and DQM). However, Tab F-4 includes rows for separately stated step therapy, prior authorization, and drug quantity management fees. How should Offerors state fees for these programs?

RESPONSE: Item F-15 of Tab F-2, "Financial Compliance Checklist," of Attachment F for both Commercial and EGWP is to confirm that the Offeror has considered all services in developing administrative fees provided in Tabs F-4 and F-5. In Tabs F-4 and F-5, the Offeror is to provide the specific fees for paper claims, prior authorizations, drug/quantity limitations, step therapy, and appeals as these are services are charged on a per use basis and not a per employee

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basis. All other services requested, that are not identified separately within F-4 and F-5, are to be included in the Administrative Fee for Commercial PEPM or EGWP PMPM.

2. *Attachment F, Tab F-4, Notes in Row 10 (Commercial and EGWP) mention allowing “lower of two” logic where the contractor is allowed to charge the lesser of the copay and Usual & Customary only. That’s an advantage for PBMs owning retail pharmacies and an additional expense for members. Other sections of the RFP require “lowest of three” (copay, U&C, and discounted ingredient cost). Please confirm that “lowest of three” pricing is required throughout the RFP.*

RESPONSE: The correct logic would be the “lowest of three.” Please see Amendment 1, Item 6 for this update.

3. *FA 1 Attachment F, Tab F-4, Financial Offer tables (Commercial Only) has two columns for each Option Period 1 and 2, but the RFP specifies four option years. Should these columns be one for each of the option years? If not, please clarify how to complete the required pricing.*

RESPONSE: The duration of the contract resulting from Solicitation F10B6400005R will be three years with 2, two-year option periods for Functional Area 1- Commercial and State of Maryland Rx Purchasing Pool. See RFP Section 1.4. Tabs F-4 and F-5 of FA 1 Attachment F, the price form for Functional Area 1, are structured such that Offerors can price for each year of both option periods. For example, in the first column for “Option Period 1” on the Tabs F-4 and F-5 on FA1 Attachment F, the Offeror is to list its applicable pricing for the first year of Option Period 1. In the second column labeled “Option Period 1,” the Offeror is to list its prices for the second year of Option Period 1. Likewise, in the first column labeled “Option Period 2,” the Offeror is to list its prices for the first year of Option Period 2, and in the second column labeled “Option Period 2,” the Offeror is to list its prices for the second year of Option Period 2.

4. *FA1 Attachment F, Tab F-5 (Commercial Only) has only one F-5 tab for specialty pricing, but the RFP requests Open and Exclusive specialty pricing offers (Tab F-1, #7). Does the State want both Open and Exclusive pricing for Specialty? If yes, please provide a corrected Attachment F to provide separate Open and Exclusive pricing.*

RESPONSE: Tab F-6 (formerly F-5; see Amendment 1, Item 6) of FA 1 Attachment F (Commercial) is a request for the Offeror to submit an electronic list of specialty drugs included in the Offeror’s proposed specialty program. Please see row 13 of Tab F-6 (formerly F-5; see Amendment 1, Item 6) for instructions. If the Offeror submits pricing for both an exclusive and open program, two drug lists will need to be included in the response. Tabs F-4 and F-5 (Financial Proposal) are where the Offeror will provide financial information for the specialty program; there is an option for both exclusive and open specialty programs beginning in row 72 of Tabs F-4 and F-5. See Amendment 1, Item 6.

5. *For Functional Area 1, the Offeror must provide proof of registration as a Pharmacy Benefits Manager under Maryland Annotated Code, Insurance Art. Title 15, Subtitle 16 (RFP Section 2.4.1.b. Can the State confirm that licensure which allows management of pharmacy benefits, such as a certificate of authority to underwrite and/or administer covered benefits under the Insurance Code, meets this requirement?*

RESPONSE: Licensure that allows management of pharmacy benefits, such as a certificate of authority to underwrite and/or administer covered benefits under the Insurance Code, does not meet the Minimum Requirement as stated in RFP Section 2.4.1 b. To meet this Minimum Qualification, the Offeror must register with the Maryland Insurance Administration specifically as a Pharmacy Benefits Manager. See <http://insurance.maryland.gov/Insurer/Pages/PharmacyBenefitManagers.aspx> for more information and the PBM Registration Application.

6. For Functional Area 1, on Page 7, Section 1 – General Information, Paragraph 1.1.4 states “An Offeror, either directly or through its approved subcontractor(s), must be able to provide all services and meet all of the requirements requested...” Please confirm that the Offeror may use a subcontractor for Functional Area 1 and will amend the language under Functional Area 1 of Section 2 – Minimum Qualifications to include “Offeror or approved subcontractor.”

RESPONSE: While an Offeror may use subcontractors identified in its Technical Proposal to provide services under Functional Area 1 if awarded the Contract, it is expected that the Offeror itself will meet the Minimum Qualifications as stated in Section 2, unless the Minimum Qualification expressly states that another entity may meet that qualification on behalf of the Offeror.

Minimum Qualification 2.4.1.b and 2.5.1 are examples of Minimum Qualifications that expressly allow stated entities other than the Offeror to meet the Qualification. To meet the Minimum Qualification of providing proof of certification as a Private Review Agent found in RFP Section 2.4.1.b and 2.4.2.a, either the Offeror or the entity that performs utilization review on behalf of the Offeror may meet the qualification. Section 2.5.1 and 2.5.2 allow either the Offeror or the subcontractor it proposes to use to provide EGWP services to meet the Minimum Qualification stated in those sections of holding a current contract with CMS as a Medicare Part D Prescription Drug Plan.

All other Minimum Qualifications must be met by the Offeror itself, unless the Offeror is using the experience and qualifications of a parent organization that will guarantee its performance (see RFP Section 1.22 and Attachment A, Provision 37, for information on parental guarantees).

Furthermore, Minimum Qualification language that expressly states a particular Minimum Qualification is to be met by the Offeror itself, such as the one in 2.4.1.b, which states in part, “Registration must be held by the legal entity of the Offeror itself,” is included to emphasize that the Minimum Qualification must be met by the Offeror (or its parent in the case of a parental guarantee) and to pre-empt questions about other entities meeting that particular Minimum Qualification on behalf of the Offeror.

7. For Functional Area 2, will the State consider amending the language under Section 2 – Minimum Qualifications to allow a bid from an Offeror where the EGWP and the approved subcontractor share the same parent organization?

RESPONSE: No amendment is necessary. The language in Minimum Qualification 2.5.1 and 2.5.2 allows an Offeror whose subcontractor has a contract with CMS as a Medicare Part D Prescription Drug Plan to propose to the solicitation. Accordingly, it is of no consequence if the Offeror’s subcontractor holding the CMS contract and the Offeror share a parent organization.

8. The language of the NDA is written as if a contract was already awarded; as such, would the State revise the NDA to reflect the proposal process, rather than post-award?

RESPONSE: The State does not intend to revise the Non-Disclosure Agreement (NDA), Attachment J, and Offerors are requested to complete the form as presented in the RFP. Although the NDA language includes references to “Contractor” instead of “Potential Offeror,” Offerors are advised that this Non-Disclosure Agreement will apply both to Offerors using the confidential information covered by the Non-Disclosure Agreement to submit a Proposal and to the successful Contractor who will provide services under the resulting Contract.

9. Are the MBE and VSBE goals based on the total contract value or exclusively on the administrative fees portion of the contract?

RESPONSE: The MBE and VSBE goals of 5 and 1 percent, respectively, are based on the value of the administrative fees resulting from the Contract and not on the overall Contract value. See Amendment 1, Items 2 and 3.

In completing the MBE and VSBE forms, the Offeror should state its overall MBE and VSBE commitment as well as commitment percentages for each MBE and VSBE subcontractor it proposes in terms of administrative fees. For example, in Section B on MBE Attachment D-1A, the Offeror is asked to provide the “Percentage of Total Contract to be provided by this MBE” in an adjacent blank. The Offeror should complete the blank specifying its intended commitment of Administrative Fees, e.g. “x% of Administrative Fees.”