

**Responses to Follow-Up Questions  
Pharmacy Benefit Management Services for the State Health Plan**

**These follow-up questions were submitted in writing by Vendor A. (Answers follow.)**

- 1. Does the vendor's formulary need to mirror the formulary that was provided for both Non Medicare and Medicare?**

**A: No, but formulary disruption does go to technical evaluation. Medicare PDL rules must be followed for the EGWP population.**

- 2. Page 55, V. QUALIFICATIONS  
SUBCONTRACTOR -- IDENTIFICATION  
Where are we to include our subcontractor contact information requested in Subcontractor-Identification? Is there a Response Document requested?**

**A: Tab A-3: Subcontractor Questionnaire has been amended to include inputs for the requested subcontractor contact information.**

- 3. Page 55, V. QUALIFICATIONS  
QUALIFICATIONS -- REQUIRED INFORMATION (e)  
For part (e) of Qualifications-Required Information, is there a requested time frame for which we should provide our list of failed projects, suspensions, debarments, and significant litigation responses for? (i.e . Past three years? Past five years?)**

**A: Five (5) Years.**

- 4. Vendor Q&A #164.  
Please confirm that Pricing cannot be marked Proprietary and Confidential.**

**A: Confirmed. Final Contract Amount is subject to public information and will be displayed on the Intent to Award Statement.**

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**5. Page 55, V. QUALIFICATIONS**

**QUALIFICATIONS – REQUIRED INFORMATION**

On page 55 of SC PEBA's RFP – Amendment 2, the "Qualifications – Required Information" is highlighted yellow. However, it is not clear where we should provide the requested information for bullets:

- (a) Include a brief history of the Offeror's experience in providing work of similar size and scope.
- (b) Your most current financial statement, financial statements for your last two fiscal years, and information reflecting your current financial position. If you have audited financial statements meeting these requirements, you must provide those statements. [Reference Statement of Concepts No. 5 (FASB, December, 1984)]
- (c) A detailed, narrative statement listing the three most recent, comparable contracts (including contact information) which you have performed and the general history and experience of your organization.
- (d) A list of every business for which Offeror has performed, at any time during the past three year(s), services substantially similar to those sought with this solicitation. Err on the side of inclusion; by submitting an offer, Offeror represents that the list is complete.
- (e) List of failed projects, suspensions, debarments, and significant litigation.

Can SC PEBA please clarify where we should provide the requested information?

**A:** The information requested in "Qualifications – Required Information" should be provided in the responses in Tab A-1: Background and Qualifications. An additional question #36 in Section I has been added to allow Offerors to respond with a narrative statement listing the three most recent, comparable contracts.

**These follow-up questions were submitted in writing by Vendor C. (Answers follow.)**

- 6. Question 14.** Please confirm that we can assume that the eligibility files furnished by the client will be received no later than October 1st of each year

**PEBA can send eligibility files by October 1st. However, the Contractor must understand that Open enrollment changes will not be included in that file and will be sent subsequently. Open enrollment activities are held during the month of October of each calendar year**

**Follow up Question:**

**Please confirm that any delay in ID card production or other activities related to enrollment of new members sent on a subsequent file will not be contemplated in any PG measurements that may apply as late delivery may timely impact delivery of necessary materials to members.**

**A:** No.

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7. Question 52. The bidder has solutions to provide claim accumulator information in both real time and near real time solutions. Additionally the bidder's most common model for reporting claims activity is a nightly batch file which can be provided to the plan and their designated medical processor for the management of integrated accumulators.

Please provide clarification regarding if the Medical Administrator issues payment to the member for over payment by the member; will they need to provide that adjustment back to the PBM to adjust the accumulators.

PEBA requires real time. If done in real time there is no overpayment.

Follow up Question:

Please provide a response to the second portion of the question.

- A: In the event that an adjustment is applied to claim history, the revised accumulated payments will be transmitted to the PBM on the next file or transaction.

8. Question 56. Confirm the Medical Administrator will accept industry standard file layouts to manage the lifetime maximum for infertility treatment and co-payment maximum under the Standard Plan

No. The current medical administrator uses a proprietary format

Follow up Question:

Please provide the file layout and data key for the file layout so PBM can consider the requirement in its evaluation and response.

- A: No. The current format is proprietary to the Third Party Administrator, currently Blue Cross Blue Shield of South Carolina.

9. Question 81. The bidder will provide information to PEBA that it becomes aware of and that is related to the PBM services being provided to PEBA. The bidder will collaborate with PEBA to address laws, regulations that impact our clients benefit design.

This was a statement from the vendor. This was not a question and will not be addressed.

Follow up Question:

Will PEBA accept that the bidder will provide information to PEBA as it becomes aware of information related to the PBM services being provided to PEBA? The Bidder would like to collaborate with PEBA to address laws and regulations that impact our clients benefit designs. Is that acceptable?

- A: No.

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10. Question 97. PBM requests that any adjustment of Price or Services is mutually agreed upon and memorialized with the execution of a contract Amendment.

Please see Page, 11, Definitions, Change Order. Any change to the contract will be memorialized in the form of a change order.

Follow up Question:

Is this response referring to page 13 of "2015\_PBM\_RFP\_-\_Amendment\_2" document?

A: Yes. See Definitions, Change Order.

11. Question 98. Please confirm that any contract notification will be mutually agreed upon by the parties including a signed amendment to the contract.

No. There are instances where the State may make a unilateral change without mutual agreement. Please refer to clause entitled Contract Modification on page 61.

Follow up Question:

The Bidder will need to be notified in advance to ensure we are in compliance with any new requirements. Can PEBA provide more details on how is this process would work?

99. Subcontractor is not a defined term. PBM requests that Participating Pharmacies are not included as a defined subcontractor. Pharmacies are independent contractors and not subcontractors or agents of PBM, and PBM does not exercise any control over the professional judgment of any pharmacist dispensing prescriptions or otherwise providing pharmaceutical related services at a Participating Pharmacy.

Please see Page, 11, Definitions, Subcontractor.

Follow up Question:

Is this response referring to page 14 of "2015\_PBM\_RFP\_-\_Amendment\_2" document?

A: Yes. See Definitions, Subcontractor.

12. Question 100. Please provide detail as what encompasses 'government information'.

Please see Page 66, Information Security (2014) wherein 'government information' is defined.

Follow up Question:

Is this response referring to pages 68 and 69 of "2015\_PBM\_RFP\_-\_Amendment\_2" document?

A: Yes. See page 69.

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- 13. Question 101. Please provide the definition and what encompasses 'Government Unit'?**  
[Please see Page, 11, Definitions, Using Governmental Unit.](#)

**Follow up Question:**

Is this response referring to page 14 of "2015\_PBM\_RFP\_-\_Amendment\_2" document?

**A: Yes. See Definitions, Using Governmental Unit.**

- 14. Question 175. Section VII, Terms and Conditions; Change Order (page 60):** With regard to this section, Bidder understands that it is obligated to inspect and inquire regarding all aspects of the RFP and, if a requirement is presently known but will not be effective until some later time during the contract, it should be reflected in Bidder's proposal price. Bidder further understands that if there is a new and necessary requirement, not reasonably within the scope of the specifications, and not known to Bidder prior to the date the notice of the intent to award is issued, then Bidder must submit a change order request to PEBA, as set forth in the RFP, if it seeks any modification to the terms of the contract as a result of the change. However, this paragraph also states that Offerors have a duty to inform PEBA of any possible item that may affect cost in the RFP and that the failure to do so will result in the Contractor being responsible for any additional costs during the term of the contract due to the failure to inspect and advise.

Therefore, out of an abundance of caution, Bidder advises that it is aware of the following possible items/events that may affect its costs related to the proposal to be submitted pursuant to the RFP, however the exact effect of these events/items, if any, is not known at this time and, should they occur, Bidder may request a change order:

- A change in the scope of services to be performed by Bidder; Any government imposed or industry wide change that would impede Bidder's ability to provide the pricing described in this proposal, including any prohibition or restriction on the ability to receive rebates or discounts for pharmaceutical products;
- A change in PEBA's alignment with Bidder's proposed formulary; or
- The withdrawal of a rebated brand drug from the marketplace, or the introduction of a generic equivalent of a rebated brand drug, the timing of which could have been reasonably anticipated at the time of the pricing proposal was submitted.

[Please submit any such required disclosures in your proposal.](#)

**Follow up Question:**

Please advise where PEBA would like Bidders to provide required disclosures in our response.

**A: Any disclosures related to costs should be provided in the Cover Letter included with the Financial Proposal.**

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**These follow-up questions were submitted in writing by Vendor D. (Answers follow.)**

15. 138. Section V – Qualifications - Please indicate in which section of the Technical Proposal responses to this section should be included as applicable to the Offeror’s proposal.

A: The Offeror should complete Tab A-1: Background and Qualifications and Tab A-3: Subcontractor Questionnaire of the Offeror’s Technical Proposal Response.xlsm. In this tab, the Offeror is able to address mandatory minimum qualifications, financial statements, references and subcontractors.

Follow up question: In order to sufficiently provide the level of detail required as part of Section V – Qualifications (i.e., detailed client narratives, etc.), additional space is needed beyond what is permitted in Tab A-1. Please confirm that we may attach a separate Word document to our response which provides the detail requested in this section, or alternatively that we may include this information as part of Tab A-2b: Additional Answers to Questionnaire.

- A: If additional space is needed beyond what is permitted in Tab A-1, Offerors should use the space provided in Tab A-2b. Offerors should indicate the corresponding question number, section number, and tab number (Tab A-1 or Tab A-2) to which the additional information pertains.

16. Offerors Technical Proposal Response - Amended

Follow up question: As part of Amendment 2, the following PDF file was released: Offerors\_Technical\_Proposal\_Response\_-\_Amended. Can you please identify any changes that were made to this document from the original version? Can PEBA also please provide the amended Offerors\_Technical\_Proposal\_Response document for use in our proposal submission?

- A: The Amended Technical Proposal is posted on the website with the RFP documents in .PDF format. Additionally, an Excel file was emailed to all vendors who were in attendance at the mandatory pre-proposal conference. The Amended text was bolded, double underlined, or struck through to indicate what cells were changed.

**These follow-up questions were submitted in writing by Vendor E. (Answers follow.)**

17. Item #12 under the Pricing and Cost Containment Requirements section includes the following provision related to specialty: “Pricing should include discount guarantees per product per retail and specialty channels of distribution.”

While a PBM could provide per product pricing through their specialty channel, at retail the State has requested a transparent financial arrangement in which the PBM would pass through the network contracted rates. Given such an arrangement, a PBM could not provide per product pricing through the retail channel. Can the State revise this requirement or provide additional clarification?

- A: The PBM is required to provide per product pricing through their specialty pharmacy as well as a discount from AWP guarantee for by channel for all specialty medications.

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18. Item #14 under the Pricing and Cost Containment Requirements section includes the following provision related to guarantee reconciliation: "Each element will be evaluated independently and surpluses in one pricing element may not be applied to pricing elements in deficit."

Can the State provide clarification on what it defines as an "element"? For example, are Rebates considered one element? Are brand and generic discounts and dispensing fees considered separate elements? Would retail generics be reconciled across 30 and 90 day supply claims?

**A: Element = each box is its own element. Yes, brand and generic discounts and dispensing fees are considered separate elements. No. Retail generics will not be reconciled across 30 and 90 day supply claims.**

19. Table II of the financial exhibit asks for "Indirect EGWP + Wrap Plan" guarantees. Is the State requesting that Wrap claims be reconciled with the EGWP claims? Or would Wrap claims be excluded from the guarantees? Typically the Wrap plan falls under the Commercial agreement.

**A: Wrap claims would be reconciled with EGWP claims.**

20. Regarding question #4 about how many Paper Claims were handled in 2014, can PEBA also provide the number of Paper Claims that were handled in 2013 since there is a good chance the 2014 number is understated due to the time members have to file Paper Claims after claim date?

**A: This is not a follow-up question. The time to request additional information was 1/26/2015, The question deadline has passed.**

21. Regarding question 5, can PEBA confirm if the number of Prior Authorization requests includes the number of attempts by members to access a targeted drug subject to a Step Therapy protocol where the members' doctor submitted justification for accessing the Step Therapy targeted drug?

**A: Confirmed. The number is all-inclusive.**

22. Regarding question #11, can PEBA clarify if existing members that were previously utilizing medications that are targeted drugs subject to Prior Authorization and Step Therapy noted in Attachment 5 were allowed to be grandfathered on a permanent basis and exempt from undergoing Prior Authorization or Step Therapy on their medication? Or were all members who utilize a medication subject to Prior Authorization or Step Therapy subject to edits as of 1/2014?

**A: See answer to #152 from Attachment 10.**

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23. Regarding question #11, if a member attempted to receive a Targeted drug and their physician did not provide sufficient criteria to justify clinical utilization of the targeted drug instead of the allowed drug, is the member still able to get the drug or is the claim denied?

**A: See answer to #152 from Attachment 10.**

24. Regarding question #63, which infers that PEBA self-bills for Administrative Fees, due to the very unique nature of this requirement, can PEBA comment on how frequently PEBA's existing provider disagrees with PEBA's self-billed number of members for the Administrative Fee?

**A: PEBA has never had a contractor disagreement regarding the administrative fee.**

25. Regarding question #114, there is a disconnect between the PG, which refers to a monthly survey of members who have contacted customer care, and the Scope of Work, Section C, question 13 which refers to a survey being required after every call handled. Is the PG and the survey both subject to an immediate post-call survey or is there to be a monthly survey?

**A: There is not a monthly survey. The PG refers to post call survey participant satisfaction measured on a monthly basis.**

26. Regarding question #122 about 90 day supplies, please clarify if PEBA would accept Retail 90 pricing terms that apply for 84-90 day prescriptions which is industry standard, even if the co-payment the members pay for a 90 day supply is for 63-90 days worth of medication?

**A: No.**

27. Regarding question #159, can PEBA confirm what hours Customer Care is to be provided? Is Customer Care to PEBA participants to be dedicated and exclusive during this entire time? Or can after hours and weekend calls be handled by a designated but not dedicated and exclusive team?

**A: See answer to Question 159, Attachment 10.**

28. Regarding question #164, can PEBA reconsider this response that pricing is not considered to be confidential and proprietary? There is a request in the RFP for a redacted version, which would redact pricing, and PEBA's history of response to FOIA requests is that pricing is indeed redacted from response to FOIA requests. In addition, question #83 refers to noting confidential information.

**A: See answer to Question 4.**



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29. Regarding question #189, there is a significant disconnect between the number of claims provided on the claims data and what is represented in the RFP. On page 11 of the RFP it is represented that in 2014 there were approximately 7.5 million prescriptions filled by the State Health Plan leading to approximately \$641 million in claims costs. Data sent with the RFP on the CD-ROM showed over 10 million claims filled in 2014 and would lead to an estimated \$1.4 billion in claims costs. Since the PBM industry is volume-based and rebate guarantees are based on utilization, the data that is to be used for providing discount and rebate guarantees appears to be significantly over-inflated. PBM requests that PEBA re-send claims data that matches what is represented in the RFP

**A:** As described at the mandatory bidder’s conference, the file contains all original prescriptions and includes records for prescriptions that were ultimately denied. Bidders should assume the net prescription counts listed in the RFP.

The table below lists total transactions, net prescriptions, and plan payments by drug type for dispense dates in 2014:

Drug Type (Medispan Definition)	Transactions / Record Count	Net Prescriptions	Plan Payments
M - Single Source, co-licensed product	12,041	6,069	2,966,088.45
O - Multi-source, originator product	191,622	97,612	7,125,239.05
N - Single Source Product	2,805,168	1,550,728	488,676,417.93
Y - Multi-source Product	9,180,921	6,560,489	137,909,834.74
NA	20,666	9,816	5,625,293.31
	<b>12,210,418</b>	<b>8,224,714</b>	<b>642,302,873.48</b>

30. If a response to a previous vendor question indicates a variation of the terms of the RFP is acceptable or at least will be considered, but no change was made to the RFP in Amendment #2 (see, for instance, the response to Vendor Question #182.d, which was accepted but no corresponding change was made in the RFP), should the bidder raise such items in its Statement of Acceptance?

**A:** PEBA will discuss with the successful Offeror during negotiations.

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31. Section VII, Terms and Conditions; Information Security – Data Location (page 70): This provision prohibits accessing, processing, transmitting or storing any government information outside the continental United States. The RFP requests a national pharmacy network and also an EGWP, which CMS requires to offer a national pharmacy network. A national pharmacy network will include retail pharmacies in Hawaii, Alaska and U.S. territories like Puerto Rico, which are not part of the “continental” United States. A PBM can obviously not adjudicate claims at retail pharmacies without transmitting PHI and plan data to the retail pharmacy. Therefore, please confirm that this RFP section should be revised to indicate that government information shall not be accessed, processed, transmitted or stored “outside the United States” (i.e., deleting the word “continental”). This question was presented orally at the vendor conference, but we did not see a response in Amendment #2.

**A: PEBA will remove the word continental. The clause will now read:**

**INFORMATION SECURITY – DATA LOCATION**

Contractor is prohibited from accessing, processing, transmitting, or storing government information, as defined in the clause titled Information Security, outside the United States. This obligation is a material requirement of this contract. [07-7B106-1]

32. The response to Vendor Question #172 repeats the response provided for Vendor Question #170, however, the two questions ask about different topics. Question #172 is not asking about interest on payments for retail pharmacy Claims, it is asking about interest on CMS payments. We are repeating the question in its entirety here: Section III, Scope of Work/Specifications; Paragraph H.4.a (page 41): This section requires that, presumably with respect to subsidies received from CMS, Contractor shall not hold PEBA funds, such that interest accrues to the Contractor’s benefit. It is not feasible for Bidder to remit CMS funds to PEBA immediately upon receipt. This means that the funds paid by CMS will likely be in the PBM’s account(s) for some amount of time before being disbursed to PEBA. Is PEBA mandating that the PBM not hold funds in an interest bearing account, as doing this may be very disruptive to a bidder’s business operations?

**A: No. Subsidy funds may be held in an interest bearing account, but funds are required to be remitted to PEBA within 30 days of receipt.**

33. PEBA’s response to Vendor Question #176 was to state that PEBA will comply with the terms and conditions resulting from the RFP, however, this does not aid Bidder in understanding the relationship between Section VII, Terms and Conditions; Contract Modification (page 64) and Section VII, Terms and Conditions; Changes (page 62). Because the subject matter of the contemplated changes overlap to a significant degree, we interpret the provisions together as describing a single contractual right of PEBA and not two distinct rights that should be read separately. Can PEBA please confirm that these two provisions discuss the same contractual right and not two distinct contractual rights that should be read and interpreted individually?

**A: The solicitation documents will be read as a whole giving meaning to every provision. PEBA reserves the right to make unilateral modifications and bilateral changes pursuant to the terms of the contract.**

34. In light of PEBA’s response to Vendor Question #182.j, please provide a copy of, or a link to, PEBA’s current HIPAA Notice of Privacy Practice.

**A: <http://www.eip.sc.gov/hipaa/>**

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35. The response to Vendor Question #184, regarding Section VII, Terms and Conditions; Information Use and Disclosure (pages 70-71), indicates that subsection (f) of that provision has been edited. This edit does not appear in Amendment #2. Will an additional amendment be released incorporating additional edits or should the bidders just rely on the response to the vendor questions in circumstances such as this?

**A: Section VII, Terms and Conditions; Information Use and Disclosure (page 70) subsection (f) is amended as follows with the added language highlighted in yellow:**

**(f) Return. Notwithstanding the using governmental unit's failure to perform or the pendency of a dispute, Contractor agrees to promptly destroy and return to the using governmental unit all government information in its possession upon written request of using governmental unit (provided that, if the contract has not expired or been terminated, Contractor shall be excused from the performance of any work reasonably dependent on Contractor's further access to such government information) to the extent such request complies with any other legal or contractual obligations imposed by this contract or the law.**

36. The response to Vendor Question #185, regarding Section VII, Terms and Conditions; Ownership of Material (page 72), indicates that no exception will be provided for materials provided to PEBA by the PBM that are provided to similarly situated clients of PBM for substantially the same purpose if such items are developed by PBM after the date of the agreement with PEBA. This means that PEBA must own and have exclusive rights to any materials the PBM provides to PEBA, if the materials are developed after the date of the PEBA contract, even if the materials are not developed specifically for PEBA. This is problematic for Bidder because we prepare many materials for the use of all our clients and members, such as general health information that may be posted to our website or incorporated into utilization management criteria. If PEBA must possess exclusive rights to all these materials produced after the date of the PEBA contract, then Bidder must prepare fully customized materials for all purposes in supporting PEBA. This will add material expense to supporting PEBA, which will negatively impact the pricing we can offer. Will PEBA reconsider this response specific only with respect to these general purpose materials provided to all clients and permit the PBM to retain its rights in such materials, as long as the PBM clearly identifies such materials?

**A: See answer to Question 185, Attachment 10.**

37. PEBA responded to several questions regarding the requirements for Contractor's Liability Insurance in Section VII by indicating that no changes would be made to the requirement. If a bidder is unable to comply with each and every requirement as written, but believes it can substantively comply with the obligation, may the bidder propose what it is capable of complying with for consideration by PEBA, with the full understanding that any deviation from the requirement may result in the disqualification of the bidder? Please do not interpret this question as a request to modify the language of the RFP; Bidder is simply asking if it may provide alternate terms in its proposal for the consideration of PEBA and do so at bidder's own risk of disqualification.

**A: Any deviation from the requirement may result in the disqualification of the bidder.**

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38. Section VII, Terms and Conditions; Term of Contract – Option to Renew (page 75): The new language inserted in Amendment #2 contains a clause that seems to be missing values. It reads, "...automatically renew for a period of 1 year(s), month(s) , and day(s),..." Please confirm that the "month(s)" and "day(s)" references are intended to be zero (i.e., that the period referred to is exactly one year).

**A: Confirmed.**

39. Regarding Vendor Question #66, does PEBA have a requirement as to what year the six months of claims must fall within? For instance, our SSAE16 SOC1 report is prepared twice a year, each report with a 12-month look-back period. The report is published in May, covering April of year XX through March of year XY and in November, covering October of year XX through September of year XY. Therefore each report will always cover the prior twelve months, but the periods span two calendar years. Would this comport with PEBA's audit requirements?

**A: In the example given, if the May report (2016) covers April 2015 through March 2016, the example would work. This report would cover three months (January, February, and March 2016), which would be one half of the service period (January through June 2016) for the fiscal year ending June 30, 2016.**

40. Regarding question # 113, will PEBA consider revising to state that the PG doesn't apply to paper claims that require 3rd party clarification since the ability to process 100% of claims within 14 or 15 days sometimes is out of the control of the PBM? In the current manner, if 1 paper claim per quarter takes more than 14 or 15 days, the guarantee will be missed

**A: No.**

41. Regarding question #115, since PEBA won't allow scheduled maintenance to be factored in and scheduled maintenance is required of any vendor, please reconsider lowering the standard to 98.5% or 99%

**A: No.**

42. Regarding question 43, there are items that are outside of the control of the PBM such as Paper Claims (unless PEBA accepts transferring the responsibility to the participant for the difference between amount paid without prescription coverage and the amount that PEBA would have paid with prescription coverage) and those rates that are a result of state/ federally dictated rates. PBM requests that PEBA reconsider these items for exclusion.

**A: No.**