

Attachment 23: Questions and Answers

The following questions were submitted in writing by Vendor A. (Answers follow.)

General

1. Please provide the current formulary (formularies) in a full-file excel format.

A: The following attachments will be released to potential Offerors who signed the NDA. Offerors may rely on the formulary indicators in the claims data to determine current formulary status.

- Commercial (non-Medicare): Attachment 15 -- National Preferred Formulary with Exclusion List 2025.pdf
- EGWP (Medicare): Attachment 16 -- SC PEBA Medicare Premier Access Formulary 2025.pdf

2. Please provide current benefit design(s) and detailed information on available clinical programs.

A: Please see the Attachment 17 --Benefit Design.xlsx for benefit design. PEBA is enrolled in ESI's AUM product for clinical programs. See below.

Clinical Programs:

- Utilization Management:
 - Medicare/EGWP: CMS Required Rules (BvsD, DvsNonD, Morphine Equivalent QD dosing); High Risk Medication
 - Commercial: Limited PA, Proactive PA, Limited DQM, Limited Step, Advantage PA, Non-Essential PA, Advantage DQM, Preferred Specialty Management, Advantage Step, Advantage Plus PA, Pharmacogenomics PA, Oncology PA/DQM, Advantage Plus DQM, Advantage Plus Step, Adjunctive Specialty PA, Active Management PA, Cost Watch PA, Optional PA, Optional Step

Commercial only:

- SafeGuardRx Value-based programs covering Cardiology, Oncology, Diabetes, Pulmonary, Inflammatory Conditions, Multiple Sclerosis, Rare Conditions, Migraines, HIV
- Advanced Opioid Management with Fraud Waste and Abuse

3. Please provide a census file.

A: Census data are provided as part of the confidential data supplied to offerors. Confidential data receipt requires execution of the non-disclosure agreement included with the RFP (Attachment 6)

4. Please provide average monthly volume of calls handled by the call center.

A: Medicare: 850
Commercial: 10,386

5. Please provide the average number of prior authorizations, per month (or annually).

A: Prior Authorizations average 11,025 per month (2024 total: 132,304).

6. Please provide the average number of appeals per month (or annually).

A: Appeals average 277 per month (2024 total: 3,329).

7. Please provide the average number of grievances per month (or annually).

A: There were a total of 18 grievances in 2024.

8. What is the SC PEBA ERISA status?

A: PEBA falls under the auspices of the Public Health Services Act and is not an ERISA plan.

9. As a privately held company, we are only able to release our audited financial statements to a potential client's direct financial contact. Please provide the name and contact method for a financial contact to submit the requested documents

A: This is a sealed public procurement process where we routinely receive audited financial statements from privately held companies as a regular part of the RFP process. Please see Clause 1.10 DISCLOSURE OF YOUR BID / PROPOSAL & SUBMITTING CONFIDENTIAL DATA (FEB 2021) to secure the Confidentiality of your documents.

10. How many lives meet the CMS standard for MTM (medication therapy management)?

A: There were 15,400 qualified members for 2024.

11. Does the SC PEBA have a self-insured or fully-insured EGWP today?

A: The EGWP Plan is self-insured.

12. Will Contractor awarded the proposal be permitted to include their standard Description of Services and Fees to be included as part of the final contract document?

A: Please refer to clauses 1.18 PROPOSAL AS OFFER TO CONTRACT, 1.25 RESPONSIVENESS (MAR 2024); and 7.5 CONTRACT DOCUMENTS & ORDER OF PRECEDENCE (MAY 2024). No additional documents or fee structures will be included as part of the final contract document. Any proposed language must be submitted during the question and answer phase of the Request for Proposal.

13. Will Contractor awarded business be permitted to include terms and conditions obligating State to submit timely and accurate eligibility and benefit plan information, and to review reports and notify Contractor of errors?

A: No. See clause 1.25 RESPONSIVENESS (MAR 2024).

14. How many members participate in Medicare Part B?

A: There are 102,771 Insured lives in Medicare Part B.

15. Please provide a list of pharmacies and NPI numbers in the current South Carolina PEBA network.

A: Please see attached document: Attachment 18 --SC PEBA Network listing.xlsx which is the full national network PEBA is enrolled.

16. Please provide a list of MUSC-affiliated pharmacies and NPI numbers.

A: Please see attached document: Attachment 19 -- MUSC Pharmacies.xlsx.

17. Does South Carolina PEBA want the PBM to provide specialty drug coupon and copay administrative services? If yes, please provide names of Plan's Custom Credentialed Specialty Pharmacies and NPI numbers.

A: Please see attached document: Attachment 20 --PEBA Specialty.xlsx.

18. Please provide a list of locally owned pharmacies and their NPI.

A: Please see attached document: Attachment 21 -- Local Independent Pharmacy List.xlsx.

19. How many RDS lives does the SC PEBA have?

A: There are 3,171 RDS covered lives as of January 15, 2025

20. Please explain the difference between percent of calls solved without requiring a call back versus percent of calls resolved on the first contact.

A: Percent of calls solved without requiring a call back and percent of calls resolved are the same.

Offeror's Technical Proposal Tab A-1 Background and Qualifications

21. A-1 question #36 references "question #30 above". Can SC PEBA clarify if this is referring to question #35?

A: The reference should refer to question #33.

22. Section III Mandatory Minimum Requirements states "provide detailed specifics how the Offeror satisfies the requirement." Can PEBA elaborate on what specifics they are seeking?

A: The Offeror must provide a detailed response on how it meets the stated requirement. Do not simply respond yes or no to the requirement or simply confirm that you meet the requirements.

Offeror's Technical Proposal Tab A-2e Communications and Training

23. A-2e question #18 requests screenshots of the secure, password-protected, transaction-enabled website SC PEBA will use for the Prescription Drug Program. May the Bidder add the screenshots to Section 5.1.6 or a separate attachment document rather than adding them into Excel?

A: Yes, the screenshots can be added as an attachment within the appropriate section. Please label as A-2e: Sample Website.

24. A-2e question #19 requests screenshots of the secure, password-protected, transaction-enabled mobile app SC PEBA will use for the Prescription Drug Program. May the Bidder add the screenshots to Section 5.1.6 or a separate attachment document rather than adding them into Excel?

A: Yes, the screenshots can be added as an attachment within the appropriate section. Please label as A-2e: Sample Mobile App.

25. A-2e question #20 requests screenshots of the microsite SC PEBA will use for the Prescription Drug Program. May the Bidder add the screenshots to Section 5.1.6 or a separate attachment document rather than adding them into Excel?

A: Yes, the screenshots can be added as an attachment within the appropriate section. Please label as A-2e: Sample Microsite.

Offeror’s Technical Proposal Tab A-2d Customer Service

26. A-2d question #2 states “The Contractor will be required to demonstrate by September 15, 2025, it has established and staffed telephone lines.”

Could SC PEBA provide details on what constitutes a successful demonstration?

- A: Offeror must confirm the appropriate telephone numbers for the staffed telephone lines and have call center staff in place by September 15, 2025, which serves as the soft launch for Open Enrollment which officially begins October 1, 2025.

Offeror’s Technical Proposal Tab A-2e Communications and Training

27. A-2e question #1 states “The Contractor shall furnish communication information on the Prescription Drug Program to Members, employers, providers, the pharmaceutical community and PEBA that describes the features, operations and any changes of the Prescription Drug Program and increases awareness of the Program’s benefits and changes. Communications with PEBA, Members and employers will be undertaken to ensure that electronic data transfer, fax, telephone and hard copy transfer of information are accurate as determined by PEBA.”

What is meant by “the pharmaceutical community”? Does this refer to the drug manufacturers or the pharmacy network?

- A: Pharmaceutical community refers to the pharmacy network, or to retail pharmacy in general.

28. A-2e question # 14 requests examples of materials, such as flyers and social media posts, that may be used to communicate Program information to ensure all eligible Members are aware of and understand the Plan.

May bidders include the examples as a separate attachment(s)?

- A: Yes, the screenshots can be added as an attachment within the appropriate section. Please label as A-2e: Sample PDP Communications.

29. A-2e question #16 requests examples that illustrate cobranding and customization.

May bidders include the examples as a separate attachment(s)?

- A: This question does not request examples.

Offeror's Technical Proposal Tab A-2f Reporting

- 30. Can SC PEBA clarify if this data refers to the data from the system or reports-related data?** A-2f question #5 refers to "data in online query system".

A: This refers to claims data and must include the items listed.

Attachment 5: Business Associate Agreement

- 31. Please advise if SC PEBA requires that the BAA is signed and returned with the proposal or if the BAA should be completed upon award before contract execution.**

A: Please sign the BAA and return it with your proposal.

RFP Section 1.34 Pre-Proposal Conference/Submission of Questions

- 32. Will PEBA allow the submission of questions after January 10, 2025, before the pre-proposal conference on January 22, 2025?**

A: PEBA will allow Offerors to submit questions until 10 AM Tuesday, January 28, 2025.

Offeror's Technical Proposal Tab A-2d Customer Service

- 33. A-2d question #2 states "The Contractor shall assist Members, providers and employers via dedicated toll-free customer service telephone line(s) available during the hours of 8 a.m. to 5:30 p.m., EST, and on the same business days as PEBA."**

Can SC PEBA please clarify what is meant by "on the same business days as PEBA"?

A: PEBA expects the Contractor to staff its customer service telephone lines, at a minimum, during the business hours and days on which PEBA is open and operating, between the hours of 8 a.m. to 5:30 p.m., EST, Monday through Friday, with the exception of state holidays. A list of South Carolina state holidays is publicly available.

Offeror's Technical Proposal Tab A-2f Reporting

- 34. A-2f question #14 asks about performance reports and references Part 3.I Financial Requirements.**

Please define which items within Part 3.I fall into the reports required as the items within Part 3.I have alternative timelines specified.

A: See revised language for Tab A2-f Q-14 and Q15.

RFP Section 5.1.4 Offeror’s Technical Proposal Paragraphs 1 and 2 (Excel spreadsheet)

35. Will SC PEBA accept multiple levels of sub tabs to accommodate the subsections within the Excel spreadsheet?

A: Tab A-2n is provided for additional space if needed due to the size limitations of Excel. Any alterations to the Excel may be discarded.

RFP Section 5.1.4 Offeror’s Technical Proposal Paragraphs 1 and 2 (Response Documents)

36. Are the response documents considered a separate section with a separate sub tab or should these documents be included behind each individual referenced section?

A: The response documents are a separate section with the exception of the sample documents that are referenced in Section 5.16.

37. Is it acceptable for the offeror to insert slip sheets/dividers between each document?

A: It is acceptable.

A-2g Service Questionnaire Indirect EGWP with Wrap Requirements

38. Q-5 Please describe the participant out-of-pocket expense under an Indirect EGWP with Wrap plan for 90-day prescriptions filled at a retail pharmacy that is willing to accept home delivery pricing.

Could the agency please elaborate on what SC PEBA is looking for in a response to this question? For example, is participant “out-of-pocket expense” referring to a copay or something else?

A: “Out-of-pocket expense” refers to copays.

RFP Part 7 Terms and Conditions – A. General Section 7.15

39. Payment for pharmacy claims must meet several time frames.

Does PEBA accommodate these time frames by allowing electronic payment (rather than check) to Contractor?

A: Please refer to Amendment 2, Section I. Financial Requirements, Item 5 for claims reimbursement instructions.

40. To ensure timely payment to pharmacies, will PEBA agree to payment to bidder for pharmacy claims within 2 to 5 days?

A: See answer to Question 39.

RFP Part 7 Terms and Conditions – B. Special Section 7.33

41. FROM SECTION 7.33: For products providing the coverages required by this clause, the insurance market is evolving. Our research indicates that the requirements stated herein reflect commercially available insurance products. Any offeror having concerns with any specific requirements of this clause should communicate those concerns to the Procurement Officer prior to the adjournment of the Pre-Proposal Conference.]

Will PEBA consider removing subsection “h” which requires PEBA be a named insured for insurance required in Section 7.33?

A: Section 7.33(h) requires PEBA to be named as an ‘additional insured’, not as a ‘named insured’; the clause stands as written.

RFP Part 7 Terms and Conditions – B. Special Section 7.34

42. Does PEBA agree that 7.34 could be interpreted broadly and would consider revising 7.34 to be clear that payment for materials, labor, etc. is required only for services performed by Contractor? For example, revising 7.34 as shown here in redline format:

In performing services pursuant to a contract between PEBA and Contract, the Contractor shall provide and pay for all materials, equipment, labor and professional and non-professional services, and shall perform all other acts and supply all other things necessary, to fully and properly perform and complete the work.”

A: The language of Section 7.34 applies to the Contractor’s performance and completion of the Work, which is defined in Section 1.1. Section 7.34 has been revised as follows to reference the defined term:

The Contractor shall provide and pay for all materials, equipment, labor and professional and non-professional services, and shall perform all other acts and supply all other things necessary, to fully and properly perform and complete the **Work**. The Contractor must act as the prime contractor and assume full responsibility for any subcontractor's performance. The Contractor will be considered the sole point of contact with regard to all situations, including payment of all charges and the meeting of all other requirements.

RFP Part 7 Terms and Conditions – B. Special Section 7.36

43. Will PEBA remove the requirement to maintain performance guarantees post-termination as performance guarantees are offered on the basis of providing the full complement of services? Post termination, PEBA has described services as supporting transition. Upon award of business, Contractor is in agreement to discuss performance standards post-termination.

A: No. The clause stands as written.

RFP Part 7 Terms and Conditions – B. Special Section 7.37

44. Will PEBA consider revising the second sentence to require Contractor to “comply with all applicable State and federal laws”?

A: Yes.

RFP Part 7 Terms and Conditions – B. Special Section 7.39

45. Will PEBA consider revising the indemnification requirement to remove “whether or not caused in part by PEBA” and recognize partial liability?

A: No. The clause stands as written.

RFP Part 7 Terms and Conditions – B. Special Section 7.42

46. For purposes of this contract, will PEBA add clarification to the definition of Government Information to exclude “Contractor’s confidential and proprietary claims pricing information”? Government Information created by Contractor will include Contractor pricing which is owned solely by Contractor.

A: “Cost or pricing” information is already within the definition of “Unrestricted Information” in Section 7.42. The clause stands as written.

RFP Part 7 Terms and Conditions – B. Special Section 7.49

47. Similarly in Section 7.49, will PEBA add clarification to the definition of Government Information to exclude “Contractor’s confidential and proprietary claims pricing information”?

A: “Cost or pricing” information is already within the definition of “Unrestricted Information” in Section 7.42. The clause stands as written.

RFP Part 7 Terms and Conditions – B. Special Section 7.33.e

48. Will PEBA consider revising the requirement to “Coverage shall have limits no less than four million (\$4,000,000.00) dollars per occurrence ~~claim~~ claim and six million (\$6,000,000.00) dollars aggregate.”

A: No. The clause stands as written.

RFP Part 3 Scope of Work Section A Pricing and Cost Containment Requirements Question 6.a

49. Please confirm that locally owned pharmacies are excluded from the all-inclusive PMPM admin fee.

A: Not confirmed. Only 30-day (60 days or less) brand and generic drugs filled at SC-based locally owned pharmacies are excluded from the net PMPM cost guarantees. Ninety-day (61 days or greater) fills are included in the calculation.

RFP Part 3 Scope of Work Section A Pricing and Cost Containment Requirements Question 6.b

50. Please confirm that Specialty brand new to market drugs are excluded?

A: Confirmed.

RFP Part 3 Scope of Work Section A Pricing and Cost Containment Requirements Question 6.a

51. Do the exclusions to the per member net cost guarantee include 6a) specialty brand and generic 30-day supply prescription drugs filled at South Carolina based, locally owned pharmacies as defined by PEBA and 6b) Specialty brand drugs are new to market during the plan calendar year?

A: All new to market brand drugs (including specialty) are excluded from the net PMPM cost guarantees. All 30-day (60 days or less) brand and generic drugs filled at locally owned pharmacies are excluded from the PMPM cost guarantees.

RFP Part 3 Scope of Work Section B Pharmacy Network Management Requirements Question 4

52. What type of personal contact does South Carolina PEBA prefer for PBM to have with pharmacy provider community?

A: The contractor is expected to have a positive, constructive relationship with the retail pharmacy community. It should be accessible and responsive with regard to contacts on operational matters. There should be no favoritism toward national chains in assembling the retail maintenance networks or in any other matters. We expect the contractor to make a strong, successful effort to include locally-owned pharmacies in the program. We also offer PEBA's assistance and advise that the contractor should seek PEBA's guidance in maintaining good relations with South Carolina's local pharmacy community.

RFP Part 3 Scope of Work Section B Pharmacy Network Management Requirements Question 6

53. What is the South Carolina PEBA's expectation about establishing a timeline for in-state retail pharmacies to earn specialty pharmacy accreditation?

A: There is no timeline to earn specialty accreditation. Pharmacies without specialty accreditation are not permitted to dispense specialty products. See Amendment 2, Part 3, B.6.

RFP Part 3 Scope of Work Section B Pharmacy Network Management Requirements Question 6

54. If a pharmacy does not successfully earn accreditation within a reasonable timeline, quality of patient care concerns may arise. Will South Carolina PEBA discuss the lack of pharmacy's accreditation with PBM as a reason for pharmacy's possible cause for removal from network?

A: A pharmacy without specialty accreditation may not belong to the specialty network. This is separate and distinct from the regular retail network. See Amendment 2 Part 3, B.6.

Offeror's Technical Proposal Tab A-9 Performance Guarantees

55. Please clarify the date for the PG-17 Final Implementation Plan "Standard/Goal: On or before May 15, 2021. Proposed Amount at Risk: \$5,000 per day for each day or partial day during which the Contractor is not in compliance with the FIP."

A: The date for the PG-17 Final Implementation Plan "Standard/Goal" shall read: "No later than thirty (30) calendar days following final award."

Offeror's Technical Proposal Tab A-9 Performance Guarantees

56. Would SC PEBA consider capping the penalty for the following PG at \$1 million per year?

"PG-20 Communication Violation/A communication sent in violation of Sections 7.21 Advertising Use and Representation: Contact with State Entities or Part 3, Section E.11, Communications and Training. Proposed Amount at Risk: \$1,000 per person up to a maximum of \$1 million for each violation."

A: PG-20 has been removed. See updated Technical Proposal (Excel) language. Clause 7.23 Advertising Use and Representing: Contact With State Entities stands as written.

Offeror's Technical Proposal, Section A-2b Pharmacy Network Management Requirements

57. Question 34.c.) Provide sample materials of SC PEBA's patient advisory information.

Can the sample materials requested be provided via Word or PDF document as separate attachment rather than in the excel file?

A: Yes. This is requested as an attachment labeled "Tab A-2b: Patient Advisory Information". Offerors should also answer in the Excel spreadsheet by referencing the appropriate location of the sample.

Offeror's Technical Proposal, Section A-2b Pharmacy Network Management Requirements

58. Q-58 The Contractor shall demonstrate on or before October 1, 2025, the networks can commence operation on January 1, 2026.

Can SC PEBA please elaborate on what will constitute a successful demonstration that the networks can commence operation?

A: Ability to accurately process PEBA member eligibility and PEBA pharmacy claims.

Offeror's Technical Proposal, Section A-2j Eligibility of Participants and Computer Support Requirements

59. Q-17 The Contractor shall implement and document comprehensive security programs securing all data, informational and transactional components from unauthorized access from any internal or external source including Contractor and its subcontractors, PEBA employees, third party users or outside intruders. Contractor shall use, implement and document reasonable, recognized and proven appropriate security practices to make information secure. The security system must include the capability of immediate detection and documentation of any security compromise or breach. If the security of the system is compromised or breached in any way, the Contractor shall notify PEBA promptly, but not to exceed two business days following the compromise or breach. The notice shall be in writing, delivered by means establishing actual receipt (e.g., in hand, email with return receipt, etc.) to the PEBA Privacy Officer and shall include the time, nature, diagnosis (including cause), actual and potential consequences, and recommendations for corrective action of the breach or compromise. If emergency situations preclude written notice within two business days, notice may be given to the PEBA Privacy Officer by other than in writing. Written notice as required under this paragraph shall then be provided as soon as practicable under the circumstances, as agreed to by the PEBA Privacy Officer. The Contractor shall be liable to PEBA for any compromise or breach whatsoever and shall be liable for all reasonable and appropriate costs (as determined by PEBA) associated with the compromise or breach. Offerors shall fully describe the methods and means to be deployed to satisfy this requirement (Q-26 of Technical Proposal, Tab A-2j: Service Description Questionnaire). These requirements apply to all activities to be performed hereunder including, but not limited to, those set out in Part 3.E.8 above.

Could SC PEBA please define what constitutes a security compromise or breach in the context of this requirement?

A: PEBA expects the Contractor to have a sufficiently sophisticated understanding of data security to identify when its data or systems have been compromised or breached. “Compromise” is defined in Section 7.42; “Breach” is defined in the Business Associate Agreement.

60. Please confirm if SC PEBA will agree to each of the individual PMPM guarantee conditions?

- a. PMPM is measured as discounted cost, dispensing fee, and admin fee, less rebate divided by member months.
- b. PMPM is reconciled 180 days after the end of the year based on actual qualified drug spend net of discount and rebate.
- c. The PMPM Guarantee for subsequent years will be provided in the 4th quarter of the current year.
- d. Claims over \$25,000 are excluded.
- e. Claims with State determined rates are excluded.
- f. The PMPM guarantee assumes no more than 5% of claims are filled in MA, HI, AK, & PR and may be adjusted if higher.
- g. The PMPM guarantee may be adjusted based on government regulation impacting drug pricing.
- h. The PMPM must follow PBM’s standard formulary with no deviations.
- i. If number of lives as provided in the RFP. change +/- 5% or if RFP lives were not correct, then PMPM may be adjusted.
- j. PMPM guarantee assumes consistent channel utilization as provided in RFP data and may be adjusted if different.

A: a. Yes b. Yes c. Yes d. No
e. No f. Yes g. Yes h. No
i. No j. No

For item g. in the list, any adjustments to the PMPM will be mutually agreed to and are as a result of a material change in law and/or regulations.

The following questions were submitted in writing by Vendor B. (Answers follow.)

Part 1 Instructions to Offerors, Page 6, 1.1. Definitions, Capitalization, and Headings

61. In the spirit of PEBA’s statement in 1.34 to have questions asked in order to have all prospective Offerors have a common and uniform basis upon which to submit their proposals, can PEBA provide a definition of Rebates that all Offerors must align to?

A: Rebates are defined as all revenue received by the PBM or its contractors (including Group Purchasing Organizations it may contract with for the purpose of receiving pharmaceutical revenue) that is generated by PEBA utilization. Rebates include, but are not limited to, formulary rebates, manufacturer administrative fees, market share reimbursements, and inflation protection.

Part 1 Instructions to Offerors, B. Specialty Instructions, 1.34

62. PRE-PROPOSAL CONFERENCE/SUBMISSION OF QUESTIONS: There will be a Pre-Proposal Conference at 10 a.m. ET on January 22, 2025, at the South Carolina Public Employee Benefit Authority, 202 Arbor Lake Drive, Board Room, Columbia, South Carolina.

NOTE: Due to the importance of all Offerors having a clear understanding of the specifications and requirements of this RFP, attendance at the pre-proposal conference is strongly encouraged. Please bring a copy of the RFP with you. Any changes resulting from this conference will be noted in a written amendment to the solicitation. Your failure to attend will not relieve the Contractor from responsibility for estimating properly the difficulty and cost of successfully performing the work, or for proceeding to successfully perform the work without additional expense to the State.

Any questions and requests for information or clarifications regarding the RFP must be submitted in writing prior to the adjournment of the pre-proposal conference. Do not wait to request deviations, exceptions, etc. to anything in this RFP until (or in) the submission of your proposal. Anything any Offeror would like PEBA to modify, seeks clarifications on, or any other deviation, however modest, must be presented during the question-and-answer phase, and considered and determined by PEBA before the submission date for all proposals, so that all prospective Offerors will have a common and uniform basis upon which to submit their proposals. Potential Offerors are strongly encouraged to mail or email their questions on the RFP prior to the pre-proposal conference. PEBA will attempt to provide answers to those questions submitted during the pre-proposal conference by January 22, 2025. Any written questions, requests for information or request for clarifications received prior to the conference or during the conference will be responded to in the form of a written amendment to the RFP and emailed to all prospective Offerors. The amendment will also be posted at the following web address: <https://www.procurement.sc.gov/doing-biz/bid-ops/peba>. Once the pre-proposal conference is adjourned, no further questions will be accepted.

Can PEBA provide a dial-in or virtual option for the Pre-Proposal Conference to allow Offerors to include other internal partners?

A: No. This is an in-person meeting.

63. Part 2 Scope of Proposal Page 16. Commercial Plan Participants must fill specialty medications through the Plan's Custom Credentialed Specialty Pharmacy network.

▪ **For HIV, Transplant, Hep B and Oral Oncology- what channel are these drugs filled in under the current agreement, i.e. Specialty only or Retail only?**

A: In general, Commercial Plan Participants must fill specialty medications at a pharmacy participating in the Plan's Custom Credentialed Specialty Pharmacy network. Some specialty medications including those described in the question, can be filled at retail or at one of the Plan's Custom Credentialed Specialty Pharmacy. The Offeror should include how they would propose handling such medications.

- **Please confirm that Offerors should provide proposals that would maintain these drugs for both discounts and rebates in the same channel as they are required to be filled in under the current agreement.**

A: PEBA is indifferent to delivery channel with regard to rebates and the net PMPM cost guarantee. All medications and pharmaceutical revenue are included in the net per member per month cost guarantee unless otherwise indicated.

64. Part 2 Scope of Proposal Pages 16 & 17.

State Health Plan – Standard Plan and Medicare Supplement Plan

Tier 1 (generic drugs): \$13 copayment per prescription retail (30-day supply) and \$32 copayment per prescription home delivery (61 to 90-day supply).

Tier 2 (preferred brand drugs): \$46 copayment per prescription retail (30-day supply) and \$115 copayment per prescription home delivery (61 to 90-day supply).

Tier 3 (non-preferred brand drugs): \$77 copayment per prescription

MUSC Health Plan

Tier 1 (generic drugs): \$13 copayment per prescription retail (30-day supply) and \$32 copayment per prescription home delivery (61 to 90-day supply).

Tier 2 (preferred brand drugs): \$46 copayment per prescription retail (30-day supply) and \$115 copayment per prescription home delivery (61 to 90-day supply).

Tier 3 (non-preferred brand drugs): \$77 copayment per prescription retail (30-day supply) and \$192 copayment per prescription home deliver (61 to 90-day supply).

- **In the descriptions of the State Health Plan – Standard Plan and Medicare Plan, State Health Plan – Savings Plan, MUSC Health Plan plan designs, it is noted that retail claims are at 30 days supply and home delivery claims are 61-90 days supply.**

Please confirm if the same days supply assumptions for retail and home delivery claims should be used for the Indirect EGWP with Wrap Plan.

A: Confirmed. Subject to CMS rules and regulations.

- **The plan design descriptions do not indicate a copy for 61-90 days supply at Retail, i.e. Retail 90. Please confirm if there are distinct copays for a Retail 90 network.**

A: Retail 90 copays are equal to home delivery copays.

Additionally, upon review of PEBA's plan website, <https://www.peba.sc.gov/prescription-benefits>, it appears there is a "Smart90" network in place today. Please confirm if Offerors should assume this exact network will continue under the new agreement or will PEBA expect a similar network? Any additional insight would be appreciated.

A: The appropriate home delivery copayment for prescriptions defined as a 90-day (61 days or greater) supply apply when filled at a retail 90 network pharmacy. Offerors should propose their retail maintenance pharmacy network that allows Members in the Commercial and EGWP plan options to purchase 90-day supply prescriptions and at the applicable home delivery copayment. PEBA is looking for a retail maintenance network similar in nature.

65. Part 2 Scope of Proposal Pages 17 & 18.

The Commercial Plan limits both glucagon-like peptide 1(GLP-1) agonists and specialty medications to a 30-day per fill limit.

The EGWP Plan limits specialty medications to a 30-day per fill limit. It is PEBA's expectation to also limit glucagon-like peptide 1(GLP-1) agonists to a 30-day per fill limit beginning January 1, 2026.

- **Noting that the Commercial plan currently limits GLP-1 medications to a 30 day fill limit and the EGWP Plan will limit GLP-1s to a 30 day limit beginning 1/1/2026, please also provide the following details regarding PEBA's current coverage and any future coverage plans for GLP1s.**
 - **For Commercial and EGWP GLP-1s, please confirm which indications GLP-1s are, or will be, covered for:**
 - **Weight Loss**
 - **Diabetes**
 - **Cardiovascular**
 - **Other – please specify**
 - **For the Commercial Plan coverage of GLP-1s, was the coverage strategy modified during the time period of provided claims data? If yes, specify date of implementation or change in coverage for each indication:**
 - **Weight Loss**
 - **Diabetes**
 - **Cardiovascular**
 - **Other – please specify**
 - **Other than the noted coverage change to add coverage for GLP-1s to the EGWP plan for 1/1/2026, are any changes planned for this coverage strategy for the coming year for Commercial or EGWP?**
 - **Weight Loss**
 - **Diabetes**
 - **Cardiovascular**
 - **Other – please specify**

- **For GLP-1s, Anti-Obesity and Anti-diabetic products, please provide any relevant UM or PA documentation or additional benefit design/coverage documentation.**

Do co-pay structures for GLP-1, Anti-Obesity, and/or Anti-diabetic products differ from other products on the formulary? If so, please explain and provide detail.

A: Anti-obesity medications are not covered for the indication of weight loss. Weight loss treatments, including medications are not covered by Plan. Anti-obesity medications may be covered for indications other than weight loss and as required by Federal rules and regulations. GLP-1 are covered as a treatment for Type 2 diabetes. PEBA's PA process requires documentation of Type 2 diabetes. GLP-1s are covered for treatment of type 2 diabetes only under the Commercial Plan and the EGWP plan. Currently under the EGWP plan only, coverage is allowed for treatment of major adverse cardiac events (MACE) and sleep apnea if clinical criteria for coverage is met. Prior to April 2023, the criteria used was a history of a prescription of metformin. Beginning in April 2023, e-PA criteria were implemented as a series of questions the prescriber answers to determine use for Type 2 diabetes. Starting in November 2024, documentation from the provider confirming a diagnosis of Type 2 diabetes is required for approval.

66. Part 2 Scope of Proposal Pages 17 & 18

State Health Plan – Standard Plan and Medicare Supplement Plan

Application of clinical rules are required for drugs in certain treatment categories under certain conditions.

State Health Plan – Savings Plan

Application of clinical rules are required for drugs in certain treatment categories under certain conditions.

MUSC Health Plan

Application of clinical rules are required for drugs in certain treatment categories under certain conditions.

- **The RFP mentions that there is an application of clinical rules for required drugs in certain categories for certain conditions. In order to best allow for all Offerors to provide proposals based upon the same clinical program or clinical rules knowledge that may also be available to the incumbent, please describe any additional formulary, plan design, clinical programs or UM strategies for preferred products that might not otherwise be identifiable in the RFP.**
- A:** The Commercial Plan currently utilizes the current Contractor's National Preferred Formulary (NPF) and has adopted all changes made to the NPF by the current Contractor as they are implemented. The full formulary is proprietary and confidential. Updates to this formulary are managed by the current Contractor and historically changes have been effective either January 1 or July 1 of the year in which the change(s) occur. Offeror should describe the clinical rules they propose to put into place.

The below applies to all three plans (State Health Plan, Savings Plan and MUSC Health Plan):

Clinical Programs:

- Utilization Management:
 - Medicare/EGWP: CMS Required Rules (BvsD, DvsNonD, Morphine Equivalent QD dosing); High Risk Medication
 - Commercial: Limited PA, Proactive PA, Limited DQM, Limited Step, Advantage PA, Non-Essential PA, Advantage DQM, Preferred Specialty Management, Advantage Step, Advantage Plus PA, Pharmacogenomics PA, Oncology PA/DQM, Advantage Plus DQM, Advantage Plus Step, Adjunctive Specialty PA, Active Management PA, Cost Watch PA, Optional PA, Optional Step

Commercial Plan only:

- SafeGuardRx Value-based programs covering Cardiology, Oncology, Diabetes, Pulmonary, Inflammatory Conditions, Multiple Sclerosis, Rare Conditions, Migraines, HIV
- Advanced Opioid Management with Fraud Waste and Abuse

Specialty days supply = 30 days

GLP-1 days supply = 30 days

- **Please also provide detailed prior authorization and step therapy utilization management criteria for the following therapeutic states/class.**

- **Anti-psychotics**
- **Anti-diabetics (DPP-4, GLP-1 (Incretin), SGLT-2)**
- **Autoimmune**
- **Growth hormone**
- **Hepatitis C**
- **Infertility**
- **Multiple sclerosis**
- **PCSK9**
- **CGRPs**

A:

- Anti-psychotics – **PA, ST, DQM**
- Anti-diabetics (DPP-4, GLP-1 (Incretin), SGLT-2) – **PA, ST, DQM**
- Autoimmune– **PA, ST, DQM**
- Growth hormone– **PA, ST**
- Hepatitis C – **PA, ST**
- Infertility – **DQM, ST**
- Multiple sclerosis – **PA, ST, DQM**
- PCSK9 – **PA**
- CGRPs – **PA, DQM**

See above PA, ST, DQM comments by class. Note: PA = Prior Authorization; ST = Step Therapy; DQM = Dose Quantity Management.

Additionally, have any formulary changes been made after the date range of the claims data provided? If yes, please detail changes and effective date of those changes.

A: Effective 1/1/2025 – Commercial formulary has exclusions (listed in bottom section Attachment 15 -- National Preferred Formulary with Exclusion List 2025.pdf.)

For EGWP, any changes in Medicare formularies would be represented in Attachment 16 -- SC PEBA Medicare Premier Access Formulary 2025.pdf when compared against Attachment 22 --SC PEBA Medicare Premier Access Formulary 2023.pdf (timeframe of data was 2023).

67. Pricing and Cost Containmnet [sic] Requirements, 5. The Contractor shall provide a Maximum Allowable Cost (MAC) pricing, with the most favorable pricing to PEBA for generic prescription drugs that uses a MAC price list. A generic prescription drug is defined as a prescription drug that has a Medi-span multisource status of "Y" as of the dispense date. This MAC price list is subject to review and modification for inclusion of generic drugs representing the greatest cost savings to the Plan based on Participants' drug utilization; however, PEBA will determine such pricing for 30-day supply generic prescription drugs filled at PEBA- defined, locally owned pharmacies in conjunction with the Contractor. PEBA will collaborate with the Contractor to determine locally owned pharmacy pricing for 30-day supply generic prescription drugs in terms of dispensing fees and an effective discount off of Average Wholesale Price (AWP) or other price benchmark and communicate to the Contractor no less than 30 days prior to the effective date of such pricing.

- Please confirm PEBA would be aggregable to update this requirement as redlined below? PBM's MAC pricing is frequently updated to incorporate changes in marketplace dynamics, product availability, and different pricing sources (which may include Medi-Span, MAC lists published by CMS, National Average Drug Acquisition Cost (NADAC) published by CMS, Predictive Acquisition Cost (PAC) developed by Glass Box Analytics, and if available, wholesalers and retail pharmacies.

The Contractor shall provide a Maximum Allowable Cost (MAC) pricing, ~~with the most favorable pricing to PEBA for generic prescription drugs that uses a MAC price list.~~ Generic claims will price at the most favorable rate across the client's MAC, U&C, and non-MAC (AWP) discount.

A: Please see Amendment 2.

68. A. Pricing and Cost Containment Requirements, 6

The Contractor shall propose net per member per month (PMPM) cost guarantees separately for both the Commercial and EGWP plans. Proposed pricing guarantees shall be calculated as the sum of administrative expenses plus Plan claim expenses less any pharmaceutical revenue and EGWP subsidies divided by the number of member months in the Commercial and EGWP plans. The calculation shall be performed separately for the Commercial and EGWP plans. Exclusions to the per member net cost guarantees are as follows:

- a. Brand and generic 30-day supply prescription drugs filled at South Carolina based, locally owned pharmacies as defined by PEBA;
- b. Brand drugs that are new to market during the Plan calendar year;
- c. Nursing home based pharmacies;
- d. Veterans Administration and all Military Treatment Facility pharmacy claims; and

e. **Compound prescription drugs.**

- **Please provide the current list of South Carolina based, locally owned pharmacies, including NPI identifiers. Having this information will help Offerors provide a more accurate and aggressive offer reflective of PEBA's requirements.**

A: Please see Attachment 21 - Local Independent Pharmacy List.xls.

- **Can PEBA clarify if South Carolina based, locally owned pharmacies, are allowed to fill 90-day supplies? If so, please confirm all claims from these pharmacies are excluded from pricing and dispensing fee guarantees.**

A: South Carolina based, locally-owned pharmacies can fill 90-day supply prescriptions, and these prescriptions are included in the net PMPM cost guarantees.

- **Please provide insight on whether this list of locally owned pharmacies is subject to change and at what frequency. Can PEBA provide the number of pharmacies that have been added or removed from the list over the last 3 years?**

A: This metric is not tracked by the Current Contractor, but in general the network stays fairly consistent. Changes to the network is dependent on several factors such as network participation and new pharmacies entering the market.

- **Please confirm that PEBA would accept offers that exclude 340B Claims, Vaccines, Vaccine Administration, COVID testing, and COVID treatment claims, in addition to the noted exclusions in a-e of A.6, as these types of claims have unpredictable utilization patterns.**

A: No.

- **With regard to EGWP, please provide annual counts of members that age-in and also counts of members that age-out of the plan.**

A: EGWP members as of January 2025: 95,410.

- **Can PEBA provide the current CMS risk scores for the EGWP population for 2024? This ties directly into the CMS direct subsidy amount which will be used to determine the PMPM**

A: The average risk score for 2024: 0.7618.

69. A. Pricing and Cost Containment Requirements, 7

The Contractor shall reconcile the actual net PMPM with the guaranteed PMPM amount on an annual basis. The Contractor shall reimburse PEBA the calculated financial difference between actual net PMPM cost performance and the guaranteed net PMPM cost performance up to the amount put at risk by the offeror. This reconciliation, including payment amounts to PEBA, shall occur one hundred-eighty (180) days after the end of each Plan year and will be based on administrative fees, claims and pharmaceutical rebate monies accrued and paid up to 180 days after the end of each Plan year.

a. Actual trends will be measured against the Milliman Health Trend Guidelines and be 30% lower than the reported trend under the completed “South Atlantic ASO completed drug” subset.

$$\text{TBD PMPM 2025} \div \text{TBD PMPM 2024} = \text{A\%}$$

b. Claims will not be adjusted for plan design, demographic and geographic shifts.

c. Large claims/claimants will not be excluded.

$$\text{PEBA PMPM 2025} \div \text{PEBA PMPM 2024} \leq \text{A\% minus ___\%}$$

- Can PEBA clarify what is meant by bullets a. through c.? How are these calculations intended to be used? An example would be very helpful in understanding the requirement.

A: Please see Amendment 2.

- Can PEBA provide the Milliman Health Trend Guidelines for the South Atlantic ASO completed drug subset?

A: No. Contractor is responsible for obtaining a license for Milliman Health Trend Guidelines

- For the EGWP LOB, will PEBA allow contractor flexibility to adjust the net PMPM guarantee based on actions and amounts set forth by CMS on an annual basis (i.e. Direct Subsidy and MFP)?

A: Please see Amendment 2. All CMS revenues have been removed from the calculation of net PMPM cost guarantee.

70. A. Pricing and Cost Containment Requirements, 8

The Contractor shall provide 100% of all pharmaceutical manufacturer rebate monies attributable to PEBA business for both the Commercial and EGWP plans. The Contractor will remit to PEBA within thirty (30) days of the end of each Plan quarter (March 31, June 30, September 30 and December 31) all pharmaceutical manufacturer rebate monies earned on PEBA utilization and paid to the Contractor or its subcontractor during the previous Plan calendar quarter. Rebates accrued and received by the Contractor or its subcontractor for PEBA utilization not yet paid to PEBA in previous quarterly payments shall be remitted along with the next scheduled quarterly rebate payment. If the Contractor utilizes a subcontractor for rebate aggregation services, the cost for that subcontractor shall be included in the fixed, all- inclusive PMPM administrative fee.

- Please confirm PEBA would be aggregable to all pharmaceutical manufacturer rebate monies earned to be paid within sixty (60) days of the end of each Plan quarter. PBMs may not receive rebates for client utilization by 30 days post-quarter.

For example, if Contractor is required to remit rebates within 30 days of end of the first quarter (March 31), most of the first quarter's rebates would be received and then included in the payment due 30 days after June 30.

Allowing for rebate monies to be paid within sixty (60) days of the end of each Plan quarter would allow Contractor to include a greater amount of rebates received in the payment most immediately following the prior quarter.

A: Confirmed.

71. A. Pricing and Cost Containment Requirements, 9

PEBA has the right to audit copies of the Contract and any supporting materials between the pharmaceutical manufacturers, the Contractor and any subcontractor or affiliate it may use for the purposes of pharmaceutical manufacturer rebate monies aggregation. The audit will include only those portions of the pharmaceutical manufacturer agreements as necessary to determine Contractor compliance with the terms and conditions of this Contract between PEBA and the Contractor and shall include an overview of the processes for reporting data to manufacturers, accounting for rebates earned and allocating rebates to PEBA. An audit may be requested once annually and will be conducted between January through September in a mutually agreeable location as scheduled by agreement of the parties but no sooner than sixty (60) days after execution of a confidentiality agreement between PEBA, the Contractor and other necessary parties. PEBA shall have the exclusive right to select as PEBA's auditor any entity PEBA chooses, provided that any audit of the Contractor's agreements with pharmaceutical manufacturers may be conducted only by entities that:

- a. Have demonstrable experience in conducting pharmaceutical manufacturer revenue audits;
 - b. Carry insurance for professional malpractice of at least \$2,000,000; and
 - c. Have executed a mutually agreeable confidentiality agreement with the Contractor.
- Please confirm that PEBA is agreeable that rebate auditing would be limited to an independent third party auditor and that such mutually agreeable confidentiality agreement will establish a clear firewall between the firm's auditing department and consulting department, if such consulting department exists.

A: No. The clause stands as written.

72. B. Pharmacy Network Management Requirements, 11

PEBA or its authorized agent shall have the right to review copies of the contract between pharmacies and the PBM. Contractor agrees it will provide a 10% sample of prescription transactions filled by retail pharmacies (selected by PEBA) to validate passthrough reimbursement on no less than an annual basis. Data provided by the Contractor for this purpose will be linkable with a transaction identifier to the claims data extract used for payment substantiation.

Given the highly sensitive nature and complexity of these agreements, would PEBA be amenable to a mutually agreeable authorized agent? It is industry standard practice and we have found that appropriate auditing skillsets and experience helps clients realize a thorough and efficient audit.

A: No. Industry standard allows for the plan sponsor to select the auditors.

73. D. Customer Service, 1

The Contractor shall provide dedicated customer service representatives trained on the specific features of the benefits of the Commercial and EGWP plans to respond to written and telephone inquiries from Members, providers and employers; to answer questions and provide assistance with accessing benefits; and to resolve claims payment problems. Customer service representatives must be knowledgeable about all Plans offered by PEBA and able to assist members with questions regardless of the Plan in which they are enrolled.

- Please provide the number of member calls and written inquires by month for CY 2024, separately for Commercial and EGWP. Please also provide the number of calls by month by providers and employers.

A: Note: Provider and employer calls are not captured by PBM vendor.

Contact Center stats by month:

Month	Commercial	Medicare/EGWP
Jan-24	13,366	1,050
Feb-25	11,771	1,035
Mar-24	11,629	976
Apr-24	11,348	910
May-24	10,617	835
Jun-25	9,461	719
Jul-24	9,823	777
Aug-24	9,117	725
Sep-24	8,494	703
Oct-24	9,844	826
Nov-24	9,384	729
Dec-24	9,776	758

74. E. Communications and Training, 9

The Contractor shall provide a mobile app that allows Members, at a minimum, to access prescription drug ID cards, locate network pharmacies, price medications and check for clinical review requirements. Work with the third-party medical claims administrator, currently BlueCross BlueShield of South Carolina, and any successor, to implement single sign-on capability from My Health Toolkit mobile app to the Contractor's mobile app.

- Please confirm that the SSO capability requirement from the My Health Toolkit mobile app can be fulfilled by linking to the Contractor's mobile website.
- A: Confirmed. However, the successful Offeror must work with PEBA's Third Party Administrator for the State Health Plan to ensure that the solution is viable. Successful Offeror assumes any cost associated with ensuring a viable solution.
- At present, we are not aware of app-to-app SSO capabilities unless the apps are owned and published by the same company and would expect that the current requirement is being met by having an SSO link from My Health Toolkit app to the current Contractor's mobile website.
 - If the current arrangement is an SSO capability between to apps not owned by the same company, we request insight into how this SSO is achieved.
- A: The successful Offeror must work with PEBA's Third Party Administrator for the State Health Plan to ensure that the solution is viable. Successful Offeror assumes any cost associated with ensuring a viable solution.

75. F. Reporting, 9

The Contractor shall provide to PEBA and/or its designated representative within thirty (30) calendar days after the end of the performance guarantee period any reconciliation datasets it has created for the purpose of reconciling rebate payments with PEBA. The final reconciliation dataset used for the net PMPM cost must be received within one hundred-eighty (180) days after the end of the Plan year. The PBM's internal reconciliation dataset shall contain at a minimum all fields used by the PBM for reconciliation purposes and must include both the NDC-11 code and claim ID as a logical link to the detailed claims transaction file as described in Part 3.F.7, Reporting. The detailed claims transaction file as described in Part 3.F.7, Reporting, shall be the system of record. Commercial Plan rebate payments should be delineated by SHP and MUSC Health Plan. The dataset for financial reconciliation purposes should include at a minimum the information detailed in Attachment 11 - Detailed financial reconciliation dataset.

- Is PEBA agreeable to adjusting F. 9 such that the requested reporting would be provided within sixty (60) calendar days after the end of the quarter? Such timing would allow Contractor the ability to incorporate additional rebates received and provide greater opportunity to ensure the accuracy of the data provided.
- A: Yes. See updated language in Amendment 2.

76. F. Reporting, 11

The Contractor shall accept from PEBA at least monthly an updated list of participating locally owned pharmacies and use this updated list to apply the correct MAC pricing for 30-day generic medications. The Contractor shall plan to meet with the appropriate PEBA staff no less frequently than semi-annually to review the list of participating locally owned pharmacies for reconciliation purposes.

- Please explain PEBA's focus on only 30-day claims (vs. 90-day claims) filled at South Carolina based, locally owned pharmacies, and whether 90-day claims filled at these pharmacies are also excluded from pricing guarantees (e.g. pricing and dispensing fees).
- A: 90-day fills at South Carolina-based, locally owned pharmacies are not excluded from the net PMPM cost guarantees. PEBA's inclusion of 90 day fills at South Carolina-based, locally owned pharmacies in financial guarantees is based upon the significant increase in 90 day fills that was observed post implementation of the retail maintenance network. Inclusion of 90 day fills in guarantees allows PEBA to share with membership in cost savings.

77. I. Financial Requirements, 1.b

The administrative fee(s) payable to the Contractor shall be considered full and complete compensation for all goods, services and requirements to provide pharmacy benefits to PEBA.

- Please provide the following for CY 2024:
Annual volume of Prior Authorizations
Annual volume of Appeals broken out by First, Second and Third/IRO
Annual volume of Paper/Member-Submitted Claims
- A: Annual volume of Prior Authorizations: 132,304
Annual volume of Appeals broken out by First, Second and Third/IRO: 2024 Total: 3,329; First: 3,148; Second: 174; Third/IRO: 7
Annual volume of Paper/Member-Submitted Claims: 357

78. I. Financial Requirements, 2

Commercial Plan Participants fixed administrative fee:

- a. The total dollar amount of monthly administrative fees for the Commercial Plan Participants shall be determined by PEBA based upon PEBA enrollment files.
- b. The Commercial Plan administrative fee shall be remitted to the Contractor monthly by the 15th working day of the current month per the state's working schedule.
- c. The Contractor shall not provide invoices for the Commercial administrative fee to PEBA.

Please detail how PEBA calculates the monthly membership? Specifically, does PEBA determine membership as of a specific day of the month, and if so, what day? Or, does PEBA use a monthly average?

- A: The monthly membership is determined by the number of enrolled subscribers calculated during the monthly billing cycle.

Please provide specific detail around the process PEBA currently uses to communicate monthly enrollment counts to the current PBM as well as any additional documentation provided when transmitting the monthly Administrative Fee. Additionally, what basis with PEBA utilize to determine its monthly enrollment, i.e. will this be based upon enrollment as of a specific and consistent date of each month or based upon an average enrollment for each month.

A: Toward the later part of each month, PEBA produces its billing cycle for the upcoming month. For example, the January bill is produced toward the end of December. The membership count for this bill is the membership count used to calculate administrative fees. After the monthly payments have been processed, the detail report supporting the payment will be emailed to the vendor. Supporting documentation is also provided with the headcount.

79. I. Financial Requirements, 7b

The Contractor shall provide reporting demonstrating guarantee outcomes to PEBA no later than 150 days following the end of the reporting plan year. Reporting should demonstrate guarantee outcomes for both the Commercial and EGWP plans.

- The requirement in F. Reporting, 9. Requires Contractor to provide a reconciliation dataset on hundred-eighty (180) days after the end of the Plan year, however requirement I, Financial Requirements 7b states 150 days. Since these are related items, please confirm that Requirement I. Financial Requirements 7b, can be amended to reflect the consistent timing of reporting such that reporting is providing 180 days following the end of the reporting plan year.

The Contractor shall provide to PEBA and/or its designated representative within thirty (30) calendar days after the end of the performance guarantee period any reconciliation datasets it has created for the purpose of reconciling rebate payments with PEBA. The final reconciliation dataset used for the net PMPM cost must be received within one hundred-eighty (180) days after the end of the Plan year. The PBM's internal reconciliation dataset shall contain at a minimum all fields used by the PBM for reconciliation purposes and must include both the NDC-11 code and claim ID as a logical link to the detailed claims transaction file as described in Part 3.F.7, Reporting. The detailed claims transaction file as described in Part 3.F.7, Reporting, shall be the system of record. Commercial Plan rebate payments should be delineated by SHP and MUSC Health Plan. The dataset for financial reconciliation purposes should include at a minimum the information detailed in Attachment 11 - Detailed financial reconciliation dataset.

A: Confirmed.

80. J. Eligibility of Participants and Computer Support Requirements

The Contractor shall implement and document comprehensive security programs securing all data, informational and transactional components from unauthorized access from any internal or external source including Contractor and its subcontractors, PEBA employees, third party users or outside intruders. Contractor shall use, implement and document reasonable, recognized and proven appropriate security practices to make information secure. The security system must include the capability of immediate detection and documentation of any security compromise or breach. If the security of the system is compromised or breached in any way, the Contractor shall notify PEBA promptly, but not to exceed two business days following the compromise or breach.

The notice shall be in writing, delivered by means establishing actual receipt (e.g., in hand, email with return receipt, etc.) to the PEBA Privacy Officer and shall include the time, nature, diagnosis (including cause), actual and potential consequences, and recommendations for corrective action of the breach or compromise. If emergency situations preclude written notice within two business days, notice may be given to the PEBA Privacy Officer by other than in writing. Written notice as required under this paragraph shall then be provided as soon as practicable under the circumstances, as agreed to by the PEBA Privacy Officer. The Contractor shall be liable to PEBA for any compromise or breach whatsoever and shall be liable for all reasonable and appropriate costs (as determined by PEBA) associated with the compromise or breach. Offerors shall fully describe the methods and means to be deployed to satisfy this requirement (Q-24 of Technical Proposal, Tab A-2j: Service Description Questionnaire). These requirements apply to all activities to be performed hereunder including, but not limited to, those set out in Part 3.E.8 above.

- Offeror requests PEBA's acceptance of the following limited changes to J.10

The Contractor shall implement and document comprehensive security programs securing all data, informational and transactional components from unauthorized access from any internal or external source including Contractor and its subcontractors, PEBA employees, third party users or outside intruders. Contractor shall use, implement and document reasonable, recognized and proven appropriate security practices to make information secure. The security system must include the capability of immediate detection and documentation of any security compromise or breach. If the security of the system is compromised or breached in any way, the Contractor shall notify PEBA promptly, but not to exceed two business days following the compromise or breach. The notice shall be in writing, delivered by means establishing actual receipt (e.g., in hand, email with return receipt, etc.) to the PEBA Privacy Officer and shall include the time, nature, diagnosis (including cause), actual and potential consequences, and recommendations for corrective action of the breach or compromise. If emergency situations preclude written notice within two business days, notice may be given to the PEBA Privacy Officer by other than in writing. Written notice as required under this paragraph shall then be provided as soon as practicable under the circumstances, as agreed to by the PEBA Privacy Officer. The Contractor shall be liable **for actual and reasonable damages** to PEBA **resulting from** ~~for~~ any compromise or breach **of this agreement** whatsoever and shall be liable for all **actual**, reasonable and appropriate costs (as **reasonably** determined by PEBA) associated with the compromise or breach. Offerors shall fully describe the methods and means to be deployed to satisfy this requirement (Q-24 of Technical Proposal, Tab A-2j: Service Description Questionnaire). These requirements apply to all activities to be performed hereunder including, but not limited to, those set out in Part 3.E.8 above.

- A: No. The clause stands as written.

81. Performance Guarantees, 3

Paper Claims

a.) For the commercial plan, the Contractor will process reimbursement paper claims within the guidelines specified.

100% within 14 business days

b.) For the EGWP plan, the Contractor will process reimbursement paper claims within the guidelines specified.

100% within 14 business days

- For both Commercial and EGWP LOBs, please confirm PEBA would be agreeable to modifying the PG guideline such that 100% of a) Commercial or b) EGWP paper claims submitted by plan participants, not requiring intervention, will be processed within 14 business days. Should a paper claim require intervention, Contractor timing of the final processing of the claim will be outside of Contractor's influence and control.

a.) For the commercial plan, the Contractor will process reimbursement paper claims not requiring intervention within the guidelines specified.

100% within 14 business days

A: Agree.

b.) For the EGWP plan, the Contractor will process reimbursement paper claims not requiring intervention within the guidelines specified.

100% within 14 business days

A: Agree.

82. Performance Guarantees, 4

Participant Overall Satisfaction Rate

a) The Contractor will conduct after-call surveys to gauge participant satisfaction on a monthly basis. (See Part 3, Section D.4 of the RFP). The overall satisfaction rate will meet or exceed the specified goal. After-call satisfaction survey results shall be submitted to PEBA within fifteen (15) days after the end of each quarter

95% or greater

b) The Contractor will conduct member satisfaction surveys to gauge satisfaction with the Contractor on an annual basis. (See Part III, Section D.5 of the RFP). The overall satisfaction rate will meet or exceed the specified goal.

95% or greater

- Please provide a copy of the post survey call questions referenced in part a)

A: The Contractor will, in accordance with Part 3, Scope of Work, Sections D.4 and D.5, create their own survey questions, to be approved by PEBA.

- **Please confirm that PEBA is agreeable that a minimum of 200 responses would be required to satisfy a statistically valid sample for the survey measurement required in part b)**

A: Not confirmed. For the Commercial Plan, a sample of 384 is required for a 95% confidence interval with a 5% margin for error. For the EGWP plan, a sample of 384 would also be required for a 95% confidence interval with a 5% margin for error.

83. Performance Guarantees, 9

Eligibility Transactions

a.) Processable maintenance eligibility transactions will be processed within the time specified. within 2 business days

b.) For emergencies (retiree is at the retail pharmacy and system shows they are not eligible), eligibility transactions will be processed within the time specified. same business day if requested during normal business hours; otherwise, within 24 hours

- **Please confirm Eligibility Transactions 9 b) is for the Commercial LOB only. Unlike commercial eligibility, Offerors are not able to provide options for immediate or emergency enrollment into an EGWP plan due to CMS regulations.**

A: Confirmed. PEBA has an internal process to handle with EGWP emergencies.

84. Performance Guarantees, 10 ID Card for the Indirect EGWP with Wrap Members

All maintenance ID cards will be mailed within the time specified following receipt of a processable eligibility tape.

99.0% within 4 business days

- **For Performance Guarantee 10, please confirm that the 4 business days is measured from the receipt of the CMS Transaction Reply Record (TRR) approving EGWP enrollment.**

A: Offerors will need to state the CMS guideline and then comply with said guidelines for mailing ID cards.

85. Performance Guarantees, 12

The Contractor shall establish and maintain a network of participating pharmacies to provide service under the retail pharmacy plan. 98% of primary eligible Members will have at least one participating pharmacy within 5 miles of their home ZIP code where any retail pharmacy exists within 5 miles of their home ZIP Code.

- For the Access Rate Performance Guarantee, please confirm that the performance standard would be applicable to Commercial business only and that PEBA is agreeable to an Access Rate guarantee for EGWP that is consistent with the CMS required Access Standard

A: Confirmed.

86. Performance Guarantees, 13

Decline in Participating Pharmacies

Unless Contractor and PEBA mutually agree to limit the retail network in order to meet cost or quality objectives during the contract period, the network of participating pharmacies should not decrease in size by more than the specified percentage on an annual basis.

5.0% or less

- Please confirm that PEBA is agreeable that pharmacies that go out of business, are involved in fraudulent activities, or perform any actions that warrant removal from the network will not be included in the performance guarantee measurement.

A: Confirmed.

87. Performance Guarantees, 15

Final Reconciliation

The Contractor will calculate and submit final cost reports to client for client's review under Step 6 of Final Reconciliation of the current Retiree Drug Subsidy claim.

On or before the tenth workday following the date client completes Step 5 of Final Reconciliation

- Please confirm that PEBA is agreeable that Performance Guarantee 15 is contingent upon Contractor having receipt of all information needed to create final cost reports, for example accurate RDS membership, accurate claims information, and actual cost adjustments. This information must be provided accurately to Contractor in order to be able to submit final cost reports to client for review under Step 6, independent from client moving to or being at Step 5 of Final Reconciliation.

A: No; the language stands as written.

88. Performance Guarantees, 18

Rebate Payments

All pharmaceutical manufacturer rebate payments required in Part 3.A.8, Pricing and Cost Containment Requirements, and required reporting in Part 3.F.9, Reporting, are provided to PEBA no later than thirty (30) days following the quarter in which rebates are received and any rebates received by the Contractor. Rebates accrued and received by the Contractor or its subcontractor for PEBA utilization not yet paid to PEBA in previous quarterly payments shall be remitted along with the next scheduled quarterly rebate payment.

- Similar to the request and clarification in A.8 and F.9, Offeror requests that PEBA amend the timing for payment and reporting of rebates to be sixty (60) days following the quarter, allowing for Offeror to include more of rebates received during that quarter in the payment and sufficient time to allow the opportunity to ensure accuracy and completeness of reporting.

A: See updated language in Amendment 2.

89. Part 5, Information For Offers To Submit

One (1) original and five (5) identical spiral bound paper copies of the Offeror's Technical Proposal. Label copies, 1 of 5, 2 of 5, etc. No GBC coil binding and no three ring binders.

One (1) original and one (1) spiral bound paper copy of the Offeror's Business Proposal. No GBC coil binding and no three ring binders.

- Given the volume of documentation required to provide a complete PBM services proposal, would PEBA reconsider allowing Offerors to provide proposals in 3-ring binders with clearly marked tables of contents and tabbed dividers?

A: No. Three ring binders are unacceptable.

90. Part 5, Information For Offers To Submit

Include Offeror's name, the solicitation number and the appropriate title on the label for hard copies and for USBs submitted in response to this RFP (i.e., Acme Corp., PEBA0402023, Technical Proposal Original; Acme Corporation, PEBA0402023, Business Proposal Original; Acme Corporation, PEBA0372022, Copy 1 of 5, etc.). Each USB should be labeled as above with the Offeror's name on each label.

Due to limited size and space to include label information on a USB drive, confirm whether Offeror's can meet this requirement by including a label with the Offeror's name only on the USB label and with the full information, i.e., Acme Corp., PEBA0402023, Technical Proposal Original, required only on the hard copies.

A: No. PEBA regularly receives information on USBs as described in the RFP and Offerors are able to comply with this requirement.

91. TERMS AND CONDITIONS - B. SPECIAL, 7.45.h

As soon as practicable, but no later than 24 hours after discovery Contractor will notify PEBA of the compromise or improper use of data. Contractor will undertake a forensic investigation. In addition to notifying third parties of impacted parties, Contractor shall provide at least 2 years of identity theft monitoring and identity theft restoration services.

- Please advise if PEBA would be aggregable to revising 7.45.h such that notification is as soon as practicable, but no later than 72 hours after discovery, as proposed below.

As soon as practicable, but no later than **72 hours** ~~24 hours~~ after discovery Contractor will notify PEBA of the compromise or improper use of data.

- A:** To align with the timeframe in the Business Associate Agreement, PEBA revises Section 7.45(h) as follows:

“As soon as practicable, but no later than **two business days** after discovery Contractor will notify PEBA of the compromise or improper use of data. Contractor will undertake a forensic investigation. In addition to notifying third parties of impacted parties, Contractor shall provide at least 2 years of identity theft monitoring and identity theft restoration services.”

92. 5.1.3, Table of Contents

The Proposal should include a Table of Contents that lists page number references. The Table of Contents should be in sufficient detail to facilitate easy reference to the sections of the Proposal and separate attachments, which shall be included in the main Table of Contents. If supplemental materials are included with the Proposal, each copy of the Proposal should include such supplemental materials. Supplemental information (i.e., information not required) and attachments included by the Offeror should be clearly identified in the Table of Contents and provided as a separate section.

Please confirm that Offerors are able to meet the requirements of the Table of Contents by ensuring all requested documents and supplemental attachments are clearly labeled and subsequently divided by alpha or numeric tabs in the printed copies and corresponding filenames in the electronic copies. Adding page numbers to documents may not be feasible in some cases, for example Certificates of Insurance or Financial Statements, which may have been produced by independent parties and not subject to further editing.

- A:** The Proposal should include a Table of Contents that lists page number references where appropriate. Documents such as Audited Financial Records can still be appropriately labeled or noted as described in the RFP.

**93. Technical Proposal, Tab A-2K Implementation Program, Q3, f
f.) Forms to be used beginning January 1, 2026 (December 1, 2025)**

- Please clarify if there are specific forms that PEBA will require be included in the plan

- A:** Forms include a *Prescription Drug Claim Form* and any other forms the Contractor might have.

**94. Technical Proposal, Tab A-2K Implementation Program, Q3, i
i.) Mailing of new identification cards to current members (December 15, 2025)**

- **Please advise if PEBA requires Contractor to re-card the entire membership on an annual basis, OR if ID cards would be limited to any net new members added to the pharmacy benefit.**

A: PEBA does not expect the Contractor to re-card membership on an annual basis unless required by law.

95. Technical Proposal, Tabs A-6 & A-7

Instructions: From Confidential Data Exhibit 1 [Confidential Data Exhibit 2], copy and paste the Pharmacy NABP Number, Pharmacy Name, Total Number of Prescriptions, Total Number of Distinct Utilizers, Average Days Supply per Script, Total Quantity, Total Amount Paid and Average Amount Paid per Script into the table below. Then, complete each row by selecting either a "Yes" or "No" from the drop down list in column I and column J to indicate whether or not the named provider is an in-network provider. All other responses will be treated as a "No" response.

- **Tabs A-6 and A-7 have 50 rows of space to add the data and respond with no method of adding rows, yet the referenced data files have 250 rows of data. Is it the intent for Offerors to only include the data from the top 50 rows for inclusion in the response tabs A-6 and A-7? If not, please provide a revised Technical Questionnaire with the required rows available in tabs A-6 & A-7.**

A: An amended Excel document will be provided with an expanded Tab A-6 and A-7.

- **Given that the data provided in Exhibit 1 [Confidential Data Exhibit 2] is based on a historical point in time and the worksheets in A-6 and A-7 only allow for a Yes or No response, how should Offerors communicate to PEBA pharmacies that are not in the network due to pharmacy closure or terminated from the network due to audit?**

Offeror proposes that PEBA allow for Offeror to provide a supplemental attachment with its proposal that can identify any pharmacies not in the proposed network due to closure or termination and that these pharmacies not be considered disruption, as these pharmacies would not be included in any Offeror's networks.

A: Agreed.

96. Claims Dataset

- **Please advise if PEBA can provide a revised claims data set inclusive of a field or flags that would allow Offerors to differentiate claims between the Commercial and EGWP membership/plan, or please confirm how Offerors would be able to separate claims based upon the data provided.**

A: A revised prescription drug dataset with Plan has been created.

- **We reviewed the claims data files provided, observing that the files include claims between January 2022 and December 2023. We have observed shifts in member utilization patterns and as products continue to come to market experience rapid adoption, GLP-1s and Humira biosimilars for example, having the most recent datasets available are critical to enable Bidders to provide their most competitive offering. Given the structure of this RFP to provide an all-inclusive administrative fee along with guaranteed PMPM costs for both 2026 and 2027 that must remain guaranteed without change, can PEBA provide all bidders with claims for 2024, preferably as a full-year or as comprehensive as possible.**

A: Yes. In addition to 2024 data being included in the claims datasets, the eligibility file has been revised to a member month basis.

The following questions were submitted in writing by Vendor C. (Answers follow.)

- 97. Section 5.1.4 Offeror’s Technical Proposal Response (Excel spreadsheet) states, “For the Offeror’s Technical Proposal Response (Excel spreadsheet), please mark confidential information by including the word CONFIDENTIAL in bold, red type at the beginning of each confidential response.” Since the excel sheet is locked and does not allow formatting, please confirm adding CONFIDENTIAL without bold, red type will be acceptable.**

A: Confirmed.

- 98. Instructions for Tab A-2n Serv Questionnaire Answers note to use Tab A-2n for answers that exceed 1,024 characters in length; however, the tab appears to have character restrictions in place. Please confirm offerors can attach a standalone document to capture all responses that exceed the character limits.**

A: Tab A-2n is for the continuance of answers provided in the original tabs. We understand that some answers will require multiple cells, however, PEBA is looking for short yet detailed answers.

- 99. Please clarify what the “pbm.elig.2024.csv” file contains. It appears that the file includes zip codes; however, we request a standalone census file split out between commercial and EGWP lives with 5 digit zip codes to run network access reports.**

A: The eligibility file has been rebuilt based on member months as a unit of observation. The file includes Medicare status (Y or N) on each record. Only retiree or survivor subscriber types may be enrolled in the EGWP. All other subscriber type are not enrolled in the EGWP.

100. Question 38 in Tab A-1 Background and Qualifications of the Technical Proposal states, “PEBA is seeking a relationship with a PBM that is fiduciary in nature. How would you propose to create such a relationship.” Please provide additional guidance on your expectations for the offeror to serve as a fiduciary for a self-funded benefit program. Please also provide a formal definition of fiduciary.

A: PEBA is seeking to contract with a PBM that places PEBA’s interest ahead of those of the PBM (or its affiliates or owners) and the pharmaceutical industry. Formal definition of fiduciary is widely available publicly, but note that we are seeking a relationship that is “fiduciary in nature”.

101. Scope of Work, Requirement 8 in Section B. Pharmacy Network Management Requirements states, “The Contractor shall invoice PEBA acquisition costs plus a dispensing fee for all prescriptions filled by home delivery pharmacies with whom it or its subcontractor are affiliated.” Does this requirement also apply to specialty home delivery pharmacies owned by the offeror?

A: Yes.

102. Scope of Work, Section I. Financial Requirements, Requirement 8. CMS subsidies due to PEBA and Question Q-8.a. of Tab A-2i in I. Financial Questionnaire state, “The Contractor shall remit subsidy funds to PEBA within 30 days of receipt.” Please clarify which subsidies are required to be paid within 30 days of receipt. Offeror supports monthly subsidy payments within 30 days; however, CMS Manufacturer Payments for quarterly Manufacturer Discounts are made within 45 days and CMS Annual Reconciliation for the Annual Reconciliation Payments are made by January 31 each year.

▪ **Will PEBA modify the requirement to apply to monthly subsidy payments?**

A: Language stands as written.

▪ **Offeror requests that the requirements will be modified to capture that PEBA’s current contract, which stipulates that no interest is paid to PEBA on subsidy funds.**

A: Agree.

103. Scope of Work, Section I. Financial Requirements, Requirement 6. Pharmacy rebates due to PEBA and Question Q-6.b. of Tab A-2i in I. Financial Questionnaire state, “The Contractor shall remit quarterly pharmaceutical rebates to PEBA to be paid thirty (30) days after the end of each quarter for the preceding quarter.” Paying out at thirty (30) days will result in a significant decrease in the number of claims paid for the quarter as offeror’s system does not have time to pick up all claims within 30 days. Offeror requests that the two requirements be modified to keep the ninety (90) day timeframe in place. Alternatively, shortening the payment to sixty (60) days would allow offeror’s system to effectively capture claims.

A: Agree.

104. Scope of Work, Section G. Indirect EGWP with Wrap Requirements, Requirement 4 and Requirement Q-13 of Tab A-2i in G. INDIRECT EGWP with WRAP REQUIREMENTS state, “The Contractor will provide PEBA the CMS Monthly Membership Report (MMR) and Plan Payment Report (PPR) file as subsidy payments are pass throughs to PEBA.” Offeror does not currently provide MMR or PPR reports to clients; MMR reports are only available for clients that have their own PDP and PPR is a CMS contract level report, not a client level report. Please confirm weekly PDP reporting and monthly member subsidy detail reports that provides member level detail on subsidies are acceptable to provide to support these requirements.

A: Confirmed.

105. Scope of Work, Section A. Pricing and Cost Containment Requirements, Requirement 3 and Requirement Q-15 of Tab A-2a in A. Pricing and Cost Containment state, “The Contractor shall implement changes to the formulary, step therapy, prior authorization (PA) and other clinical edit requirements within forty-five (45) business days of PEBA’s approval or request. Additional time, beyond forty-five (45) business days might be granted with PEBA’s prior approval in writing. Changes shall include modifications to the point-of-service (POS) system and all supporting systems and documents. The Contractor shall notify pharmacy providers and affected members in writing at least sixty (60) days prior to the implementation unless PEBA requests a shorter notification time.”

- **Please clarify the requested timing; are the 45 and 60 days overlapping?**

A: See updated language in Amendment 2.

- **PBM is not able to give pharmacies and members 60 days’ notice if we have to implement within 45 days. Offeror requests modification to allow 60 to implement requested changes.**

A: See updated language in Amendment 2.

- **Offeror requests modification to remove requirement to communicate step therapy, prior authorization, and clinical edit updates to pharmacies in writing as our point of sale system will automatically incorporate utilization management changes when changes to the formulary itself are made. PBM notifies network pharmacies of annual and mid-year exclusions, including new product exclusions, preferred alternatives, and a link to the full list of exclusions.**

A: See updated language in Amendment 2.

106. Scope of Work, Section A. Pricing and Cost Containment Requirements, Requirement 9 and Requirement Q-24 of Tab A-2a in A. Pricing and Cost Containment state, “PEBA has the right to audit copies of the Contract and any supporting materials between the pharmaceutical manufacturers, the Contractor and any subcontractor or affiliate it may use for the purposes of pharmaceutical manufacturer rebate monies aggregation.”

- **Please define “affiliate” as this term is not included within the Definitions, Capitalization, and Headings section.**

A: “Affiliate” means an entity that directly or indirectly controls, is directly or indirectly controlled by, or is under common control with, the Offeror.

- **Please clarify if PEBA is requesting ability to audit contracts between a offeror’s Group Purchasing Organization (GPO) affiliate and pharmaceutical manufacturers.**

A: Yes.

- **Offeror requests modification to remove ability of PEBA to audit rebate contracts between any GPO and Pharma as offeror is not a party to the GPO/Pharma agreements. Alternatively, offeror can support PEBA’s audit the applicable components of its agreement with the GPO to support this requirement.**

A: No; the language stands as written.

107. In Part 2 Scope of Proposal, the Indirect EGWP with Wrap Plan section states, “The EGWP Plan limits specialty medications to a 30-day per fill limit. It is PEBA’s expectation to also limit glucagon-like peptide 1 (GLP-1) agonists to a 30-day per fill limit beginning January 1, 2026.” Offeror can confirm limitation of specialty medications to a 30-day per fill limit; however, at this time we cannot confirm this will be allowed for GLP-1 medications. We are pursuing options with CMS on this matter and can commit to partnering with PEBA on future initiatives related to efficacy and cost containment for drugs as allowed by CMS. Offeror requests modification to remove the 30-day limit in cases where GLP-1s are being used for a mandated Medicare Part D indication that requires more than a 30-day fill per CMS rules. Offeror is not able to confirm this will be allowed at this time as we seek guidance from CMS.

A: The language stands as written. The PEBA Board of Directors approved a 30-day fill limit for all GLP-1 products. Subsequently, PEBA was informed that there was a CMS barrier to this action with respect to Medicare members. The expectation is that the contractor will work with PEBA to achieve Plan objectives with CMS on all Part D matters.

108. Section 7.45 Information Use and Disclosure (FEB 2015), Requirement (f). Return states, “Notwithstanding PEBA’s failure to perform or the pendency of a dispute, eight years following the termination of this contract Contractor agrees to promptly deliver to PEBA (or destroy, at PEBA’s option) all government information in its possession as and upon written request of PEBA.” Offeror is required to retain claims records according to its Record Retention Schedule without regard to a client-specific Agreement termination date, including CMS requirements to maintains records for 10 years. Offeror requests modification from eight (8) years to ten (10) years.

A: Section 7.45 is revised as follows to allow the Contractor to comply with legal requirements that extend beyond the standard eight year period: “Notwithstanding PEBA’s failure to perform or the pendency of a dispute, eight years (or longer where required by applicable law) following the termination of this contract Contractor agrees to promptly deliver to PEBA (or destroy, at PEBA’s option) all government information in its possession as and upon written request of PEBA.”

109. Please confirm what days’ supply breakouts should be used for 30-day and 90-day supplies for Commercial and EGWP relating to the financial offer.

A: 30-day supply is defined as 1-60. 90-day is defined as greater than or equal to 61.

110. Scope of Work, Question 6 of Section A. Pricing and Cost Containment Requirements states, “The Contractor shall propose net per member per month (PMPM) cost guarantees separately for both the Commercial and EGWP plans. Proposed pricing guarantees shall be calculated as the sum of administrative expenses plus Plan claim expenses less any pharmaceutical revenue and EGWP subsidies divided by the number of member months in the Commercial and EGWP plans. The calculation shall be performed separately for the Commercial and EGWP plans. Exclusions to the per member net cost guarantees are as follows: a. Brand and generic 30-day supply prescription drugs filled at South Carolina based, locally owned pharmacies as defined by PEBA; b. Brand drugs that are new to market during the Plan calendar year; c. Nursing home based pharmacies; d. Veterans Administration and all Military Treatment Facility pharmacy claims; and e. Compound prescription drugs.”

▪ **In reference to exclusion a., can 90-day prescriptions be filled at the locally owned pharmacies? If so, please clarify why 30-day claims should be excluded and not 90-day claims?**

A: Yes, 90 day prescriptions can be filled at locally owned pharmacies. In the event a locally owned pharmacy is not a part of the Contractor’s retail maintenance network, the member is to be charged 3 (three) copays for the prescription. In creating the retail maintenance option, PEBA membership has a benefit incentive to fill maintenance medications for 90 days. PEBA’s interests as a plan sponsor are protected by including retail maintenance fills in the financial guarantees.

A: Partially confirmed – ingredient costs and dispensing fees for exclusion a. are excluded from the guarantee but any and all rebates earned are to be passed through to PEBA.

▪ **In reference to exclusion c., please define “nursing home based pharmacies” as this term is not included in 1.1 Definitions, Capitalization, And Headings. Are long term care pharmacies considered Nursing home based pharmacies?**

A: Nursing home pharmacy is defined as pharmacies physically located within a nursing home facility. No – long term care pharmacies are not considered Nursing home based pharmacies.

111. For the Guaranteed Net PMPM guarantees requested in Tab A-10: Financial Proposal:

- **Where does PEBA define what offeror is to pay if we miss the PMPM guarantee (mechanics of how payment is calculated)?**
 - **Is this left up to offeror to determine and propose an amount?**

A: Yes.

- **Is it expected to pay the plan back for the full missed amount?**

A: Yes.

Specific example: If offer provides \$100 PMPM for 2026 and PMPM comes in at \$105.

- **If missed by \$5 PMPM for 420K lives = $\$5 \times 420,000 \times 12 = \25.2M payout**

A: The offeror is to propose a net cost per member per month for 2026. Costs are to include ingredient cost, dispensing fees, and administrative fees. Costs are reduced by pharmaceutical industry revenue. The net cost is divided by the total number of member months. Offerors are to propose an amount they are willing to put at risk in the questionnaire.

- **Please confirm the same methodology applies to commercial and EGWP.**

A: Yes. Please note that all revenues associated with the EGWP plan, including but not limited to direct subsidies, LICs payments, and reinsurance payments are not applied to the calculation. Please see Amendment 2 for revised language.

112. Scope of Work, Question 7 of Section A. Pricing and Cost Containment Requirements states, "Actual trends will be measured against the Milliman Health Trend Guidelines and be 30% lower than the reported trend under the completed 'South Atlantic ASO completed drug' subset."

- **Please elaborate on the methodology of the Health Trend Guidelines (HTG) guarantee.**

A: Please see Amendment 2.

- **Specifically, is the trend measured year over year against PEBA's?**

A: The net per member per month guarantees made by the offeror for 2026 will be increased by an amount that is 30% less than the Milliman Health Trend Guidelines for the South Atlantic ASO completed drug benchmark. For example, a Milliman benchmark of 10% will allow for an increase of the target of 7%.

- **Or is the trend measuring PEBA's year over year performance against the year over year HTG data subset trend for the same time period?**

A: Please see Amendment 2.

- **If against HTG data, is the offeror expected to guarantee how much better than the HTG we are expected to perform?**

A: Please see Amendment 2.

- **How will the Milliman HTG data be provided to the winning vendor?**

A: The successful Offeror is responsible to license HTG for their own use.

- **When will this data be available to reconcile against performance?**
 - **The timing of when the Milliman reporting will be made available to PBM impacts the related Performance Guarantees (PG-23 and PG-24 in Tab A-9 request penalties if guaranteed are paid to PEBA later than 180 days after the end of the Plan year).**
 - **To our knowledge, Milliman reporting is retrospective (not prospective); therefore, we assume the 2026 report would not be available within first 180 days of 2027 to allow offeror to meet the deadline for reporting and payment without missing the PG for payment timing.**
 - **Based on PEBA's response to questions above, will PEBA reconsider the timing of reporting and payment due to the timing of the Milliman data?**

A: PEBA will allow for reporting and payment due to the timing of Milliman data availability.

- **Are the dollars at risk for the trend guarantee separate from the dollars at risk for the 12 month PMPM guarantee?**

A: Please see amendment 2.

- **How will PEBA score the financial and technical aspect of each offer provided by bidders?**

A: Financial and technical evaluations are separate.

- **As it relates to the PMPM and trend guarantee, how are these two evaluated within the overall financial offer?**

A: Please see Amendment 2.

113. Scope of Work requirements 8 and 9 in Section E. Communications and Training and Q-8 and Q-9 in Tab A-2e Service Questionnaire require offeror to implement single sign-on capability from the My Health Toolkit website and mobile app to the Contractor's website and mobile app. Offeror currently has SSO capability in place with BlueCross BlueShield of South Carolina for web and mobile apps. Is PEBA requesting additional SSO arrangements to be implemented for the My Health Toolkit separately from what is in place with BCBSSC?

A: No.

114. Q-6 in Tab A-2e Service Questionnaire, Section E. Communications and Training, states, “The Contractor shall ensure all informational materials, letters, notices and collateral are cobranded with PEBA’s logo and the Contractor’s logo according to PEBA’s brand guidelines for vendors. The Contractor’s logo should reflect the relationship between PEBA and the Contractor with the use of a label such as “Administered by:”. The Contractor should follow other guidelines including size of logo, colors, typography and other styles as identified in the brand guidelines and should adhere to Associated Press style guidelines. All materials must be reviewed and approved by PEBA’s Communications Department prior to use.”

- Please confirm standard operational (e.g., communications related to drug recalls, or when the health or safety of a member may be in jeopardy) can be excluded from customization and/or branding.

A: Confirmed.

- Please confirm that some EGWP-specific communication that are based on Center of Medicare & Medicaid Services (CMS) templates may be exempt from customization and/or branding.

A: Confirmed.

115. Scope of Work Question 6 of Section B. Pharmacy Network Management Requirements and Q-37 in the Home Delivery Pharmacy Management section of Tab A-2b Service Questionnaire state, “The Contractor or its subcontractor shall allow for full-service dispensing of medications by South Carolina based locally owned independent pharmacies that have earned or are in the process of earning accreditation as a specialty pharmacy by an acceptable accreditation body, as well as pharmacies it owns or operates.”

- Please confirm that PEBA agrees that such pharmacies must hold appropriate formal accreditation (not in process of receiving accreditation)

A: Confirmed.

- Please confirm PEBA agrees that pharmacies that are not currently in network must comply with offeror’s pharmacy contract terms and meet offeror’s credentialing standards to become part of the PEBA pharmacy network.

A: Confirmed.

116. Q-59 in the Specialty Pharmacy (Biotech and Injectables) section of Tab A-2b Service Questionnaire states, “PEBA or its authorized agent shall have the right to review copies of the contract between pharmacies and the PBM.”

- Please confirm that the request applies to contract between PBM and PBM-owned specialty pharmacy.

A: Confirmed.

- **If this applies to retail network contracts, please confirm this will be part of the annual audit**

A: Confirmed.

- **Please confirm offeror can support this request by providing a sample of claims remittances to the participating pharmacies to demonstrate the PBM's administration of pass-through pricing. In any instance where the audit demonstrates that the amount billed to PEBA does not equal the pass-through amount paid to the participating pharmacy, PEBA or its auditor may perform an on-site audit of the applicable participating pharmacy contract rate sheet(s).**

A: The Contractor will provide a 10% sample selected by PEBA. Audits may be performed either onsite or virtually. See Amendment 2, Part 3, B. 11.

- **At a minimum, please confirm that that offeror can provide contract samples that redact non-PEBA client specific information within our pharmacy agreements that are considered trade secret/confidential.**

A: Confirmed; however, all information that is pertinent to the Work performed under this Contract, as determined by PEBA, must be disclosed to PEBA without redaction.

117. Scope of Work Question 11 of Section B. Pharmacy Network Management Requirements states, "PEBA or its authorized agent shall have the right to review copies of the contract between pharmacies and the PBM. Contractor agrees it will provide a 10% sample of prescription transactions filled by retail pharmacies (selected by PEBA) to validate passthrough reimbursement on no less than an annual basis."

- **If this applies to retail network contracts, please confirm this will be part of the annual audit**

A: Confirmed

- **Please confirm offeror can support this request by providing a sample of claims remittances to the participating pharmacies to demonstrate the PBM's administration of pass-through pricing. In any instance where the audit demonstrates that the amount billed to PEBA does not equal the pass-through amount paid to the participating pharmacy, PEBA or its auditor may perform an on-site audit of the applicable participating pharmacy contract rate sheet(s).**

A: The Contractor will provide a 10% sample selected by PEBA. Audits may be performed either onsite or virtually. See Amedment 2, Part 3, B. 11.

- **At a minimum, please confirm that that offeror can provide contract samples that redact non-PEBA client specific information within our pharmacy agreements that are considered trade secret.**

A: Confirmed; however, all information that is pertinent to the Work performed under this Contract, as determined by PEBA, must be disclosed to PEBA without redaction.

- **Additionally, we request that PEBA acknowledge that all parties (PBM and Retail Pharmacies) are required to agree to share retail contracts.**

A: Confirmed.

118. Scope of Work Question 5 of Section D. Customer Service and Q-5 in the Customer Service section of Tab A-2d Service Questionnaire state, “The Member Satisfaction Survey results must be submitted to PEBA’s Procurement Officer by January 31 of each year.” Offeror requests modification to report annual satisfaction results by February 15 of each year to allow for the collection and calculation of surveys distributed by December 31. Alternatively, offeror can report results based on the first three quarters of the year by January 31.

A: Agreed. See updated language in Amendment 2.

119. Contractor request [sic] the following modifications to Insurance terms to align with industry standards:

7.32 CONTRACTOR'S LIABILITY INSURANCE-GENERAL (FEB 2015): (a) Without limiting any of the obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the Contractor and their representatives, and employees. (b) Coverage shall be at least as broad as:

(1) Commercial General Liability (CGL): Covering CGL on an “occurrence” basis, including products-completed operations, personal and advertising injury, with limits no less than **\$1,000,000 per occurrence. If a general aggregate limit applies, the general aggregate limit shall be twice the required occurrence limit. This contract shall be considered to be an “insured contract” as defined in the policy.**

(2) Worker’s Compensation: As required by the State of South Carolina, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

(b) PEBA, its officers, officials, employees and volunteers, must be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations.

(c) For any claims related to this contract, the Contractor’s insurance coverage shall be primary insurance as respects the State, PEBA, and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, shall be excess of the Contractor’s insurance and shall not contribute with it.

(d) Prior to commencement of the work, the Contractor shall furnish the State with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this section. All certificates are to be received and approved by the State before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor’s obligation to provide them. The State reserves the right to require endorsements required by this section, at any time.

(e) Should any of the above described policies be cancelled before the expiration date

thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State as soon as practicable upon receiving any information that any of the coverages required by this section are or will be changed bringing said policy(ies) out of compliance with the requirements herein, cancelled or non-renewed unless said policy(ies) is/are immediately replaced by a substantially similar insurance program without a disruption in coverage while continuing to meet the requirements herein.

(f) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

(g) Any deductibles or self-insured retentions would be the sole responsibility of the Contractor.

(h) With agreement of Contractor, the State reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

A: In response to Questions 119 and 186, Section 7.32 has been revised as follows:

7.32 CONTRACTOR'S LIABILITY INSURANCE-GENERAL (FEB 2015): (a) Without limiting any of the obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the Contractor **and their representatives and employees.** (b) Coverage shall be at least as broad as:

(1) **Commercial General Liability (CGL): Covering** CGL on an "occurrence" basis, including products-completed operations, personal and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, the general aggregate limit shall be twice the required occurrence limit. This contract shall be considered to be an "insured contract" as defined in the policy.

(2) Worker's Compensation: As required by the State of South Carolina, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

(b) PEBA, its officers, officials, employees and volunteers, must be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or **operations.**

(c) For any claims related to this contract **where additional insured applies,** the Contractor's insurance coverage shall be primary insurance as respects the State, PEBA, and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, shall be excess of the Contractor's insurance and shall not contribute with it.

(d) Prior to commencement of the work, the Contractor shall furnish the State with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this section. All certificates are to be received and approved by the State before work commences. However, failure to obtain the required documents prior to

the work beginning shall not waive the Contractor's obligation to provide them. The State reserves the right to require proof of applicable coverage and endorsements required by this section, at any time.

(e) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State as soon as practicable upon receiving any information that any of the coverages required by this section are or will be changed bringing said policy(ies) out of compliance with the requirements herein, cancelled or non-renewed unless said policy(ies) is/are immediately replaced by a substantially similar insurance program without a disruption in coverage while continuing to meet the requirements herein.

(f) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

(g) Any deductibles or self-insured retentions must be declared to the State. The State may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

(h) With agreement of Contractor, the State reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

120. 7.33 CONTRACTOR'S LIABILITY INSURANCE—INFORMATION SECURITY AND PRIVACY (FEB 2015)

[ASK QUESTIONS NOW: For products providing the coverages required by this clause, the insurance market is evolving. Our research indicates that the requirements stated herein reflect commercially available insurance products. Any offeror having concerns with any specific requirements of this clause should communicate those concerns to the Procurement Officer prior to the adjournment of the Pre-Proposal Conference.]

(a) Without limiting any other obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, a policy or policies of insurance against claims which may arise from or in connection with the performance of the work and the results of that work by the Contractor and their representatives and employees or any other entity for which the Contractor is legally responsible.

(b) Coverage must include claims for:

(i) information security risks, including without limitation, failure to prevent unauthorized access to, tampering with or unauthorized use of a computer system; introduction of malicious codes, computer viruses, worms, logic bombs, etc., into data or systems; or theft, damage, unauthorized disclosure, destruction, or corruption of information in whatever form;

(ii) privacy risks, including (A) failure to properly handle, manage, store, dispose of, destroy, or otherwise control non- public personally identifiable information in any format; (B) loss of, unauthorized access to, or disclosure of confidential information; and (C) any form of invasion, infringement or interference with rights of privacy, including breach of security/privacy laws or regulations;

(iii) contractual liability for the Contractor's obligations described in the clauses titled "Indemnification - Third Party Claims – Disclosure Of Information" and "Information Use And

Disclosure;" and

(iv) errors, omissions, or negligent acts in the performance, by the Contractor or by any entity for which the Contractor is legally responsible, of professional services included in the work.

(c) If the work includes content for internet web sites or any publications or media advertisements, coverage must also include claims for actual or alleged infringement of intellectual property rights, invasion of privacy, as well as advertising, media and content offenses.

(d) If the work includes software, coverage must also include claims for intellectual property infringement arising out of software and/or content (with the exception of patent infringement and misappropriation of trade secrets)

(e) Coverage shall have limits no less than fifteen million (\$15,000,000.00) dollars per occurrence/claim or aggregate.

(f) If the insurance required by this clause is procured on a form affording "claims-made" coverage, then (i) all limits stated above as "per occurrence" shall be understood to mean "per claim" or "per occurrence," as is consistent with the terms of the "claims-made" policy; and (ii) such claims-made insurance shall provide for a retroactive date no later than the date the contract is awarded.

(g) All terms of this clause shall survive termination of the contract and shall continue until thirty (30) days past the final completion of the work, including the performance of any warranty work. In addition, Contractor shall maintain in force and effect any "claims- made" coverage for a minimum of two (2) years after final completion of all work or services to be provided hereunder. Contractor shall purchase an extended reporting period, or "tail coverage," if necessary to comply with the latter requirement.

(h) PEBA must be covered as additional insureds on the policy or policies of insurance required by this clause.

(i) Prior to commencement of the work, the Contractor shall furnish the State with original certificates of insurance for every applicable policy effecting the coverage required by this clause. All certificates are to be received and approved by the Procurement Officer before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The State reserves the right to require endorsements required by this section, at any time.

(j) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State as soon as practicable immediately upon receiving any information that any of the coverages required by this clause are or will be changed bringing said policy(ies) out of compliance with the requirements herein, cancelled or non-renewed unless said policy(ies) is/are immediately replaced by a substantially similar insurance program without a disruption in coverage while continuing to meet the requirements herein.

(k) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance as is required by this clause. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

(l) Any deductibles or self-insured retentions would be the sole responsibility of the Contractor.

A. In response to Questions 120 and 187, Section 7.33 has been revised as follows:

7.33 CONTRACTOR’S LIABILITY INSURANCE–INFORMATION SECURITY AND PRIVACY (FEB 2015)

[ASK QUESTIONS NOW: For products providing the coverages required by this clause, the insurance market is evolving. Our research indicates that the requirements stated herein reflect commercially available insurance products. Any offeror having concerns with any specific requirements of this clause should communicate those concerns to the Procurement Officer prior to the adjournment of the Pre-Proposal Conference.]

(a) Without limiting any other obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, a policy or policies of insurance against claims which may arise from or in connection with the performance of the work and the results of that work by the Contractor and their representatives and employees or any other entity for which the Contractor is legally responsible.

(b) Coverage must include claims for:

(i) information security risks, including without limitation, failure to prevent unauthorized access to, tampering with or unauthorized use of a computer system; introduction of malicious codes, computer viruses, worms, logic bombs, etc., into data or systems; or theft, damage, unauthorized disclosure, destruction, or corruption of information in whatever form;

(ii) privacy risks, including (A) failure to properly handle, manage, store, dispose of, destroy, or otherwise control non- public personally identifiable information in any format; (B) loss of, unauthorized access to, or disclosure of confidential information; and (C) any form of invasion, infringement or interference with rights of privacy, including breach of security/privacy laws or regulations;

(iii) contractual liability for the Contractor’s obligations described in the clauses titled “Indemnification - Third Party Claims – Disclosure Of Information” and “Information Use And Disclosure;” and

(iv) errors, omissions, or negligent acts in the performance, by the Contractor or by any entity for which the Contractor is legally responsible, of professional services included in the work.

(c) If the work includes content for internet web sites or any publications or media advertisements, coverage must also include claims for actual or alleged infringement of intellectual property rights, invasion of privacy, as well as advertising, media and content offenses.

(d) If the work includes software, coverage must also include claims for intellectual property infringement arising out of software and/or content (with the exception of patent infringement and misappropriation of trade secrets)

(e) Coverage shall have limits no less than four million (\$4,000,000.00) dollars per occurrence/claim or aggregate, and a Certificate of Insurance confirming cyber coverage limits may be requested before award.

(f) If the insurance required by this clause is procured on a form affording “claims-made” coverage, then (i) all limits stated above as “per occurrence” shall be understood to mean “per claim” or “per occurrence,” as is consistent with the terms of the “claims-made” policy; and (ii) such claims-made insurance shall provide for a retroactive date no later than the date the contract is awarded.

(g) All terms of this clause shall survive termination of the contract and shall continue until thirty (30) days past the final completion of the work, including the performance of any warranty work. In addition, Contractor shall maintain in force and effect any “claims- made” coverage for a minimum of two (2) years after final completion of all work or services to be provided hereunder. Contractor shall purchase an extended reporting period, or “tail coverage,” if necessary to comply with the latter requirement.

(h) PEBA must be covered as additional insureds on the policy or policies of insurance required by this

clause.

(i) Prior to commencement of the work, the Contractor shall furnish the State with original certificates of insurance for every applicable policy effecting the coverage required by this clause. All certificates are to be received and approved by the Procurement Officer before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The State reserves the right to require proof of applicable coverage and endorsements required by this section, at any time.

(j) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State as soon as practicable immediately upon receiving any information that any of the coverages required by this clause are or will be changed bringing said policy(ies) out of compliance with the requirements herein, cancelled or non-renewed unless said policy(ies) is/are immediately replaced by a substantially similar insurance program without a disruption in coverage while continuing to meet the requirements herein.

(k) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance as is required by this clause. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

(l) Any deductibles or self-insured retentions must be declared to the State. The State may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

121. The RFP schedule notes January 31 as PEBA's tentative response date for bidder questions. Please advise when additional questions submitted in writing prior to the adjournment of the pre-proposal conference (as noted in 1.34 of the Special Instructions section) will be answered. Will the overall timeline be modified with the change to the timing of the pre-proposal conference to ensure bidders have answers to questions to factor PEBA's responses into their proposal?

A: See Schedule of Key Dates.

122. Please confirm digital and/or DocuSign signatures are acceptable for signature pages.

A: Confirmed as long as signature is from a party who has authority to bind the Offeror.

123. Please confirm responses to questions and requirements in Scope of Work Section K. Implementation Plan, Section K. Implementation Program in A-2k Service Questionnaire, and PG-17. Final Implementation Plan in A-9 Performance Guarantees, are not applicable for the incumbent PBM.

A: Not confirmed.

124. Tab A-8: Formulary Analysis requests Preferred Drug Lists for the commercial and EGWP plans. Please confirm these can be provided electronically only (not printed) due to extensive page count of the files.

A: Confirmed. Please provide Preferred Drug Lists in Excel format.

125. Requirement 2 in Section B. Pharmacy Network Management Requirements of the Scope of Work and Q-2. in Tab A-2b Service Questionnaire state, "The Contractor shall contact all retail pharmacy chains, PEBA-defined locally owned independent pharmacies and nursing home pharmacies operating in South Carolina to solicit their participation in the pharmacy network." Please confirm PEBA will provide PBM with the list of pharmacies to be solicited if they are not already in network.

A: PEBA will provide the locally owned pharmacy list and those pharmacies currently in the specialty pharmacy network. See Attachment 21 -- Local Independent Pharmacy List and Attachment 20 -- PEBA Specialty.xlsx. Not confirmed. The Successful Offeror is responsible for any other pharmacy not currently in the network.

126. Tab A-9: Performance Guarantees, PG-20 Communication Violation requests a penalty of \$1,000 per person up to a maximum of \$1 million for each violation.

- **Please confirm the \$1,000 penalty is per impacted member**
- **Please confirm the \$1 million maximum will be capped within the offeror's total performance guarantee pool offered to PEBA for all ongoing service guarantees.**

A: No; the language stands as written.

127. PG-10. In Tab A-9 Performance Guarantee requires that all maintenance ID cards will be mailed within the time specified following receipt of a processable eligibility tape (99.0% within 4 business days).

- **Please confirm timing is measured from receipt of the member record in offeror's eligibility system after CMS approval**
- **Please confirm ID card timing can be adjusted to align with CMS standards, which require EGWP member ID cards to be processed and mailed within 10 days from the assigned transaction reply report (TRR) date.**

A: Offerors will need to state the CMS guideline and then comply with said guidelines for mailing ID cards and timing of mailing requirements can be adjusted to align with CMS standards.

128. PG-19 In Tab A-9 Performance Guarantee requires that “all” pricing guarantees owed to PEBA are provided to PEBA no later than one-hundred-eighty (180) days after the end of the Plan Year. Please detail which pricing guarantees apply to this PG to ensure offeror accounts for any potential risk.

A: PG-19 in Tab A-9 refers to the net PMPM cost guarantee as described in Section M.6b.

129. For the Brand Prescription Drug and Generic Prescription Drug in Section 1.1 Definitions, Capitalization, and Headings, please confirm PEBA will allow offeror to support the requested definitions for reconciliation purposes but utilize PBM’s existing Brand and Generic drug definition methodologies for adjudication purposes.

A: Confirmed.

130. The Subcontractor definition in Section 1.1 Definitions, Capitalization, and Headings states, “Subcontractor means any person or entity having a contract to perform work or render service to Contractor as a part of the Contractor’s agreement arising from this solicitation and is not limited to only those entities retained by the Contractor exclusively to perform work arising from this solicitation.” Offeror requests modification as the definition is overly broad and based on the plain language could include individual contractors retained to support the PEBA account or vendors such as UPS, FedEx, DHL that perform services but are not considered by offeror to be subcontractors. We request that the definition be revised to be specific to entities retained by the Contractor exclusively to perform services for PEBA arising from this solicitation.

A: PEBA does not intend ‘Subcontractor’ to encompass general support services available to the public without a contract, such as the delivery services noted by Offeror. The definition of “Subcontractor” has been revised: “Subcontractor means any person or entity having a contract to perform **Work** or render service to Contractor as a part of the Contractor’s agreement arising from this solicitation and is not limited to only those entities retained by the Contractor exclusively to perform **Work** arising from this solicitation.”

131. In Section 7.41 Indemnification-Intellectual Property (JAN 2006), part a. requires Contractor to be responsible for “all damages, settlement payments, attorneys’ fees (including inside counsel)” relating to an IP right related to an acquired item from a third party. Liability for PEBA’s attorney fees for Intellectual Property provisions from third-party lawsuits is non-standard in the industry for PBM services; as such, offeror requests removal of this portion of the requirement.

A: No; the clause stands as written.

132. Section I. Financial Requirements, 6.a. Pharmacy rebates due to PEBA and Q-6 in Tab A-2i Service Questionnaire Pharmacy states, “Rebates shall provide complete pass through of all revenue the Contractor receives from outside sources related to PEBA’s utilization or enrollment of programs, which includes, but is not limited to, manufacturer payments, rebates, fees, discounts, grants or payments of any kind associated with the utilization of the PEBA pharmacy benefit program.” As with our question in Section 1.1 (Definitions, Capitalization, and Headings), please confirm offeror can maintain the current agreement regarding pass through of all revenue the contractor receives along with any definitions within our current agreement that conflict with any definitions listed in the RFP.

A: No.

133. For the EGWP population, please confirm the PMPM offer (Tab A-10: Financial Proposal) should fully exclude the 10 Maximum Fair Price (MFP) drugs announced by CMS for 2026. Additionally, please confirm offeror reserves the right to adjust all financial guarantees and/or remove claims from the financial guarantees for drugs selected for the Medicare Drug Price Negotiation Program under the Inflation Reduction Act in subsequent plan years.

A: Not confirmed. The 10 MFP drugs for 2026 are known and are not to be excluded from the financial guarantees for the EGWP plan. PEBA will collaborate with the successful offeror in the development of any adjustment that will be made to financial guarantees in 2027 and subsequent years.

134. Can you provide confirmation that SC PEBA will be responding in writing to our Pre-proposal Conference questions sent via email on Thursday, January 23, 2025 4:50 PM? (They were not discussed at the pre-proposal conference on January 27th)

A: See questions 121-133 above.

135. In searching the RFP and don’t see an actual definition of “Rebate” “Manufacturer Revenue” and “Manufacturer Payments” Please provide formal definitions of these terms (*capital “R” rebates, capital “M.R.” and capital M.P.” etc.*).

A: See Amendment 2.

136. *Scope of Work, Question 7 of Section A. Pricing and Cost Containment Requirements states, "Actual trends will be measured against the Milliman Health Trend Guidelines and be 30% lower than the reported trend under the completed 'South Atlantic ASO completed drug' subset."*

Discussions on the 'spirit' of how Net PMPM trend guarantee is expected to be operationalized still leaves many questions on the specifics. Can that section be enhanced with details on exactly how PEBA expects the Milliman / PMPM Net Guarantee process to work so that bidders can accurately submit? (Include details on what bidders need to provide for 2026, what happens for 2027, etc. and more.)

A: See Amendment 2.

137. **Since there are essentially no discount guarantees due to only financial measurement being PMPM Net Trend, can the RFP bid be revised such that bidders don't need to submit values for retail/mail/specialty discounts?**

A: See updated Financial Proposal (Excel) document. Offerors need to submit values for Tables I, II and III in their entirety. Administrative fees, Medicare Part B Coordination Solution administrative fee and amount at risk go directly to financial evaluation. Dispensing fees are used to support PEBA's financial evaluation.

The following questions were submitted in writing by Vendor D. (Answers follow.)

138. **Part 5, INFORMATION FOR OFFERORS TO SUBMIT, b & d**
Would PEBA accept unbound paper copies of the Technical and Business proposal if the vendor does not have the capability to spiral bind?

A: No. Submit as required.

139. **Part 3, Scope of Work M. Performance Standards and Guarantees (Liquidated Damages) / Part 5, Information for Offerors to Submit, Tab A-9 Performance Guarantees**

Is it the client's intent to have the Performance Guarantees measured as a combined Commercial and EGWP result, unless otherwise specified?

A: Yes.

140. Part 5, Information for Offerors to Submit, Tab A-9 Performance Guarantees

PG-15 Final Reconciliation states: The Contractor will calculate and submit final cost reports to client for client's review under Step 6 of Final Reconciliation of the current Retiree Drug Subsidy claim. On or before the tenth workday following the date client completes Step 5 of Final Reconciliation. Please clarify what Steps 6 & 5 refer to? We were unable locate this in the RFP.

A: See Section H, 3.c for language. The Contractor will calculate and submit final cost reports to client for client's review in order to complete Final Reconciliation of the current Retiree Drug Subsidy claim. On or before the tenth workday following the date contractor and client finalize the covered retiree list during Final Reconciliation.

141. General

Please provide NABP's for in-house pharmacies.

A: There are no in-house pharmacies.

142. Part 3, Scope of Work B. Pharmacy Network Management Requirements

Will PEBA determine in-house pharmacy pricing (similar to Locally Owned Pharmacies)? Or will in-house pharmacies assume contracted network rates from PBM?

A: There are no in-house pharmacies.

143. Part 3, Scope of Work B. Pharmacy Network Management Requirements

Please provide NABP's for all Locally Owned Pharmacies.

A: PEBA maintains the list using pharmacy NPI.

144. Part 3, Scope of Work B. Pharmacy Network Management Requirements

Confirm the Guaranteed Net PMPM trend guarantees are inclusive of administrative fees and dispensing fees for home delivery and specialty.

A: Confirmed.

145. Part 3, Scope of Work B. Pharmacy Network Management Requirements, 6

In the Scope of Work, Part B, “Pharmacy Network Management Requirements” #6, confirm that the commercial members shall not be permitted to fill specialty medications at retail pharmacies. The commercial specialty network shall only include PBM-owned or affiliated pharmacies and Locally Owned Pharmacies.

A: Specialty medications may be filled at the PBM-owned or affiliated pharmacies and participants in the custom credentialed specialty network.

146. Part 3, Scope of Work A. Pricing and Cost Containment Requirements, 7.a

In the Scope of Work Part A, “Pricing and Cost Containment Requirements” #7a, please provide more detail around the Milliman Health Trend Guidelines and the “South Atlantic ASO Completed Drug” subset and the intent of this term.

A: 70% of the Milliman Health Trend Guidelines (South Atlantic ASO Completed Drug Subset) is the allowable growth in net per member per month costs for the Commercial and EGWP Plans. For example, the 2027 net per member per month cost will be equal to:

2026 Net Per Member Per Month Guarantee Amount * 1 + (Milliman Benchmark *.70).

For example, assume that the 2026 Net PMPM is \$100.00 and the 2026 Milliman Health Trend Guidelines (South Atlantic ASO Completed Drug Subset) factor is 10%. The 2027 Net PMPM cost target is \$107.00 PMPM.

147. General

Please confirm total RDS members.

A: There are 3,171 RDS covered lives as of January 15, 2025.

148. Enrollment Data

In the eligibility file, confirm that all patient ID’s with a “Y” Medicare flag are EGWP or Part B wrap members.

A: Members with a ‘Y’ Medicare flag are Medicare eligible. Only subscriber types retiree and survivor are Medicare participants.

149. PG Category Tab, PG-12

PG-12 is requesting confirmation that 98% of primary eligible members will have at least 1 participating pharmacy within 5 miles of their home zip code. Please provide the member zip codes so that we can ensure compliance with this guarantee.

A: Census data are provided as part of the confidential data supplied to providers. Confidential data receipt requires execution of the non-disclosure agreement included with the RFP (Attachment 6).

150. PG-17: Implementation Plan

PG-17: Implementation Plan: The Final Implementation Plan, as described in Tab-A-2k Questionnaire will be submitted to PEBA. Target: On or before May 15, 2021. Please confirm the target date as this one is incorrect.

A: See Question 55.

152. B.8

Please confirm acquisition cost pricing is only being requested for mail or home delivery pharmacies and not specialty pharmacy?

A: Acquisition cost pricing is required for mail / home delivery and specialty pharmacies.

152. Part 2: Scope of Proposal paragraph 2

RFP language clarification:

Under this arrangement, PEBA will receive all manufacturer payment amounts as proposed by the Contractor in response to this RFP, in addition to all monies received by the Contractor from pharmaceutical manufacturers revenue including but not limited to formulary, price protection and other rebates, manufacturer administrative fees, and other manufacturer revenue paid to the PBM attributable to the utilization of PEBA's pharmacy benefit program.

Does PEBA agree that this is the definition of "Rebate" as used in this RFP and Agreement?

A: See Amendment 2.

153. E.2

Please confirm the length of Benefits Identification Number (BIN), that PEBA assigns and provides, and confirm whether it is unique per member.

A: The length of the BIN is 8 digits and is unique to the Subscriber. Dependents do not have a separate BIN unless they are covered under EGWP and if so, two additional digits are tacked on to Member BIN.

154. E.3

Please clarify what “home delivery pharmacy expirations” is referring to.

A: Home delivery pharmacy expirations as referenced in Part 3.E.3, refers to those prescriptions filled through home delivery that are set to expire and would need renewal by the prescriber if appropriate.

155. E.5

Please provide more information on the types of campaigns and the operational updates that would be in scope for the marketing and communications staff member.

A: Campaigns might include, but are not limited to, flyers to promote the mobile app and/or functionalities of the Contractor’s website and mobile app. Operational updates might include, but are not limited to, changes to the formulary or other changes to benefits.

156. F.8

Please confirm if “performance standards are outlined in Part 3.I, Financial Requirements” is referring to “M. Performance Standards and Guarantees (Liquidated Damages)”.

A: Please see response to Q34.

157. G.7

Please clarify what subsequent PDE data is needed beyond the PDE data submitted to CMS.

A: The contractor is required to provide PEBA with a full PDE dataset. The PDE submission should mirror the production of claims files that are produced and transmitted to PEBA.

158. H.2.d

Please confirm that PEBA will be responsible for indicating any support required by contractor and required information on contractor’s RDS Intake form which must be completed annually during the RDS application process. The RDS Handbook provided by CMS RDS online provides CMS timeframes for the annual application process.

A: Confirmed.

159. H.4

Please confirm that PEBA will be responsible for drafting the NOCC (CMS provides sample templates).

A: The Contractor shall produce and distribute via regular mail Notice of Creditable Coverage letters upon release of CMS guidance. The Contractor shall provide PEBA with sample of the letter for PEBA approval prior to distribution.

160. M.1

RFP language clarification:

The Contractor shall strictly adhere to their proposed performance standards and guarantees for deviation from those standards as agreed to between PEBA and the Contractor.

Please clarify intent of this statement.

A: See updated language in Amendment 2.

161. Instructions to Offerors 1.10, Section 3, Item b (3)

Does PEBA mean that if a party successfully challenged our redactions under South Carolina's FOIA law, then a court of competent jurisdiction could order public disclosure?

A: Section 1.10(b)(3) states: "[Contractor] agrees that, notwithstanding any claims or markings otherwise, any prices, commissions, discounts, or other financial figures used to determine the award, as well as the final contract amount, are subject to public disclosure." Section 1.10 does not address FOIA litigation or the potential outcomes of such litigation. However, it is possible for a court to order the public disclosure of information that has been marked trade secret or confidential if the court finds that the information does not meet a statutory exemption from disclosure.

Will PEBA accept the following proposed RFP modifications/ redlines?

162. 2(d)

Business Associate agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created or received by, Business Associate on behalf of Covered Entity available to the Covered Entity or the Secretary, within thirty (30) days of a written request by the Covered Entity or the Secretary, for the purpose of permitting the Secretary to determine Covered Entity's compliance with the HIPAA Rules

Would PEBA accept the following modification to this requirement?

Internal practices, books, and records, including policies and procedures and PHI, will only be provided to the Secretary. Business Associate will provide Covered Entity a copy of the records given to the Secretary.

A: No.

163. 2(i)

Business Associate agrees to notify Covered Entity within two (2) business days of becoming aware of any use or disclosure of PHI not provided for by the Agreement or of any security incident resulting in the successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system, or resulting in any "Breach" of "Unsecured Protected Health Information," as required by 45 CFR 164.410.

Business Associate agrees to notify Covered Entity within **three (3)** ~~two (2)~~ business days of becoming aware of any use or disclosure of PHI not provided for by the Agreement or of any security incident resulting in the successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system, or resulting in any "Breach" of "Unsecured Protected Health Information," as required by 45 CFR 164.410.

A: No.

164. A.9

PEBA has the right to audit copies of the Contract and any supporting materials between the pharmaceutical manufacturers, the Contractor and any subcontractor or affiliate it may use for the purposes of pharmaceutical manufacturer rebate monies aggregation. The audit will include only those portions of the pharmaceutical manufacturer agreements as necessary to determine Contractor compliance with the terms and conditions of this Contract between PEBA and the Contractor and shall include an overview of the processes for reporting data to manufacturers, accounting for rebates earned and allocating rebates to PEBA. An audit may be requested once annually and will be conducted between January through September in a mutually agreeable location as scheduled by agreement of the parties but no sooner than sixty (60) days after execution of a confidentiality agreement between PEBA, the Contractor and other necessary parties. PEBA shall have the exclusive right to select as PEBA's auditor any entity PEBA chooses, provided that any audit of the Contractor's agreements with pharmaceutical manufacturers may be conducted only by entities that:

- a. Have demonstrable experience in conducting pharmaceutical manufacturer revenue audits;
- b. Carry insurance for professional malpractice of at least \$2,000,000; and
- c. Have executed a mutually agreeable confidentiality agreement with the Contractor.

Does PEBA agree to the following addition to the current language:

"Audit of pharmaceutical manufacturer agreements may include no more than the top 10 pharmaceutical manufacturers and/or 80% of rebate spend, whichever is less."

A: No; however, audit of pharmaceutical manufacturer agreements may include no more than 10 pharmaceutical manufacturers and/or 80% of rebate spend. See updated language in Amendment 2.

165. B.6

The Contractor or its subcontractor shall allow for full-service dispensing of medications by South Carolina based locally owned independent pharmacies that have earned or are in the process of earning accreditation as a specialty pharmacy by an acceptable accreditation body, as well as pharmacies it owns or operates. Members in the Commercial Plan are required to purchase specialty medications at a specialty pharmacy network pharmacy.

The Contractor or its subcontractor shall allow for full-service dispensing of medications by South Carolina based locally owned independent pharmacies that have earned or are in the process of earning accreditation as a specialty pharmacy by an acceptable accreditation body, as well as pharmacies it owns or operates, provided these pharmacies have passed Contractor's credentialing process. Members in the Commercial Plan are required to purchase specialty medications at a specialty pharmacy network pharmacy.

- A:** Language in Part 3.B.1 describes the requirements related to providing a network of participating pharmacies. Specialty pharmacies considered for participation in the Custom Credentialed Specialty Pharmacy network should be subject to those same standards used by the Contractor for network participation.

166. B.8

The Contractor shall invoice PEBA acquisition costs plus a dispensing fee for all prescriptions filled by home delivery pharmacies with whom it or its subcontractor are affiliated. Contractor shall provide documentation as to its internal processes and controls it has deployed to substantiate acquisition costs billed to PEBA. Contractor agrees it will provide a 10% transaction sample of prescriptions filled by home delivery pharmacies (selected by PEBA) to validate acquisition costs on no less than an annual basis. Data provided by the Contractor for this purpose will be linkable with a transaction identifier to the claims data extract used for payment substantiation.

In response to Scope of Work, Part B, "Pharmacy Network Management Requirements" #8, would PEBA accept the following addition/ modification to section 1.1 "Definitions, Capitalization, and Headings:"

"Acquisition Cost" means the Contractor's actual net purchase price for the ingredient(s) dispensed from a Home Delivery Pharmacy for a Prescription as reflected in the most recent purchase invoices and/or remittance statements received from the Contractor's pharmacy's wholesaler, manufacturer, distributor or any other seller for the applicable drug on the date dispensed, subject to allocated adjustments listed below. "Acquisition Cost" applies only to Claims dispensed at Home Delivery Pharmacies owned by the Contractor or its affiliates. "Acquisition Cost" does not apply to Claims filled at a non-Contractor Home Delivery pharmacy, including but not limited to Specialty, Genoa, DivvyDose pharmacies, infusion pharmacies and non-Contractor owned Specialty Pharmacies, such as Frontier. Any portion of the Claim paid by a Drug Manufacturer under a copay assistance, patient assistance, or Drug Manufacturer coupon program shall be excluded from the Acquisition Cost calculation.

For Acquisition Cost, Client's auditor shall have the right to validate the Acquisition Cost for a sampling of Claims for which Acquisition Cost applied. The sample Claims will be selected by PEBA's auditor. Contractor will provide PEBA's auditor with a select number of wholesaler invoices and remittance statements needed to validate Acquisition Cost. If material discrepancies are

found, the parties agree that Client may reasonably increase the Claim sample for validation to ensure that Acquisition Cost is being applied as expected.

For purposes of the annual reconciliation of Acquisition Cost, Contractor shall permit a mutually agreeable top accounting firm that is also agreeable to Contractor's wholesaler to validate that Acquisition Cost has been passed through and paid to Client as further described in Contractor's Acquisition Cost Pricing offering.

A: No; the requirement stands as written.

167. A.6

The Contractor shall propose net per member per month (PMPM) cost guarantees separately for both the Commercial and EGWP plans. Proposed pricing guarantees shall be calculated as the sum of administrative expenses plus Plan claim expenses less any pharmaceutical revenue and EGWP subsidies divided by the number of member months in the Commercial and EGWP plans. The calculation shall be performed separately for the Commercial and EGWP plans. Exclusions to the per member net cost guarantees are as follows:

- a. Brand and generic 30-day supply prescription drugs filled at South Carolina based, locally owned pharmacies as defined by PEBA;
- b. Brand drugs that are new to market during the Plan calendar year;
- c. Nursing home based pharmacies;
- d. Veterans Administration and all Military Treatment Facility pharmacy claims; and
- e. Compound prescription drugs.

The Contractor shall propose net per member per month (PMPM) cost guarantees separately for both the Commercial and EGWP plans. Proposed pricing guarantees shall be calculated as the sum of administrative expenses plus ~~Plan~~ Total claim expenses less any pharmaceutical revenue and ~~EGWP subsidies~~ divided by the number of member months in the Commercial and EGWP plans. The calculation shall be performed separately for the Commercial and EGWP plans. Exclusions to the per member net cost guarantees are as follows:

- a. Brand and generic 30-day supply prescription drugs filled at South Carolina based, locally owned pharmacies as defined by PEBA. ~~If Locally Owned Pharmacy and in-house pharmacy utilization materially changes during any contract period, then Contractor reserves the right to amend or modify the Guaranteed Net PMPM trend guarantee;~~
- b. Brand drugs that are new to market during the Plan calendar year;
- c. Nursing home based pharmacies;
- d. ~~Claims subject to any government mandated coverage or reimbursement or federal discount program;~~
- e. Veterans Administration and all Military Treatment Facility pharmacy claims;
- f. Compound prescription drugs;
- g. ~~In-house pharmacy claims;~~
- h. ~~DAW 1 and DAW 2 claims;~~
- i. ~~Claims greater than \$500,000; and~~
- j. ~~Vaccines.~~

A: Please see updated language in Amendment 2.

168. B.11

PEBA or its authorized agent shall have the right to review copies of the contract between pharmacies and the PBM. Contractor agrees it will provide a 10% sample of prescription transactions filled by retail pharmacies (selected by PEBA) to validate passthrough reimbursement on no less than an annual basis. Data provided by the Contractor for this purpose will be linkable with a transaction identifier to the claims data extract used for payment substantiation.

PEBA or its authorized agent shall have the right to review 100% of remittance statements for all adjudicated pass-through prescriptions. ~~copies of the contract between pharmacies and the PBM.~~ Contractor agrees it will provide a 10% sample of prescription transactions filled by retail pharmacies (selected by PEBA) to validate passthrough reimbursement on no less than an annual basis. Data provided by the Contractor for this purpose will be linkable with a transaction identifier to the claims data extract used for payment substantiation.

A: No; the requirement stands as written.

169. A.7

The Contractor shall reconcile the actual net PMPM with the guaranteed PMPM amount on an annual basis. The Contractor shall reimburse PEBA the calculated financial difference between actual net PMPM cost performance and the guaranteed net PMPM cost performance up to the amount put at risk by the offeror. This reconciliation, including payment amounts to PEBA, shall occur one hundred-eighty (180) days after the end of each Plan year and will be based on administrative fees, claims and pharmaceutical rebate monies accrued and paid up to 180 days after the end of each Plan year.

a. Actual trends will be measured against the Milliman Health Trend Guidelines and be 30% lower than the reported trend under the completed "South Atlantic ASO completed drug" subset.

$$\text{TBD PMPM 2025} \div \text{TBD PMPM 2024} = \text{A\%}$$

b. Claims will not be adjusted for plan design, demographic and geographic shifts.

c. Large claims/claimants will not be excluded.

$$\text{PEBA PMPM 2025} \div \text{PEBA PMPM 2024} \leq \text{A\% minus } \underline{\hspace{1cm}} \%$$

The Contractor shall reconcile the actual net PMPM with the guaranteed PMPM amount on an annual basis. The Contractor shall reimburse PEBA the calculated financial difference between actual net PMPM cost performance and the guaranteed net PMPM cost performance up to the amount put at risk by the offeror **per the settlement terms**. This reconciliation, including payment amounts to PEBA, shall occur one hundred-eighty (180) days after the end of each Plan year and will be based on administrative fees, claims and pharmaceutical rebate monies accrued and paid up to 180 days after the end of each Plan year.

~~a. Actual trends will be measured against the Milliman Health Trend Guidelines and be 30% lower than the reported trend under the completed "South Atlantic ASO completed drug" subset. TBD PMPM 2025 ÷ TBD PMPM 2024 = A%~~

b. Claims will not be adjusted for plan design, demographic and geographic shifts.

~~c. Large claims/claimants will not be excluded.~~

$$\text{PEBA PMPM 2025} \div \text{PEBA PMPM 2024} \leq \text{A\% minus } \underline{\hspace{1cm}} \%$$

A: Please see Amendment 2.

170. A.7

The Contractor shall reconcile the actual net PMPM with the guaranteed PMPM amount on an annual basis. The Contractor shall reimburse PEBA the calculated financial difference between actual net PMPM cost performance and the guaranteed net PMPM cost performance up to the amount put at risk by the offeror. This reconciliation, including payment amounts to PEBA, shall occur one hundred-eighty (180) days after the end of each Plan year and will be based on administrative fees, claims and pharmaceutical rebate monies accrued and paid up to 180 days after the end of each Plan year.

a. Actual trends will be measured against the Milliman Health Trend Guidelines and be 30% lower than the reported trend under the completed "South Atlantic ASO completed drug" subset.

$$\text{TBD PMPM 2025} \div \text{TBD PMPM 2024} = \text{A\%}$$

b. Claims will not be adjusted for plan design, demographic and geographic shifts.

c. Large claims/claimants will not be excluded.

$$\text{PEBA PMPM 2025} \div \text{PEBA PMPM 2024} \leq \text{A\% minus } \underline{\hspace{1cm}} \%$$

Would PEBA accept adding the following language to Part A, "Pricing and Cost Containment Requirements", #7 in the Scope of Work document:

Client Directed Change: At any time between the date of the RFP and the Effective Date or during the Term or the Agreement, The Contractor may adjust affected financial provision (effective as of the date of the change) for Client or Client's customer(s), if any of the following occur: (a) Client or Client's customer makes any change to its formulary, utilization management or clinical programs, Benefit Plan, Cost Share, exclusions, or specialty drug list.

Market Event: At any time between the date of the RFP and the Effective Date or during the Term of the Agreement, the Contractor and PEBA will mutually agree to modify or amend the financial provisions of this Agreement in the event of an external event or industry change impacting the Contractor's performance under the Agreement, including but not limited to: (a) any government imposed change in federal, state or local laws or interpretation thereof or industry wide change that makes the Contractor's performance of its duties hereunder materially more burdensome or expensive, including changes to the AWP benchmark or methodology; or (b) the unexpected movement of a branded product to off-patent or if Generic Drugs, Authorized Brand Alternative Drugs, low priced Brand Drugs or over-the-counter substitutes become available; or (c) if there is a change impacting the availability or amount of Rebates offered by Drug Manufacturers, including changes related to the elimination or material modification of a Drug Manufacturer's historic models or practices related to the provision of Rebates

Change in Scope: At any time between the date of the RFP and the Effective Date or during the Term of the Agreement, the Contractor reserves the right to modify or amend the financial provisions of this Agreement if any of the following occur: (i) a change in the scope of services to be performed under this Agreement, including, but not limited to, a change in the Plan Specifications or the exclusion of a service line (i.e. retail & Home Delivery) from Client's service selection; (ii) a change of greater than 10% in the total number of Members from the number provided to the Contractor during pricing negotiations; (iii) any substantive change in Client's

formulary, Member Cost Share, Benefit Plan design, exclusions, utilization management programs, or administrative edits; or (iv) the Contractor is no longer the preferred Specialty Pharmacy provider. For modifications or amendments made pursuant to (i), (ii), (iii), or (iv) above, Client agrees to provide the Contractor at least ninety (90) days' notice prior to making any changes. In the event the pricing needs to be modified, the Contractor shall provide Client with notification of any pricing modifications 45 days prior to implementation.

General: The Guaranteed Net PMPM trend guarantee is the only financial guarantee under this Agreement; no other discount guarantee(s), rebate guarantees, or other financial guarantee shall apply. The Guaranteed Net PMPM trend guarantee is conditioned upon the accuracy and completeness of claims file and other information used to underwrite the Guaranteed Net PMPM trend guarantee. Should a Pricing Condition/Reservation of Right occur, the Contractor may equitably adjust the Guaranteed Net PMPM trend guarantee.

Demographic Changes: As determined by the Contractor, should demographics (i.e. age/gender or other factors) change by more than five percent (5%), the Contractor may adjust the Guaranteed Net PMPM trend guarantee.

Shortages: In the event a Prescription Drug shortage, recall, public health and/or other material safety concern impacting or related to the distribution or dispensing of Prescription Drugs occurs, the Contractor may equitably adjust the Guaranteed Net PMPM trend guarantee to account for the impact of any such occurrence.

A: See updated language in Amendment 2.

171. E.6

The Contractor shall ensure all informational materials, letters, notices and collateral are cobranded with PEBA's logo and the Contractor's logo according to PEBA's brand guidelines for vendors. The Contractor's logo should reflect the relationship between PEBA and the Contractor with the use of a label such as "Administered by:". The Contractor should follow other guidelines including size of logo, colors, typography and other styles as identified in the brand guidelines and should adhere to Associated Press style guidelines. All materials must be reviewed and approved by PEBA's Communications Department prior to use.

The Contractor shall ensure ~~all PBM plan~~ informational materials, letters, notices and collateral are cobranded with PEBA's logo and the Contractor's logo according ~~to mutually agreed upon guidelines. Due to compliance and regulatory restrictions, some information cannot be customized. The Contractor will coordinate PEBA's Communications Department's review and approval of plan material templates to support compliance with all applicable state and federal regulations, as well as health literacy standards. PEBA's brand guidelines for vendors. The Contractor's logo should reflect the relationship between PEBA and the Contractor with the use of a label such as "Administered by:". The Contractor should follow other guidelines including size of logo, colors, typography and other styles as identified in the brand guidelines and should adhere to Associated Press style guidelines. All materials must be reviewed and approved by PEBA's Communications Department prior to use.~~

A: PEBA will not accept changes to this requirement, but understands some communications, such as CMS required communications, will have limited customization.

172. G.4

The Contractor will provide PEBA the CMS Monthly Membership Report (MMR) and Plan Payment Report (PPR) file as subsidy payments are pass throughs to PEBA.

The Contractor will provide PEBA the CMS Monthly Membership Report (MMR) ~~and Plan Payment Report (PPR) file as subsidy payments are pass throughs~~ to PEBA.”

A: No; the requirement stands as written.

173. G.14

The Contractor shall develop and implement in conjunction with PEBA and its designees, a comprehensive communication and Member education campaign to assure maximum participation in the EGWP Plan.

Please confirm PEBA accepts the following clarification.

The Contractor creates and distributes communications throughout the year as needed and based on plan design. Examples include changes to the member’s pharmacy benefit plan, formulary, or network. These may be distributed on an ad hoc basis or on a predetermined schedule, depending on the type of communication and PEBA’s preference. Extra costs may be involved depending on the complexity of the request.

A: Not confirmed.

174. H.5

5. The Contractor shall provide PEBA with sample communication language to use with Medicare-eligible populations. The Contractor shall provide template communication language for the following communication materials:

- a. Newsletter articles;
- b. Frequently asked questions (FAQs) and their corresponding responses to be used in communications or CSR training; and
- c. Medicare Part D specific content for benefit materials, welcome kits and open enrollment campaigns.

Please confirm that PEBA accepts the following clarification.

The Contractor creates and distributes communications throughout the year as needed and based on plan design. Examples include changes to the member’s pharmacy benefit plan, formulary, or network. These may be distributed on an ad hoc basis or on a predetermined schedule, depending on the type of communication and PEBA’s preference. Extra costs may be involved depending on the complexity of the request.

A: Not confirmed.

175. PG-4

Participant Overall Satisfaction Rate: a) The Contractor will conduct after-call surveys to gauge participant satisfaction on a monthly basis. (See Part 3, Section D.4 of the RFP). The overall satisfaction rate will meet or exceed the specified goal. After-call satisfaction survey results shall be submitted to PEBA within fifteen (15) days after the end of each quarter b) The Contractor will conduct member satisfaction surveys to gauge satisfaction with the Contractor on an annual basis. (See Part III, Section D.5 of the RFP). The overall satisfaction rate will meet or exceed the specified goal.

Please confirm that PEBA accepts the following proposed modified language: Overall member satisfaction survey results will be "Satisfied" or greater for at least 90% of respondents. Member satisfaction results will be measured by the responses to Contractor's member post-call "Voice of the Client" satisfaction survey. Client specific measurement contingent upon Client having at least 400 completed surveys per measurement period.

A: Not confirmed. The Offeror should propose their survey for PEBA approval as stated in Part 3 Section D.5.

Please also confirm that PEBA will accept the following: results will be available 45 days after the close of the quarter.

A: Agreed.

176. PG-5

PG-5: Automated Claim System Availability Rate: The automated claims system will be available 24 hours a day, 7 days per week.

Please confirm that PEBA accepts the following proposed additional language to be added: Measurement excludes telecommunication failures and scheduled system maintenance. Measured and reported using Contractor book of business measurement.

A: Not confirmed.

177. PG-1

Average Speed to Answer: a.) The dedicated toll-free customer service phone line will answer calls within the time specified. Measurement will be from the initial ring

Please confirm that PEBA accepts the following proposed additional language to be added: Measurement will be from the initial ring, after the caller has selected to speak with a live agent.

A: Agreed.

178. PG-20

Communication Violation: A communication sent in violation of Sections 7.21 Advertising Use and Representation: Contact with State Entities or Part 3, Section E.11, Communications and Training.

Please confirm that PEBA will remove this penalty from the Performance Guarantees. The contract language already stipulates a penalty for this, therefore, a separate PG would not be applicable.

A: Agreed.

179. M.1

The Contractor's proposed performance standards and guarantees shall be specific to PEBA and shall not be measured by an aggregate of Contractor's overall book of business.

The Contractor's proposed performance standards and guarantees shall be specific to PEBA and shall not be measured by an aggregate of Contractor's overall book of business, **unless otherwise specified.**

A: Agreed.

180. M.1

Additionally, the Contractor's proposed performance standards and guarantees shall be measured and assessed during the same period.

Please confirm that PEBA will accept the following modification:

The Contractor will provide ongoing reporting for proposed performance guarantees to Client within 45 calendar days of the end of each calendar quarter. Unless otherwise indicated, penalties will be calculated quarterly based upon quarterly results. Any ongoing performance guarantee undisputed penalty amounts due will be paid within 30 calendar days after quarterly results are delivered.

A: Agreed.

181. M.2.d.

After-call satisfaction survey results shall be submitted to PEBA within fifteen (15) days after the end of each quarter with a target of a minimum 95% overall satisfaction rate with key components identified. An assessment of \$5,000 per month, which may be paid quarterly, shall be levied against the Contractor for each month the Contractor fails to obtain a 95% overall satisfaction rate as liquidated damages for Contractor's failure to meet this performance standard.

After-call satisfaction survey results shall be submitted to PEBA within ~~forty-five (45) fifteen (15)~~ days after the end of each quarter with a target of a minimum 95% overall satisfaction rate with key components identified. An assessment of \$5,000 per month, which may be paid quarterly, shall be levied against the Contractor for each month the Contractor fails to obtain a 95% overall satisfaction rate as liquidated damages for Contractor's failure to meet this performance standard.

A: Agreed.

182. 7.7.36

For a year following the termination of the Contract, the Contractor shall provide any continuing support and/or information to PEBA and the successor contractor necessary to complete the transition and resolve outstanding claims, accounting, and customer service issues. Performance Guarantees will continue to apply during this period of transition.

Please confirm that PEBA will accept the following modification:

For a year following the termination of the Contract, the Contractor shall provide any continuing support and/or information to PEBA and the successor contractor necessary to complete the transition and resolve outstanding claims, accounting, and customer service issues. ~~Performance Guarantees will continue to apply during this period of transition.~~ Partial year guarantees will be prorated on a calendar quarter basis.

A: The language stands as written.

183. 7.24

7.24 ATTORNEY'S FEES: In the event that PEBA brings suit or action to compel performance of or recover for any breach of any stipulation, covenant, term, or condition of this Contract, PEBA may seek attorneys' fees from the Contractor and the Contractor will pay to PEBA such attorneys' fees as the court may award. Contractor will, in all instances, bear its own attorneys' fees and expenses.

Does PEBA agree with the modification below?

7.24 ATTORNEY'S FEES: In the event that PEBA brings suit or action to compel performance of or recover for any breach of any stipulation, covenant, term, or condition of this Contract, ~~PEBA may seek attorneys' fees from the Contractor and the Contractor will pay to PEBA such attorneys' fees as the court may award. Contractor will, in all instances,~~ each party will bear its own attorneys' fees and expenses.

A: No; the clause stands as written.

184. 7.27

7.27 COMPLIANCE WITH LAWS (JAN 2006): During the term of the contract, Contractor shall comply with all applicable provisions of laws, codes, ordinances, rules, regulations, and tariffs.

Does PEBA agree with the modification below?

During the term of the contract, Contractor shall comply with all applicable provisions of laws, codes, ordinances, rules, regulations, and tariffs applicable to its business and other laws as agreed to by the parties.

A: No; the clause stands as written.

185. 7.29

7.29 CONTRACT INTERPRETATION: In the event there are any disagreements between the parties with regards to the application of this contract or the requirements of PEBA arising from any interpretation of the Request for Proposal, this contract, or otherwise, Contractor agrees to defer to the reasonable interpretations of PEBA as from time to time may be made by PEBA. This provision applies to all matters including those arising from disputes concerning whether Contractor is required to provide some service or item including scope of work issues and whether particular items or services were included in the scope of work agreed to by the parties in this contract or otherwise. In summary, if both parties have a reasonable interpretation regarding application of the contract, Contractor agrees to defer to PEBA's interpretation.

Does PEBA agree that this provision will be amended to clarify that this section will not prejudice Contractor's ability to bring an action in good faith, including pursuant to Section 7.7.or otherwise?

A: This provision is not intended to require the Contractor to waive its right under the law to bring action on a good faith dispute.

186. 7.32

7.32 CONTRACTOR'S LIABILITY INSURANCE-GENERAL (FEB 2015): (a) Without limiting any of the obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees or subcontractors. (b) Coverage shall be at least as broad as:

(1) Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an "occurrence" basis, including products-completed operations, personal and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, the general aggregate limit shall be twice the required occurrence limit. This contract shall be considered to be an "insured contract" as defined in the policy.

- (2) **Worker's Compensation: As required by the State of South Carolina, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.**
- (b) **PEBA, its officers, officials, employees and volunteers, must be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.**
- (c) **For any claims related to this contract, the Contractor's insurance coverage shall be primary insurance as respects the State, PEBA, and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, shall be excess of the Contractor's insurance and shall not contribute with it.**
- (d) **Prior to commencement of the work, the Contractor shall furnish the State with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this section. All certificates are to be received and approved by the State before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The State reserves the right to require complete, certified copies of all required insurance policies, or sufficient proof of applicable coverage, as determined by the State, including endorsements required by this section, at any time.**
- (e) **Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State immediately upon receiving any information that any of the coverages required by this section are or will be changed, cancelled, or replaced.**
- (f) **Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.**
- (g) **Any deductibles or self-insured retentions must be declared to and approved by the State. The State may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.**
- (h) **The State reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.**

7.32 CONTRACTOR'S LIABILITY INSURANCE-GENERAL (FEB 2015): (a) Without limiting any of the obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees or subcontractors specifically engaged in support of PEBA. (b) Coverage shall be at least as broad as:

- (1) Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 ~~12-07~~ covering CGL on an "occurrence" basis, including products-completed operations, personal and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit**

applies, the general aggregate limit shall be twice the required occurrence limit. This contract shall be considered to be an “insured contract” as defined in the policy.

(2) Worker’s Compensation: As required by the State of South Carolina, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

(b) PEBA, its officers, officials, employees and volunteers, must be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor’s insurance ~~at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.~~

(c) For any claims related to this contract where additional insured applies, the Contractor’s insurance coverage shall be primary insurance as respects the State, PEBA, and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, shall be excess of the Contractor’s insurance and shall not contribute with it.

(d) Prior to commencement of the work, the Contractor shall furnish the State with original certificates and amendatory endorsements ~~or copies of the applicable policy language effecting coverage~~ required by this section. All certificates are to be received and approved by the State before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor’s obligation to provide them. The State reserves the right to require ~~complete, certified copies of all required insurance policies, or sufficient~~ proof of applicable coverage in the form of Accord forms, as determined by the State, including endorsements required by this section, at any time.

(e) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State within 30 days~~immediately~~ upon receiving any information that any of the coverages required by this section are or will be changed, cancelled, or replaced.

(f) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation ~~which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss~~ under such commercial general liability insurance. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

~~(g) Any deductibles or self-insured retentions must be declared to and approved by the State. The State may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.~~

~~(h) The State reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.~~

A: See revisions to this clause in response to Q119.

187. 7.33

7.33 CONTRACTOR'S LIABILITY INSURANCE–INFORMATION SECURITY AND PRIVACY (FEB 2015)

[ASK QUESTIONS NOW: For products providing the coverages required by this clause, the insurance market is evolving. Our research indicates that the requirements stated herein reflect commercially available insurance products. Any offeror having concerns with any specific requirements of this clause should communicate those concerns to the Procurement Officer prior to the adjournment of the Pre-Proposal Conference.]

- (a) Without limiting any other obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, a policy or policies of insurance against claims which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees, subcontractors or any other entity for which the Contractor is legally responsible.
- (b) Coverage must include claims for:
 - (i) information security risks, including without limitation, failure to prevent unauthorized access to, tampering with or unauthorized use of a computer system; introduction of malicious codes, computer viruses, worms, logic bombs, etc., into data or systems; or theft, damage, unauthorized disclosure, destruction, or corruption of information in whatever form;
 - (ii) privacy risks, including (A) failure to properly handle, manage, store, dispose of, destroy, or otherwise control non- public personally identifiable information in any format; (B) loss of, unauthorized access to, or disclosure of confidential information; and (C) any form of invasion, infringement or interference with rights of privacy, including breach of security/privacy laws or regulations;
 - (iii) contractual liability for the Contractor's obligations described in the clauses titled "Indemnification - Third Party Claims – Disclosure Of Information" and "Information Use And Disclosure;" and
 - (iv) errors, omissions, or negligent acts in the performance, by the Contractor or by any entity for which the Contractor is legally responsible, of professional services included in the work.
- (c) If the work includes content for internet web sites or any publications or media advertisements, coverage must also include claims for actual or alleged infringement of intellectual property rights, invasion of privacy, as well as advertising, media and content offenses.
- (d) If the work includes software, coverage must also include claims for intellectual property infringement arising out of software and/or content (with the exception of patent infringement and misappropriation of trade secrets)
- (e) Coverage shall have limits no less than four million (\$4,000,000.00) dollars per occurrence and six million (\$6,000,000.00) dollars aggregate.
- (f) If the insurance required by this clause is procured on a form affording "claims-made" coverage, then (i) all limits stated above as "per occurrence" shall be understood to mean "per claim" or "per occurrence," as is consistent with the terms of the "claims-made" policy; and (ii) such claims-made insurance shall provide for a retroactive date no later than the date the contract is awarded.
- (g) All terms of this clause shall survive termination of the contract and shall continue until thirty (30) days past the final completion of the work, including the performance of any warranty work. In addition, Contractor shall maintain in force and effect any "claims- made" coverage for a minimum of two (2) years after final completion of all work or services to be provided hereunder. Contractor shall purchase an extended reporting period, or "tail coverage," if necessary to comply with the latter requirement.

- (h) PEBA must be covered as additional insureds on the policy or policies of insurance required by this clause.
- (i) Prior to commencement of the work, the Contractor shall furnish the State with original certificates of insurance for every applicable policy effecting the coverage required by this clause. All certificates are to be received and approved by the Procurement Officer before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The State reserves the right to require complete, certified copies of all required insurance policies, or sufficient proof of applicable coverage, as determined by the State, including policy declarations and any endorsements required by this section, at any time.
- (j) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State immediately upon receiving any information that any of the coverages required by this clause are or will be changed, cancelled, or replaced.
- (k) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance as is required by this clause. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

Please confirm the requested modification below as Cyber liability coverage does not respond to infringement. Further, indemnification is separate from insurance, nor is additional insured status is not available under cyber liability, nor professional liability. We can provide certificates of insurance but not copies of the actual polices and provide notice of cancellation or non-renewal within 30 days. Waiver of subrogation is not available under the cyber liability, nor professional liability policies which cover the exposures outlined in this section. Deductibles and self-insured retentions are not disclosed. UHG has the financial strength to meet its deductible and self-insured retentions.

7.33 CONTRACTOR'S LIABILITY INSURANCE—INFORMATION SECURITY AND PRIVACY (FEB 2015)

[ASK QUESTIONS NOW: For products providing the coverages required by this clause, the insurance market is evolving. Our research indicates that the requirements stated herein reflect commercially available insurance products. Any offeror having concerns with any specific requirements of this clause should communicate those concerns to the Procurement Officer prior to the adjournment of the Pre-Proposal Conference.]

- (a) Without limiting any other obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, a policy or policies of insurance against claims which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees, subcontractors or any other entity for which the Contractor is legally responsible.
- (b) Coverage must include claims for:
 - (i) information security risks, including without limitation, failure to prevent unauthorized access to, tampering with or unauthorized use of a computer system; introduction of malicious codes, computer viruses, worms, logic bombs, etc., into data or systems; or theft, damage, unauthorized disclosure, destruction, or corruption of information in whatever form;

- (ii) privacy risks, including (A) failure to properly handle, manage, store, dispose of, destroy, or otherwise control non- public personally identifiable information in any format; (B) loss of, unauthorized access to, or disclosure of confidential information; and (C) any form of invasion, **infringement** or interference with rights of privacy, including breach of security/privacy laws or regulations;
- (iii) contractual liability for the Contractor’s obligations described in the clauses titled “Indemnification - Third Party Claims – Disclosure Of Information” and “Information Use And Disclosure;” and
- (iv) errors, omissions, or negligent acts in the performance, by the Contractor or by any entity for which the Contractor is legally responsible, of professional services included in the work.
- (c) If the work includes content for internet web sites or any publications or media advertisements, coverage must also include claims for actual or alleged infringement of intellectual property rights, invasion of privacy, as well as advertising, media and content offenses.
- (d) If the work includes software, coverage must also include claims for intellectual property infringement arising out of software and/or content (with the exception of patent infringement and misappropriation of trade secrets)
- (e) Coverage shall have limits no less than four million (\$4,000,000.00) dollars per occurrence and six million (\$6,000,000.00) dollars aggregate.
- (f) If the insurance required by this clause is procured on a form affording “claims-made” coverage, then (i) all limits stated above as “per occurrence” shall be understood to mean “per claim” or “per occurrence,” as is consistent with the terms of the “claims-made” policy; and (ii) such claims-made insurance shall provide for a retroactive date no later than the date the contract is awarded.
- (g) All terms of this clause shall survive termination of the contract and shall continue until thirty (30) days past the final completion of the work, including the performance of any warranty work. In addition, Contractor shall maintain in force and effect any “claims- made” coverage for a minimum of two (2) years after final completion of all work or services to be provided hereunder. Contractor shall purchase an extended reporting period, or “tail coverage,” if necessary to comply with the latter requirement.
- (h) PEBA must be covered as additional insureds on the policy or policies of insurance required by this clause.
- (i) Prior to commencement of the work, the Contractor shall furnish the State with original certificates of insurance for every applicable policy effecting the coverage required by this clause. All certificates are to be received and approved by the Procurement Officer before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor’s obligation to provide them. The State reserves the right to require **complete, certified copies of all required insurance policies, or sufficient** proof of applicable coverage **in the form of Accord forms, as determined by the State,** including policy declarations and any endorsements required by this section, at any time.
- (j) Should any of the above described policies be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. In addition, the Contractor shall notify the State **within 30 days immediately** upon receiving any information that any of the coverages required by this clause are or will be changed, cancelled, or replaced.
- (k) Contractor hereby grants to the State and PEBA a waiver of any right to subrogation which any insurer of said Contractor may acquire against the State or PEBA by virtue of the payment of any loss under such insurance as is required by this clause. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the State or PEBA has received a waiver of subrogation endorsement from the insurer.

- (l) Any deductibles or self-insured retentions must be declared to and approved by the State. The State may require the Contractor to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

A: See revisions to this clause in response to Q120.

188. 7.39

7.39 INDEMNIFICATION - THIRD PARTY CLAIMS - GENERAL:

- (a) Notwithstanding any limitation in this Contract, and to the fullest extent permitted by law, Contractor will indemnify PEBA for any and all costs, expenses, settlement payments, attorney's fees, losses, liabilities, and damages from all suits or claims of any character brought by a third party, when the third party's claims arise out of or are in connection with the goods or services acquired under this Contract, whether caused in whole or in part by any act or omission of Contractor, its subcontractors, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, and regardless of whether or not caused in part by PEBA. The Contractor shall be required to indemnify under this section regardless of its own fault, but if PEBA's negligence is determined by the appropriate court to be the sole proximate cause of the suit or claim, the Contractor will not be required to indemnify PEBA under this paragraph. PEBA will, at all times, retain the right to choose its own counsel and control its own defense.

Please confirm the following clarifications:

7.39 INDEMNIFICATION - THIRD PARTY CLAIMS - GENERAL:

- (a) Notwithstanding any limitation in this Contract, and to the fullest extent permitted by law, Contractor will indemnify PEBA for any and all costs, expenses, settlement payments, attorney's fees, losses, liabilities, and damages from all suits or claims of any character brought by a third party, when the third party's claims to the extent they arise out of or are in connection with the goods or services acquired under this Contract, ~~whether to the extent~~ caused ~~in whole or in part~~ by any wrongful act or omission of Contractor, its subcontractors, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, and regardless of whether or not caused in part by PEBA. The Contractor shall be required to indemnify under this section regardless of its own fault, but if PEBA's negligence is determined by the appropriate court to be the sole proximate cause of the suit or claim, the Contractor will not be required to indemnify PEBA under this paragraph. PEBA will, at all times, retain the right to choose its own counsel and control its own defense.

A: No; the clause stands as written.

189. 7.40

7.40 INDEMNIFICATION - THIRD PARTY CLAIMS – DISCLOSURE OF INFORMATION:

(a) Notwithstanding any limitation in this Contract, and to the fullest extent permitted by law, Contractor will indemnify PEBA for any and all costs, expenses, settlement payments, attorney’s fees, losses, liabilities, and damages from all suits or claims by a third party which arise out of or in connection with a disclosure of government information (as defined in the clause titled Information Security - Definitions) caused in whole or in part by any act or omission of Contractor, its subcontractors at any tier, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of whether or not caused in part by PEBA. The Contractor shall be required to indemnify under this section regardless of its own fault, but if PEBA’s negligence is determined by the appropriate court to be the sole proximate cause of the suit or claim, the Contractor will not be required to indemnify PEBA under this section. PEBA will, at all times, retain the right to choose its own counsel and control its own defense.

Please confirm the following clarifications:

7.40 INDEMNIFICATION - THIRD PARTY CLAIMS – DISCLOSURE OF INFORMATION:

(a) Notwithstanding any limitation in this Contract, and to the fullest extent permitted by law, Contractor will indemnify PEBA for any and all costs, expenses, settlement payments, attorney’s fees, losses, liabilities, and damages from all suits or claims by a third party which arise out of or in connection with a disclosure of government information (as defined in the clause titled Information Security - Definitions) **to the extent** caused in whole or in part by any **wrongful** act or omission of Contractor, its subcontractors at any tier, their employees, workmen, servants, agents, or anyone directly or indirectly employed by them or anyone for whose acts any of them may be liable, regardless of whether or not caused in part by PEBA. The Contractor shall be required to indemnify under this section regardless of its own fault, but if PEBA’s negligence is determined by the appropriate court to be the sole proximate cause of the suit or claim, the Contractor will not be required to indemnify PEBA under this section. PEBA will, at all times, retain the right to choose its own counsel and control its own defense.

A: No; the clause stands as written.

190. 7.42

7.42 INFORMATION SECURITY - DEFINITIONS (FEB 2015): The following definitions are used in those clauses that cross reference this clause.

Compromise means disclosure of information to unauthorized persons, or a violation of the security policy of a system in which unauthorized intentional or unintentional disclosure, modification, destruction, or loss of an object may have occurred. Without limitation, the term “compromise” includes copying the data through covert network channels, or copying the data to unauthorized media, or disclosure of information in violation of any obligation imposed by this contract.

Does PEBA agree that that “compromise” does not require notice of “pings” but rather only to actual disclosure? See redline below.

Compromise means disclosure of information to unauthorized persons, or a violation of the security policy of a system in which unauthorized intentional or unintentional disclosure, modification, destruction, or loss of an object ~~may~~ have occurred. Without limitation, the term "compromise" includes copying the data through covert network channels, or copying the data to unauthorized media, or disclosure of information in violation of any obligation imposed by this contract.

A: No; the clause stands as written.

191. 7.45

(e) Rights, Disclosure and Use. Except as otherwise expressly provided in this solicitation, Contractor agrees NOT to either

(1) use or disclose government information, or (2) retain government information after termination or expiration of this contract. Contractor acquires no rights in any government information except the limited rights to use, disclose and retain the government information in accordance with the terms of this solicitation. To the extent reasonably necessary to perform the work, Contractor may: (i) use (including access, process, transmit, and store) and maintain the government information itself; and (ii) disclose government information to persons having a need-to-know (e.g., subcontractors). Before disclosing government information to a subcontractor or third party, Contractor shall give PEBA detailed written notice of both the reason for disclosure and the identity and location of the recipient. The notice shall be provided no later than fifteen (15) business days in advance of the disclosure.

To operate as a PBM, information is routinely exchanged to adjudicate claims, submit claims data to pharmaceutical manufacturers in connection with Rebates, provide clinical services and otherwise to provide services to PEBA. Does PEPBA agree that such routine disclosures in the provision of the services do not require notice?

A: PEBA agrees that routine disclosures necessary to perform the Work under this Contract for which it is infeasible to receive advance 15 business day notice do not require such notice. However, Offeror must fully disclose and describe in its Proposal the business processes that require such routine disclosures so that PEBA may be sufficiently informed about what information will be disclosed to whom and when. Any disclosure not explained and identified as a routine disclosure necessary to perform the Work will be subject to the 15 business day disclosure requirement in Section 7.45(e). Subcontractors must be identified in Offeror's Proposal, as required by the Request for Proposals

192. 7.45

7.45 (f) Return. Notwithstanding PEBA's failure to perform or the pendency of a dispute, eight years following the termination of this contract Contractor agrees to promptly deliver to PEBA (or destroy, at PEBA's option) all government information in its possession as and upon written request of PEBA.

Does PEBA agree that where return or destruction of information is not practical, it may be retained, subject to the obligations contained in this Agreement? See proposed redlines below:

A: No; PEBA does not agree.

7.45 (f)

Return. Notwithstanding PEBA's failure to perform or the pendency of a dispute, eight years following the termination of this contract Contractor agrees to promptly deliver to PEBA (or destroy, at PEBA's option) all government information in its possession as and upon written request of PEBA. If Contactor determines that return or destruction of such is not feasible, Contactor may retain a copy of such information, subject to the restrictions set forth in this Agreement.

A: No; but see revisions to Section 7.45(f) in response to Q108.

193. 7.45

(h) Actions Following Disclosure. Immediately upon discovery of a compromise or improper use of government information, Contractor shall take such action as may be necessary to preserve forensic evidence and eliminate the cause of the compromise or improper use. As soon as practicable, but no later than twenty-four hours after discovery, Contractor shall notify PEBA of the compromise or improper use, including a description of the circumstances of the use or compromise. As soon as practicable after discovery, Contractor shall undertake a thorough forensic investigation of any compromise or improper use and provide PEBA all information necessary to enable PEBA to fully understand the nature and extent of the compromise or improper use. With regard to any compromise or improper use of government information, Contractor shall: (1) provide any notification to third parties legally required to be provided such notice by Contractor, and if not (e.g., if legally required of PEBA), Contractor shall reimburse PEBA for the cost of providing such notifications; (2) pay all costs and expenses for at least two years of identity theft monitoring services (including without limitation, credit monitoring) and identity theft restoration services for any such affected individuals receiving notice where such services are appropriate given the circumstances of the incident and the nature of the information compromised; (3) undertake any other measures that are customary and reasonable for an entity to take when experiencing a similar disclosure, (4) pay any related fines or penalties imposed on PEBA, and (5) reimburse PEBA all costs reasonably incurred for communications and public relations services involved in responding to the compromise or improper use. Notwithstanding any other provision, contractor's obligations pursuant to this item (h) are without limitation.

(h) Actions Following Disclosure. Immediately upon discovery of a compromise or improper use of government information, Contractor shall take such action as may be necessary to preserve forensic evidence and eliminate the cause of the compromise or improper use. As soon as practicable, but no later than ~~twenty-four hours~~ three business days after discovery, Contractor shall notify PEBA of the compromise or improper use, including a description of the circumstances of the use or compromise. As soon as practicable after discovery, Contractor shall undertake a thorough forensic investigation of any compromise or improper use and provide PEBA all information necessary to enable PEBA to fully understand the nature and extent of the compromise or improper use. With regard to any compromise or improper use of government information, Contractor shall: (1) provide any notification to third parties legally required to be provided such notice by Contractor, and if not (e.g., if legally required of PEBA), Contractor shall reimburse PEBA for the cost of providing such notifications; (2) pay all costs and expenses for at least two years of identity theft monitoring services (including without limitation, credit monitoring) and identity theft restoration services for any such affected individuals receiving notice where such services are appropriate given the circumstances of

the incident and the nature of the information compromised; (3) undertake any other measures that are customary and reasonable for an entity to take when experiencing a similar disclosure, (4) pay any related fines or penalties imposed on PEBA, and (5) reimburse PEBA all costs reasonably incurred for communications and public relations services involved in responding to the compromise or improper use. Notwithstanding any other provision, contractor's obligations pursuant to this item (h) are without limitation.

A: See revisions to Section 7.45(h) in response to Q91.

194. 7.49

7.49 OWNERSHIP OF DATA & MATERIALS (JAN 2006): All data, material, and documentation prepared for the state pursuant to this contract shall belong exclusively to the State.

Does PEBA agree that Contractor will own its operational records?

A: Language stands as written.

195. A.3

3. The Contractor shall propose a drug formulary in conjunction with preferred drug list (PDL) that will be made available to Plan Participants. PEBA currently uses the incumbent's National Preferred Formulary for the Commercial Plan and fully supports exclusion of medications as the result of robust clinical and financial analysis. PEBA shall be an active partner with the Contractor in the maintenance and customization of the PDL proposed by the Contractor (if necessary). PEBA understands that formulary positioning is a critical element for the purposes of capturing pharmaceutical industry revenue. As such, the Contractor shall provide PEBA the entirety of data and information necessary to make fully informed PDL decisions. These data include but are not limited to, all pharmaceutical revenue streams generated, discounts, market share and inflation protection for medications being considered under a PDL change. The Contractor shall implement changes to the formulary, step therapy, prior authorization (PA) and other clinical edit requirements within forty-five (45) business days of PEBA's approval or request. Additional time, beyond forty-five (45) business days might be granted with PEBA's prior approval in writing. Changes shall include modifications to the point-of- service (POS) system and all supporting systems and documents. The Contractor shall notify pharmacy providers and affected members in writing at least sixty (60) days prior to the implementation unless PEBA requests a shorter notification time. PEBA must provide prior approval in writing for all pharmacy provider and member notifications.

Does PEBA agree to the modification below, for consistency with other provisions of the RFP?

3. The Contractor shall propose a drug formulary in conjunction with preferred drug list (PDL) that will be made available to Plan Participants. PEBA currently uses the incumbent's National Preferred Formulary for the Commercial Plan and fully supports exclusion of medications as the result of robust clinical and financial analysis. PEBA shall be an active partner with the Contractor

in the maintenance and customization of the PDL proposed by the Contractor (if necessary). PEBA understands that formulary positioning is a critical element for the purposes of capturing pharmaceutical industry revenue. As such, the Contractor shall provide PEBA the entirety of data and information necessary to make fully informed PDL decisions. These data include but are not limited to, all rebate revenue it receives from outside sources related to PEBA's utilization or enrollment of programs, which includes, but is not limited to, manufacturer payments, rebates, fees, discounts, grants or payments of any kind associated with the utilization of PEBA's pharmacy benefit program ~~all pharmaceutical revenue streams generated, discounts, market share and inflation protection~~ for medications being considered under a PDL change. The Contractor shall implement changes to the formulary, step therapy, prior authorization (PA) and other clinical edit requirements within forty-five (45) business days of PEBA's approval or request. Additional time, beyond forty-five (45) business days might be granted with PEBA's prior approval in writing. Changes shall include modifications to the point-of- service (POS) system and all supporting systems and documents. The Contractor shall notify pharmacy providers and affected members in writing at least sixty (60) days prior to the implementation unless PEBA requests a shorter notification time. PEBA must provide prior approval in writing for all pharmacy provider and member notifications.

A: No; the language stands as written. See Amendment 2

196. J.10

Section 10. The Contractor shall implement and document comprehensive security programs securing all data, informational and transactional components from unauthorized access from any internal or external source including Contractor and its subcontractors, PEBA employees, third party users or outside intruders. Contractor shall use, implement and document reasonable, recognized and proven appropriate security practices to make information secure. The security system must include the capability of immediate detection and documentation of any security compromise or breach. If the security of the system is compromised or breached in any way, the Contractor shall notify PEBA promptly, but not to exceed two business days following the compromise or breach. The notice shall be in writing, delivered by means establishing actual receipt (e.g., in hand, email with return receipt, etc.) to the PEBA Privacy Officer and shall include the time, nature, diagnosis (including cause), actual and potential consequences, and recommendations for corrective action of the breach or compromise. If emergency situations preclude written notice within two business days, notice may be given to the PEBA Privacy Officer by other than in writing. Written notice as required under this paragraph shall then be provided as soon as practicable under the circumstances, as agreed to by the PEBA Privacy Officer. The Contractor shall be liable to PEBA for any compromise or breach whatsoever and shall be liable for all reasonable and appropriate costs (as determined by PEBA) associated with the compromise or breach. Offerors shall fully describe the methods and means to be deployed to satisfy this requirement (Q-24 of Technical Proposal, Tab A-2j: Service Description Questionnaire). These requirements apply to all activities to be performed hereunder including, but not limited to, those set out in Part 3.E.8 above.

Does PEBA agree that flow down of PEBA terms is not practical for all book of business vendors, but rather only for subcontractors specifically engaged in support of PEBA? See proposed redline below.

Section 10. The Contractor shall implement and document comprehensive security programs securing all data, informational and transactional components from unauthorized access from any internal or external source including Contractor and its subcontractors **specifically engaged in support of PEBA**, PEBA employees, third party users or outside intruders. Contractor shall use, implement and document reasonable, recognized and proven appropriate security practices to make information secure. The security system must include the capability of immediate detection and documentation of any security compromise or breach. If the security of the system is compromised or breached in any way, the Contractor shall notify PEBA promptly, but not to exceed two business days following the compromise or breach. The notice shall be in writing, delivered by means establishing actual receipt (e.g., in hand, email with return receipt, etc.) to the PEBA Privacy Officer and shall include the time, nature, diagnosis (including cause), actual and potential consequences, and recommendations for corrective action of the breach or compromise. If emergency situations preclude written notice within two business days, notice may be given to the PEBA Privacy Officer by other than in writing. Written notice as required under this paragraph shall then be provided as soon as practicable under the circumstances, as agreed to by the PEBA Privacy Officer. The Contractor shall be liable to PEBA for any compromise or breach whatsoever and shall be liable for all reasonable and appropriate costs (as determined by PEBA) associated with the compromise or breach. Offerors shall fully describe the methods and means to be deployed to satisfy this requirement (Q-24 of Technical Proposal, Tab A-2j: Service Description Questionnaire). These requirements apply to all activities to be performed hereunder including, but not limited to, those set out in Part 3.E.8 above.

A: No; the clause stands as written.

197. Scope of Work, Section A, Item 9 (Page 22)

PEBA has the right to audit copies of the Contract and any supporting materials between the pharmaceutical manufacturers, the Contractor and any subcontractor or affiliate it may use for the purposes of pharmaceutical manufacturer rebate monies aggregation. The audit will include only those portions of the pharmaceutical manufacturer agreements as necessary to determine Contractor compliance with the terms and conditions of this Contract between PEBA and the Contractor and shall include an overview of the processes for reporting data to manufacturers, accounting for rebates earned and allocating rebates to PEBA. An audit may be requested once annually and will be conducted between January through September in a mutually agreeable location as scheduled by agreement of the parties but no sooner than sixty (60) days after execution of a confidentiality agreement between PEBA, the Contractor and other necessary parties. PEBA shall have the exclusive right to select as PEBA's auditor any entity PEBA chooses, provided that any audit of the Contractor's agreements with pharmaceutical manufacturers may be conducted only by entities that:

PEBA has the right to audit copies of the Contract and any supporting materials between the pharmaceutical manufacturers, the Contractor and any subcontractor or affiliate it may use for the purposes of pharmaceutical manufacturer rebate monies aggregation, **provided that PEBA may not audit agreements between Contractor and subcontractors of affiliates that provide Rebate contracting services**. The audit will include only those portions of the pharmaceutical manufacturer agreements as necessary to determine Contractor compliance with the terms and conditions of this Contract between PEBA and the Contractor and shall include an overview of the processes for reporting data to manufacturers, accounting for rebates earned and allocating

rebates to PEBA. An audit may be requested once annually and will be conducted between January through September in a mutually agreeable location as scheduled by agreement of the parties but no sooner than sixty (60) days after execution of a confidentiality agreement between PEBA, the Contractor and other necessary parties. PEBA shall have the exclusive right to select as PEBA's auditor any entity PEBA chooses, provided that any audit of the Contractor's agreements with pharmaceutical manufacturers may be conducted only by entities that:

A: See Amendment 2.

198. Scope of Work, Section J, Item 10 (Page 36)

The Contractor shall implement and document comprehensive security programs securing all data, informational and transactional components from unauthorized access from any internal or external source including Contractor and its subcontractors, PEBA employees, third party users or outside intruders. Contractor shall use, implement and document reasonable, recognized and proven appropriate security practices to make information secure. The security system must include the capability of immediate detection and documentation of any security compromise or breach. If the security of the system is compromised or breached in any way, the Contractor shall notify PEBA promptly, but not to exceed two business days following the compromise or breach. The notice shall be in writing, delivered by means establishing actual receipt (e.g., in hand, email with return receipt, etc.) to the PEBA Privacy Officer and shall include the time, nature, diagnosis (including cause), actual and potential consequences, and recommendations for corrective action of the breach or compromise. If emergency situations preclude written notice within two business days, notice may be given to the PEBA Privacy Officer by other than in writing. Written notice as required under this paragraph shall then be provided as soon as practicable under the circumstances, as agreed to by the PEBA Privacy Officer. The Contractor shall be liable to PEBA for any compromise or breach whatsoever and shall be liable for all reasonable and appropriate costs (as determined by PEBA) associated with the compromise or breach. Offerors shall fully describe the methods and means to be deployed to satisfy this requirement (Q-24 of Technical Proposal, Tab A-2j: Service Description Questionnaire). These requirements apply to all activities to be performed hereunder including, but not limited to, those set out in Part 3.E.8 above.

The Contractor shall implement and document comprehensive security programs securing all data, informational and transactional components from unauthorized access from any internal or external source including Contractor and its subcontractors **specifically engaged in support of PEBA**, PEBA employees, third party users or outside intruders. Contractor shall use, implement and document reasonable, recognized and proven appropriate security practices to make information secure. The security system must include the capability of immediate detection and documentation of any security compromise or breach. If the security of the system is compromised or breached in any way, the Contractor shall notify PEBA promptly, but not to exceed two business days following the compromise or breach. The notice shall be in writing, delivered by means establishing actual receipt (e.g., in hand, email with return receipt, etc.) to the PEBA Privacy Officer and shall include the time, nature, diagnosis (including cause), actual and potential consequences, and recommendations for corrective action of the breach or compromise. If emergency situations preclude written notice within two business days, notice may be given to the PEBA Privacy Officer by other than in writing. Written notice as required under this paragraph shall then be provided as soon as practicable under the circumstances, as agreed to by the PEBA Privacy Officer. The Contractor shall be liable to PEBA for any compromise

or breach whatsoever and shall be liable for all reasonable and appropriate costs (as determined by PEBA) associated with the compromise or breach. Offerors shall fully describe the methods and means to be deployed to satisfy this requirement (Q-24 of Technical Proposal, Tab A-2j: Service Description Questionnaire). These requirements apply to all activities to be performed hereunder including, but not limited to, those set out in Part 3.E.8 above.

A: No; the clause stands as written.

199. Terms and Conditions, B – Special, Item 7.32, (Page 53)

CONTRACTOR'S LIABILITY INSURANCE-GENERAL (FEB 2015): (a) Without limiting any of the obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees or subcontractors. (b) Coverage shall be at least as broad as:

Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an "occurrence" basis, including products-completed operations, personal and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, the general aggregate limit shall be twice the required occurrence limit. This contract shall be considered to be an "insured contract" as defined in the policy.

Worker's Compensation: As required by the State of South Carolina, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

PEBA, its officers, officials, employees and volunteers, must be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.

For any claims related to this contract, the Contractor's insurance coverage shall be primary insurance as respects the State, PEBA, and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, shall be excess of the Contractor's insurance and shall not contribute with it.

CONTRACTOR'S LIABILITY INSURANCE-GENERAL (FEB 2015): (a) Without limiting any of the obligations or liabilities of Contractor, Contractor shall procure from a company or companies lawfully authorized to do business in South Carolina and with a current A.M. Best rating of A-VII or better, and maintain for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work and the results of that work by the Contractor, his agents, representatives, employees or subcontractors, **specifically engaged in support of PEBA**. (b) Coverage shall be at least as broad as:

Commercial General Liability (CGL): Insurance Services Office (ISO) Form CG 00 01 12 07 covering CGL on an “occurrence” basis, including products-completed operations, personal and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, the general aggregate limit shall be twice the required occurrence limit. This contract shall be considered to be an “insured contract” as defined in the policy.

Worker’s Compensation: As required by the State of South Carolina, with Statutory Limits, and Employer’s Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

PEBA, its officers, officials, employees and volunteers, must be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor’s insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used.

For any claims related to this contract, the Contractor’s insurance coverage shall be primary insurance as respects the State, PEBA, and its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the State, PEBA, or its officers, officials, employees and volunteers, shall be excess of the Contractor’s insurance and shall not contribute with it.

A: No; the clause stands as written.

200. Terms and Conditions, B – Special, Item 7.43, Sub-item 7 (Page 59)

7.43 INFORMATION SECURITY - SAFEGUARDING REQUIREMENTS (FEB 2015)

(7) Transfer limitations. Transfer government information only to those subcontractors that both require the information for purposes of contract performance and provide at least the same level of security as specified in this clause.

Would PEBA accept the following clarification on this requirement?

[Subcontractors specifically engaged in support of PEBA](#)

A: No; the clause stands as written.

201. Terms and Conditions, B – Special, Item 7.45, Sub-item c (Page 60)

Flow down. Any reference in this clause to Contractor also includes any subcontractor at any tier. Contractor is responsible for and shall impose by agreement the requirements of this clause on, any other person or entity that contractor authorizes to take action related to government information.

Would PEBA accept the following clarification on this requirement?

[Subcontractors specifically engaged in support of PEBA](#)

A: No; the clause stands as written.

202. Terms and Conditions, B – Special, Item 7.45, Sub-item e (Page 60)

Rights, Disclosure and Use. Except as otherwise expressly provided in this solicitation, Contractor agrees NOT to either

(1) use or disclose government information, or (2) retain government information after termination or expiration of this contract. Contractor acquires no rights in any government information except the limited rights to use, disclose and retain the government information in accordance with the terms of this solicitation. To the extent reasonably necessary to perform the work, Contractor may: (i) use (including access, process, transmit, and store) and maintain the government information itself; and (ii) disclose government information to persons having a need-to-know (e.g., subcontractors). Before disclosing government information to a subcontractor or third party, Contractor shall give PEBA detailed written notice of both the reason for disclosure and the identity and location of the recipient. The notice shall be provided no later than fifteen (15) business days in advance of the disclosure.

Would PEBA accept the following clarification on this requirement?

Subcontractors specifically engaged in support of PEBA

A: No; the clause stands as written.

203. Section 1.10

Regarding the below language in I. Financial Requirements, please confirm the “no less than 50%” is referring to 50% of PEBA’s fiscal year.

10. The Contractor shall provide to PEBA a SOC1 Type 2 report by August 15 each year. The report should cover no less than 50% of the period in which the Contractor provided services to PEBA through June 30 of the same year. The Contractor shall provide additional financial data as requested.

A: Section I.10 has been revised as follows: “The Contractor shall provide to PEBA a SOC1 Type 2 report by August 15 each year. ~~The report should cover no less than 50% of the period in which the Contractor provided services to PEBA through June 30 of the same year.~~ The Contractor shall provide additional financial data as requested.” See Amendment 2.

204. A.8

Current language

8. The Contractor shall provide 100% of all pharmaceutical manufacturer rebate monies attributable to PEBA business for both the Commercial and EGWP plans. The Contractor will remit to PEBA within thirty (30) days of the end of each Plan quarter (March 31, June 30, September 30 and December 31) all pharmaceutical manufacturer rebate monies earned on PEBA utilization and paid to the Contractor or its subcontractor during the previous Plan calendar quarter. Rebates accrued and received by the Contractor or its subcontractor for PEBA utilization not yet paid to PEBA in previous quarterly payments shall be remitted along with the next scheduled quarterly rebate payment. If the Contractor utilizes a subcontractor for rebate aggregation services, the cost for that subcontractor shall be included in the fixed, all- inclusive PMPM administrative fee

Proposed language

The Contractor shall provide 100% of all pharmaceutical manufacturer rebate monies attributable to PEBA business for both the Commercial and EGWP plans. The Contractor will remit to PEBA within thirty (30) days of the end of each Plan quarter (March 31, June 30, September 30, and December 31) all pharmaceutical manufacturer rebate monies earned on PEBA utilization and paid to the Contractor or its subcontractor during the previous Plan calendar quarter based on actual amounts received. Rebates ~~accrued and~~ received by the Contractor or its subcontractor for PEBA utilization not yet paid to PEBA in previous quarterly payments shall be remitted based on actual amounts received ~~along~~ with the next scheduled quarterly rebate payment. If the Contractor utilizes a subcontractor for rebate aggregation services, the cost for that subcontractor shall be included in the fixed, all- inclusive PMPM administrative fee.

A: No; the language stands as written.

205. 1.6.b

Current language

b. The Contractor shall remit quarterly pharmaceutical rebates to PEBA to be paid thirty (30) days after the end of each quarter for the preceding quarter. Quarterly rebates shall include the entirety of pharmaceutical rebates earned and paid the previous quarter. Rebates accrued and received by the Contractor or its subcontractor, for PEBA utilization not yet paid to PEBA in previous quarterly payments shall be remitted along with the next scheduled quarterly rebate payment. The Contractor shall provide reports for all rebates remitted to identify the basis of the rebates received. Rebates payments should be forwarded to PEBA via ACH/wire to the financial institution provided by PEBA to the Contractor.

Proposed language

The Contractor shall remit quarterly pharmaceutical rebates to PEBA to be paid thirty (30) days after the end of each quarter for the preceding quarter. Quarterly rebates shall include the entirety of pharmaceutical rebates earned and paid the previous quarter **based on actual amounts received**. Rebates ~~accrued and~~ received by the Contractor or its subcontractor, for PEBA utilization not yet paid to PEBA in previous quarterly payments shall be remitted **based on actual amounts received** ~~along~~ with the next scheduled quarterly rebate payment. The Contractor shall provide reports for all rebates remitted to identify the basis of the rebates received. Rebates payments should be forwarded to PEBA via ACH/wire to the financial institution provided by PEBA to the Contractor

A: No; the language stands as written.

206. During the Pre-proposal meeting, it was said that R30 scripts will be excluded from the trend guarantee in Part 3.A.6.a. “when filled at South Carolina based, locally owned pharmacies as defined by PEBA”. It is captured elsewhere that all GLP1 scripts will be limited to 30 days. This leads to the potential to exclude all GLP-1 prescriptions not filled at PBM-owned pharmacies from the guarantee. Is this PEBA’s intent?

A: All GLP-1 30-day prescription are included unless filled at a PEBA-defined locally owned pharmacy.