

## Attachment 24: Follow-up Questions and Answers

**The following question was submitted in writing by Vendor A. (Answer follows.)**

**1. Scope of Work, A. Pricing and Cost Containment Requirements 7.b.: What was the Milliam Health Trend for 2023 and 2024?**

**A:** PEBA cannot release the licensed and proprietary data from Milliman. Contractors are responsible for obtaining the data from Milliman.

**The following question was submitted in writing by Vendor B. (Answer follows.)**

**2. We have received the revised data set; however, it does not appear that the dataset includes an identifier for the locally owned pharmacies. We would request that PEBA provide a list of the current locally owned pharmacies and/or a way to identify them in the claims data provided.**

**A:** The file "Attachment 21 -- Local Independent Pharmacy List.xlsx" can be merged with the claim dataset to indicate utilization with locally owned pharmacies.

**Additionally, we would like to understand the expected timing on the release of formal responses to submitted bidder questions.**

**A:** See Amendment 3.

**We also respectfully request that PEBA consider extending the submission deadline to allow all Bidder's sufficient time to incorporate the responses to bidder questions and adjust their proposals accordingly.**

**A:** See Amendment 3.

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

**3. Please confirm the revised due date for proposals is 3/14/2025. The cover page of Amendment 2 shows SUBMIT OFFER BY (Opening Date/Time): 03/12/2025 3:00 PM but the revised SCHEDULE OF KEY DATES lists Submission and Opening of Proposals (3 p.m.) 03/14/2025.**

**A:** See Amendment 3 cover page with updated date that aligns with the Schedule of Key Dates in Amendment 2.

4. PEBA confirmed offerors can mark responses CONFIDENTIAL as instructed in Section 5.1.4 Offeror’s Technical Proposal Response; however, the excel file is locked and only allows “confirmed” or “not confirmed” drop down options for requirements. Please clarify how bidders should mark such responses confidential where needed.

A: See Amendment 2, Part 5 Information Offerors to Submit and Clause 1.10 DISCLOSURE OF YOUR BID / PROPOSAL & SUBMITTING CONFIDENTIAL DATA (FEB 2021). Offerors must follow these requirements regarding confidential or redacted information.

5. Requirements 5 and Q-19 in A. Pricing and Cost Containment Requirements were revised to request that MAC pricing at locally owned pharmacies maintain “an effective relativity to non-locally owned retail pharmacies” using a mutually agreeable price benchmark system. Please clarify the request to maintain “relativity” at local vs. non-local pharmacies.

A: Local pharmacies have less aggressive contractual allowances than non-local pharmacies. Current discount relativity to non-local pharmacies for:

30 Day Brand Drugs:	95%
30 Day Generic Drugs:	80%
90 Day Brand Drugs:	None
90 Day Generic Drugs:	10%

6. Requirements 9 and Q-24 in A. Pricing and Cost Containment Requirements were revised to request that audit of pharmaceutical manufacturer agreements may include no more than 10 pharmaceutical manufacturers and/or 80% of rebate spend. Offeror requests modification to allow PEBA to select up to 10 manufactures when auditing rebates received by PBM to verify rebate payments are passed from the PBM to PEBA in accordance with the PBM Agreement. This audit will include access to the applicable components of PBM’s rebate agreement(s).

A: The language stands as written.

7. Offeror requests additional guidance on PEBA’s response to bidder question 133: *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.*

A: Drugs that are included in the CMS Maximum Fair Price program are to be excluded from both the Commercial and EGWP net PMPM guarantees. Contractors are reminded that all pharmaceutical revenue associated with these drugs are to be passed through to PEBA.

**8. Please reconsider the ability to either exclude or adjust the offer for the 10 Maximum Fair Price (MFP) drugs announced by CMS for 2026. While the government announcement has been made, the subsequent industry and marketplace actions are not contracted or known at this time. Similar to the drugs impacted by the removal of the AMP Cap, bidders expect subsequent industry and marketplace actions to occur that will impact how final compliance to the regulation is achieved. To state another way, while the final MFP per NDC Unit is known from CMS announcement perspective, the industry and marketplace have not contracted or published the discounts, dispensing fees, rebates, and/or other cost items necessary to achieve compliance with the CMS regulation. For this reason, while the announcement is known, the remaining uncertainty requires the bidder the ability to exclude or adjust the financial offer as these industry and marketplace actions become known and contracted.**

**A:** See response to Question 7.

**9. Attachment 7 lists the minimum services Offeror is required to include in their proposed all-inclusive administrative fees. Within this section, Item bbb. requires “Other clinical and/or administrative programs the Offeror chooses to provide in excess of the requirements of this Contract” to be made available as part of the all-inclusive fee. Offeror confirms we will work with PEBA to discuss any optional clinical and/or administrative programs services not captured in the administrative fee; however, we request modification to this requirement, as costs for additional current programs not in place for PEBA and future not yet developed programs may be subject to additional costs. For example, Question 32 asks for Offeror to provide information that indicates that it is capable of administering a program for plans the size of PEBA, including any experience and/or innovations in the administration of similar contracts. Such optional and innovative programs typically incur fees.**

**A:** The language stands as written.

**10. The Medicare Prescription Payment Plan (M3P) requires EGWP clients (i.e., PEBA) to provide enrollees with the option to pay out-of-pocket prescription costs in the form of monthly payments over the course of the plan year instead of all at once to the pharmacy. Please confirm PEBA’s awareness that M3P fees are separate from the EGWP admin fee and charged at the participant level (not the full plan). Additionally, please clarify where offerors should list M3P fees within the Financial Proposal.**

**A:** Confirmed. See Offeror’s Financial Proposal Response – PBM (Amendment 3).

**11. Table 1 in Section A-10 Financial Proposal request offeror to populate the administrative fee for its Medicare Part B Coordination Solution pricing; however, Item gg. in Attachment 7 requires Medicare Part B coordination of benefits services to be included in the all-inclusive administrative fee. Please clarify the details of the Medicare Part B Coordination Solution vs. the coordination of benefits for Part B. Typically, we facilitate both solutions through the same product offering, which would be captured in the Financial Proposal cost table.**

**A:** See Attachment 7 updated- Detailed Services Listing for Commercial Plan and EGWP Plan Administrative Fees.pdf.

**12. Attachment 7 and Q-26 of a. Pricing and Cost Containment requests services to be included in the EGWP administrative fee that are specific to RDS services, and not applicable to EGWP. Specific examples include:**

**a.) Monthly cost report submission to CMS, regardless of frequency of submission selected by PEBA.**

**This appears to be an RDS services, which is not applicable for EGWP. PBM does not submit cost reporting to CMS for EGWP.**

**e.) Certificates of Coverage at termination of Creditable Coverage, including postage and mailing. This is applicable to RDS services under the commercial plan and is not applicable for EGWP as EGWP is a Medicare product (Creditable Coverage notices are for Medicare eligible people that have a non Medicare benefit).**

**f.) Calculation and submission annually of the final reconciliation cost report to CMS. This is applicable to RDS services under the commercial plan and is not applicable for EGWP as PBM does not submit annual reconciliation to CMS for EGWP. CMS calculates annual recon for EGWPs based on PDEs and sends to plan sponsors.**

**Bidder requests clarification and/or modification to exclude the above services from the EGWP fee as they are not applicable. Alternatively, will PEBA modify the list of services to be included in the EGWP administrative fee to limit it to those services CMS mandates inclusion in EGWP administrative fees?**

**A:** All fees for RDS services should be included in the Commercial Plan Administrative Fee (per member per month).

13. In 7.50 Price Adjustment - Limited-After Initial Term Only (JAN 2006), the RFP states, "Upon approval of the Procurement Officer, prices may be adjusted for any renewal term. Prices shall not be increased during the initial term. Any request for a price increase must be received by the Procurement Officer at least one (1) year prior to the expiration of the applicable term and must be accompanied by sufficient documentation to justify the increase. If approved, a price increase becomes effective starting with the term beginning after approval. A price increase must be executed as a change order. Contractor may terminate this contract at the end of the then current term if a price increase request is denied. Notice of termination pursuant to this paragraph must be received by the Procurement Officer no later than fifteen (15) days after the Procurement Officer sends contractor notice rejecting the requested price increase."

- Will PBM be allowed to adjust individual pricing for drug(s), which may or may not impact the overall pricing offered, as required by government, marketplace, and industry actions, e.g., when additional drugs have market events as a result of CMS negotiated prices under IRA?

A: The language stands as written. The requirement pertains to administrative fees, not prescription drug prices.

14. In 7.51 Price Adjustments--Limited By CPI "Other Goods & Services" (JAN 2006), the RFP states, "Upon request and adequate justification, the Procurement Officer may grant a price increase up to, but not to exceed, the unadjusted percent change for the most recent 12 months for which data is available, that is not subject to revision, in the Consumer Price Index (CPI) for all urban consumers (CPI-U), "Other Goods & Services" for services, as determined by the Procurement Officer. The Bureau of Labor and Statistics publishes this information on the web at [www.bls.gov](http://www.bls.gov)."

- Can this be limited to the administrative and clinical fees charged by the PBM? The ingredient cost for drugs is based on a pass through arrangement of the pricing that is in the market, where forces outside PBM's control may adjust these prices beyond that of CPI.

A: Confirmed.

15. In 7.10. FIXED PRICING REQUIRED (JAN 2006), the RFP states, "Any pricing provided by Contractor shall include all costs for performing the work associated with that price. Except as otherwise provided in this solicitation, Contractor's price shall be fixed for the duration of this contract, including option terms. This clause does not prohibit Contractor from offering lower pricing after award."

- Please confirm that the requirement of fixed pricing will be limited to the administrative and clinical fees charged by the PBM. The ingredient cost for drugs will vary depending on the various contractual terms of the drug being filled by the member by the varying providers.

A: Confirmed.

16. **Question 6 in A. Pricing and Cost Containment Requirements:** 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 (net of cost share) claim expenses less any pharmaceutical revenue 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 see the following hypothetical example regarding exclusion a.: The claim expenses and pharmaceutical revenue tied to excluded prescriptions is \$10 PMPM and \$2 PMPM, respectively; the claim expenses and pharmaceutical revenue tied to non-excluded prescriptions is \$100 and \$20, respectively. Please confirm if the pharmaceutical revenue tied to excluded prescriptions should be included in the PMPM guarantee ( $\$100 - \$20 - \$2 = \$78$  PMPM) or excluded from the PMPM guarantee ( $\$100 - \$20 = \$80$  PMPM) while the \$2 tied to excluded prescriptions is passed through.

A: Pharmaceutical revenue associated with claims tied to excluded prescriptions are to be passed through to PEBA and are included in the net PMPM calculation.

- Please confirm “cost share” means member cost share.

A: Confirmed.

- Confirm that the PMPM guarantee may be adjusted based on material (defined as greater than 10%) change to plan design or distribution in plan design enrollment.

A: Mechanisms and circumstances that allow for changes to the pricing guarantees made by the Contractor are described in Section A.7 of the RFP document.

- Would PEBA consider a proposal with a PMPM guarantee gross of member cost share?

A: No – PEBA will not consider a PMPM guarantee gross of member cost share.

17. **Question 7 in A. Pricing and Cost Containment Requirements: 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.**
- b. The net PMPM guarantees for 2027 will be calculated as the net PMPM guarantees for 2026 trended forward by Milliman Health Trend Guidelines less 30% than the reported trend under the completed “South Atlantic ASO completed drug” subset. Net PMPM guarantees for years subsequent to 2027 will be trended forward using the same methodology.**
- **Please confirm that the offeror will be allowed to adjust subsequent years’ guarantees for brand drugs that are new to market during the Plan calendar year (defined exclusion in A.6) in addition to the trend as defined by the Milliman benchmark.**

**A:** New to market brand drugs are excluded from the cost component of the net PMPM cost calculation. Any pharmaceutical revenue associated with new to market brand drugs are to be passed through to PEBA and are considered in the net PMPM cost calculation.

- **Please define the time period for which the reported trend under the completed “South Atlantic ASO completed drug” will be measured. As an example, if the 2027 Net PMPM guarantee is to be set in Q4 of 2026, will the Milliman benchmark trend be measured as the most recent available 12 months of data in the South Atlantic ASO completed drug subset as of 10/1/2026 over the 12 months immediately proceeding the most recent available 12 months of data less 30%?**

**A:** The most recent files available as of 10/1 for each year will be used.

18. **Section 5.1.4 in Part 5 of the PBM RFP, Offeror’s Technical Proposal Response (Excel spreadsheet), Tab A-8: Formulary Analysis, the RFP requires Offerors to estimate the total pharmaceutical revenue paid to PEBA for the Commercial and EGWP plans. Please advise where this information should be included, as Tab A-8 does not include a Section IV to populate.**

**A:** See Amendment 3.

19. **PG-4.a. Participant Overall Satisfaction Rate in Tab A-9 requests after-call survey results within 15 days after the end of each quarter. PEBA’s response to Bidder Question 175 confirmed results will be available 45 days after the close of the quarter. Q-2 in Tab A-2m Service Questionnaire was updated; however, PG-4.a. was not revised to align the updated timing requirements. Please confirm Tab A-9 in the Technical Proposal Response file will be updated to reflect the change to 45 days.**

**A:** See Offeror’s Technical Proposal Response – PBM (Amendment 3).

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

**Requested Modifications**

**20. Section 1.1 Definitions, Capitalizations, and Headings:**

Please add a definition for acquisition cost as it relates only to home delivery and specialty pharmacy.

**“Acquisition Cost” means the Contractor’s actual net purchase price for the ingredient(s) dispensed from a Home Delivery Pharmacy or Specialty Pharmacy for a Prescription as reflected in the most recent purchase invoices and/or remittance statements received from Vendor D pharmacy’s wholesaler, manufacturer, distributor or any other seller for the applicable drug on the date dispensed. “Acquisition Cost” applies only to Claims dispensed at Contractor’s Specialty Pharmacies and Contractor’s Home Delivery Pharmacies. “Acquisition Cost” does not apply to Claims filled at any other pharmacies. 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.**

**A:** No – the definition is not acceptable to PEBA. See Amendment 3 and definition below.

Acquisition Cost” means the Contractor’s actual net purchase price for the ingredient(s) dispensed from a Home Delivery Pharmacy or Specialty Pharmacy for a Prescription as reflected in the most recent purchase invoices and/or remittance statements received from the Contractor pharmacy’s wholesaler, manufacturer, distributor or any other seller for the applicable drug on the date dispensed. “Acquisition Cost” applies only to Claims dispensed at Contractor’s Specialty Pharmacies and Contractor’s Home Delivery Pharmacies. “Acquisition Cost” does not apply to Claims filled at any other pharmacies. Any portion of the Claim paid by a Drug Manufacturer under a copay assistance, patient assistance, or Drug Manufacturer coupon program AND RECEIVED BY PEBA shall be excluded from the Acquisition Cost calculation.

**21. In response to Amendment 2, Scope of Work, A.6, please see the below proposed changes:**

**Scope of Work 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 total (before cost share) claim expenses less any pharmaceutical revenue 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.**

**A:** No. The language stands as written.



22. In response to Amendment 2, Scope of Work, A.7, please see the below proposed changes:
- Client Directed Change:** Upon Client consent, which shall not be unreasonably withheld following Contractor's modeling of the financial impact associated with any change, at any time between the date of the RFP and the Effective Date or during the Term or the Agreement, the Contractor reserves the right to modify or amend the financial provisions if any of the following occur: Contractor or PEBA makes any change to its formulary, utilization management or clinical programs, Benefit Plan, Cost Share, or exclusions.
- Safe Harbor Changes:** Upon Client consent, which shall not be unreasonably withheld following Contractor's modeling of the financial impact associated with any change, 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 in the event of a government imposed change in federal, state, or local laws or industry change that materially effects the availability or amount of Rebates offered by Drug Manufacturers or pharmacy reimbursement rates.
- Shortages:** Upon Client consent, which shall not be unreasonably withheld following Contractor's modeling of the financial impact associated with any change, at any time between the date of the RFP and the Effective Date or during the Term of the Agreement, 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 reserves the right to equitably adjust the Guaranteed Net PMPM trend guarantee to account for the impact of any such occurrence.
- Government Action –** Upon Client consent, which shall not be unreasonably withheld following Contractor's modeling of the financial impact associated with any change, at any time between the date of the RFP and the Effective Date or during the Term of the Agreement, in the event of material changes in law / regulations, the Contractor reserves the right to modify or amend the Guaranteed Net PMPM trend guarantee to account for the impact of any such occurrence. In the event of changes to the Maximum Fair Price Program, the Contractor reserves the right to equitably adjust the Guaranteed Net PMPM trend guarantee to account for the impact of any such occurrence.

A: The language stands as written.

#### Questions

23. Regarding Amendment 2, Scope of Work A.7, please confirm if the Milliman Health Trend Guidelines trend calculation includes rebates or if it is solely drug cost trend before rebates.

A: The Milliman data does not capture manufacture rebates but does include any Point of Service rebate applied.