



Commonwealth of Kentucky SOLICITATION

Addenda: No

Addenda #:

TITLE: MCO Pharmacy Benefit Manager (PBM)		
Date Issued: 8/14/20 Record Date: 2020-08-14	Solicitation Closes Date: 10/6/20 Time: 15:30	Solicitation No: RFP 758 2000000380
Online Bidding Prohibited: Yes		
For Information Call: Amy Monroe 502-564-8625		Bid Receiving Location: Bid Receiving See Terms & Conditions for Bid Submission Instructions Other _____ KY _____
Vendor Customer Number: Vendor Name: Phone Number: Fax Number: Email Address:		
Ordering Address: City, State, Zip: Contact Name: Contact Email: Contact Phone Number:	Payment Address: City, State, Zip: Contact Name: Contact Email: Contact Phone Number:	
Ownership Type ___ Sole Proprietorship ___ Partnership ___ Corporation ___ Other _____		

SIGNATURE OF AUTHORIZED AGENT IS REQUIRED UNLESS RESPONSE IS SUBMITTED ELECTRONICALLY. FAILURE TO SIGN SHALL RENDER THE BID INVALID.

Signature X _____ FEIN# _____ Date _____

All offers subject to all terms and conditions contained in this solicitation.



Commonwealth of Kentucky SOLICITATION

Addenda: No

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Line Items

Commodity Group: Default Commodity Group

Line	CL Description	Quantity	UOM	Unit Cost	Line Total or Contract Amnt
1	MCO Pharmacy Benefit Manager				

Comm Code	Comm Description	Manufacturer	Model #	Manuf Part #
94874PS	PSC-Professional Medical Services (Including Physicians, Pha			

Extended Description

Vendor will provide manage the pharmacy benefits for all contracted Department for Medicaid Services Managed Care Organizations in accordance with Senate Bill 50.

To be considered qualified for an award; vendors must meet the Minimum Mandatory Requirements listed in Section 50 of this RFP.

The final Contract will be effective as set forth in Section 50.2, of this RFP, Term of Contract with a planned operational, go-live date no later than July 1, 2021.

Shipping Information CHFS DMS Division of Fiscal Management 275 E Main Street 6W-C Frankfort KY 40621			Billing Information CHFS DMS Division of Fiscal Management dms.invoice@ky.gov 275 E Main Street 6W-C Frankfort KY 40621		
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Addenda: No

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Submission Checklist

The following items will be required to be submitted with bid:

Item

Proposed cost solution under sealed cover and by closing date and time

Proposed technical solution under sealed cover and by closing date and time

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PROPOSAL SUBMISSION CHECKLIST

As directed by the Office of the Governor, all buildings and sites providing state government services shall be closed to the public, except in emergency or life-threatening circumstances, or to provide food, water, or medical assistance. In light of this directive, bidders are not permitted to personally deliver bids and proposals. Bidders shall use Secure File Transfer addressed in Attachment D. If you have questions, contact the buyer of record listed in the solicitation.

The vendor **MUST** include the following with the proposal submission.
If the items highlighted below are not submitted with the proposal submission, the Commonwealth **MUST** deem the proposal non-responsive and SHALL NOT consider for award.

All other items **MUST** be submitted prior to award.

- ☐ FACE OF SOLICITATION - SIGNED [see Section 60.4]
- ☐ *PROPOSED TECHNICAL SOLUTION UNDER SEALED COVER AND BY CLOSING DATE AND TIME [see Sections 60.5 – 60.7]
- ☐ *PROPOSED COST SOLUTION UNDER SEALED COVER AND BY CLOSING DATE AND TIME [see Section 60.8 & Attachment B]
- ☐ TRANSMITTAL LETTER [see Section 60.6(A)]
- ☐ REVENUE FORM 10A100 KENTUCKY TAX REGISTRATION APPLICATION [see Section 60.6 (C)]
- ☐ CERTIFICATE OF AUTHORITY- REGISTRATION WITH SECRETARY OF STATE BY A FOREIGN ENTITY [see Section 60.6 (D)]
- ☐ REQUIRED ANNUAL AFFIDAVIT AND OTHER AFFIDAVIT(S) [see Attachment A]
- ☐ EEO FORMS IF APPLICABLE [see Section 40.21]

**The Commonwealth defines SEALED as “a closure that must be broken to be opened and that thus reveals tampering”. (Merriam-Webster Dictionary, <http://www.merriam-webster.com/dictionary/seal>)*

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**COMMONWEALTH OF KENTUCKY
REQUEST FOR PROPOSAL (RFP)
FOR
MCO PHARMACY BENEFIT MANAGER (PBM)
RFP 758 2000000380**

**RELEASE DATE: FRIDAY, AUGUST 14, 2020
CLOSING DATE AND TIME: TUESDAY, OCTOBER 6, 2020 AT 3:30 PM ET**

(SEE SECTION 10.9 OF THIS RFP FOR THE
ESTIMATED SCHEDULE OF RFP ACTIVITIES)

**ISSUED BY
THE FINANCE AND ADMINISTRATION CABINET
ON BEHALF OF
THE CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

**COMMONWEALTH BUYER:
AMY MONROE, CPPB
COMMONWEALTH OF KENTUCKY
FINANCE AND ADMINISTRATION CABINET
OFFICE OF PROCUREMENT SERVICES
NEW CAPITOL ANNEX
702 CAPITOL AVE RM 096
FRANKFORT KY 40601
(502) 564-4510
Amy.Monroe@ky.gov**

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SECTION 10 – INTRODUCTION AND OVERVIEW

10.1 Purpose

The purpose of this Request for Proposal (RFP) is to solicit proposals for competitive negotiations pursuant to 200 KAR 5:307. The Cabinet for Health and Family Services (CHFS) Department for Medicaid Services (DMS) is soliciting proposals from qualified and experienced organizations to serve as the single managed care organization pharmacy benefit manager (hereinafter referred to as “MCO PBM” or “Contractor”) for the Commonwealth’s Medicaid Managed Care Program.

In response to S.B. 50, 2020 Leg. Reg. Sess. (Ky. 2020) (to be codified at Ky. Rev. Stat. 205.510-205.560, 205.590, and 205.647), the successful Contractor will agree to contract separately with each Kentucky Medicaid contracted MCO and will be paid administrative fees by each MCO in accordance with a DMS-approved administrative payment methodology established through this solicitation. The MCO PBM will receive payments for pharmacy reimbursement directly from the MCOs on a biweekly basis. DMS will provide all oversight and monitoring of the MCO PBM activities and operations as well as ensure collaboration between the MCO PBM and the MCOs.

The pharmacy benefits and services administered by the Contractor will be identified collectively throughout this RFP as “MCO PBM services.” MCO PBM services to be provided include, claims processing and administering payments to Kentucky Medicaid pharmacy Providers; applying the Kentucky Medicaid preferred drug list (PDL) and benefit design; adjudicating prior authorization (PA) requests using DMS-established criteria; adjudicating first level PA appeals; conducting Retrospective Drug Utilization Review (RetroDUR)

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activities; providing Kentucky Medicaid pharmacy Provider and Beneficiary customer service; pharmacy network auditing; reporting to DMS and contracted MCOs; and providing DMS and MCOs with real-time unredacted access to the Contractor's claims processing and online reporting system(s).

The fee-for-service (FFS) PBM for the Commonwealth's Medicaid FFS program will retain responsibility for processing FFS pharmacy claims, supporting the development of the Kentucky Medicaid PDL, and processing federal and State supplemental drug rebates. The FFS PBM will provide the MCO PBM with a weekly file at the National Drug Code (NDC) level reflecting the Kentucky Medicaid PDL and any restrictions, as well as any utilization management (UM) updates to drugs subject to the Kentucky Medicaid PDL. The MCO PBM must implement changes within one business day of the receipt of the PDL changes or the effective date of the change, whichever is later unless otherwise approved by DMS. DMS currently contracts with Magellan Rx Management for FFS PBM services.

Throughout this document, we refer to each PBM as the FFS PBM and MCO PBM (or Contractor). The existing FFS PBM vendor is not precluded from responding to this RFP for MCO PBM services.

The MCO PBM must implement the Kentucky Medicaid pharmacy benefit as directed by DMS without exception. The MCO PBM may not implement any claims processing restrictions such as PA, quantity and/or duration limits, age/gender restrictions, Prospective Drug Utilization Review (ProDUR) edits, or other restrictions more stringent than those specified by DMS. DMS will specify, and MCOs must follow, drug coverage, edits, utilization management strategies, and other requirements for administration of the MCO pharmacy benefit.

This RFP is designed to provide interested vendors with sufficient information to submit proposals meeting minimum requirements but is not intended to limit a proposal's content or exclude any relevant or essential information. Vendors are encouraged to expand upon the specifications, within the established page limits, to evidence service capability and features that bring added value and innovation to DMS.

10.2 Issuing Office

The Commonwealth of Kentucky, Finance and Administration Cabinet, Office of Procurement Services, is issuing this RFP on behalf of the Cabinet for Health and Family Services (CHFS) Department for Medicaid Services (DMS). The Finance and Administration Cabinet is the only office authorized to change, modify, amend, alter, or clarify the specifications, terms and conditions of this RFP.

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A contract, based on this RFP, may or may not be awarded. Any contract award from this RFP is invalid until properly approved and executed by the Finance and Administration Cabinet.

10.3 Access to Solicitation, RFP, and Addenda

The Commonwealth wants each prospective vendor to have full and complete information on which to base a proposal response. Only information presented or referred to in this RFP and any additional written information that is supplied by the Commonwealth Buyer shall be used by vendors in preparing the response.

The solicitation, addenda, and attachments shall be posted to the Kentucky Vendor Self Service site at

<http://emarsonline1311.state.ky.us/webapp/vssprdonline/AltSelfService>

It is not necessary to register to access the solicitation. Unregistered vendors can access solicitations by clicking on public access.

In the event of any conflict or variation between the solicitation or modification as issued by the Commonwealth and the vendor's response, the version as issued shall prevail.

10.4 RFP Terminology

For the purpose of this RFP, the following terms may be used interchangeably:

- Proposer, Offeror, Contractor, Provider, or Vendor
- Commonwealth Buyer, Buyer, Purchaser, or Contract Officer
- RFP, Solicitation, or Procurement
- Bid, Proposal, or Offer
- Commonwealth of Kentucky, Commonwealth, or State, Agency, Cabinet for Health and Family Services, Department for Public Health, CHFS, DPH
- Fiscal Year will be defined as the Commonwealth fiscal year: July 1 through June 30
- Biennium will be defined as the Commonwealth biennium: July 1 of each even numbered year through June 30 of the next even numbered year
- Requirements that include the words "Shall", "Will", "Must" indicate a mandatory requirement

10.5 Restrictions on Communications

The Commonwealth Buyer named on the Cover Sheet of this RFP shall be the sole point of contact throughout the procurement process. All communications, oral and written (regular, express, or electronic mail, or fax), concerning this procurement shall be addressed to the Buyer.

For violation of this provision, the Commonwealth shall reserve the right to disqualify the vendors' proposal response.

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10.6 Written Questions Regarding this RFP

Vendors are encouraged to submit written questions pursuant to Section 10.9 of this RFP. Written questions shall be submitted to the Commonwealth Buyer via email at Amy.Monroe@ky.gov. Vendors should submit questions on Attachment B - Vendors Question Form. No questions shall be accepted after the date(s) listed in Section 10.9 unless the question(s) is considered material to the procurement. The Commonwealth shall respond to salient questions in writing by issuing an addendum to the solicitation. The addendum shall be posted to the Kentucky Vendor Self Service site.

10.7 Notification of Award of Contract

The procurement process will provide for the evaluation of proposals and selection of the successful proposal in accordance with State law and regulations. KRS Chapter 45A of the Kentucky Model Procurement Code provides the regulatory framework for the procurement of services by State agencies.

All applicable statutes, regulations, policies and requirements shall become a part of an award as well as the Information Technology requirements.

To view the award of contract(s) and the contractor(s) receiving the award(s) for this solicitation, access the Kentucky Vendor Self Service site at <http://emarsonline1311.state.ky.us/webapp/vssprdonline/AltSelfService>.

Vendors can search for the solicitation title or number in the keyword search field, or can filter their search for only awarded solicitations by clicking on Advanced Search and changing the status to "Awarded". The award(s) information can be accessed by clicking on the details button of the solicitation and clicking the "Notice of Award" tab. It is the vendor's responsibility to review this information in a timely fashion. No other notification of the results of an award of contract will be provided.

10.8 Protest

Pursuant to KRS 45A.285, the Secretary of the Finance and Administration Cabinet, or his designee, shall have authority to determine protests and other controversies of actual or prospective offerors in connection with the solicitations or selection for award of a contract.

Any actual or prospective offeror or contractor, who is aggrieved in connection with solicitation or selection for award of a contract, may file a protest with the Secretary of the Finance and Administration Cabinet. A protest or notice of other controversy must be filed promptly and in any event within two (2) calendar weeks after such aggrieved person knows or should have known of the facts

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giving rise thereto. All protests or notices of other controversies must be in writing and shall be addressed and mailed to:

**Holly M. Johnson, Secretary
COMMONWEALTH OF KENTUCKY
FINANCE AND ADMINISTRATION CABINET
New Capitol Annex
702 CAPITOL AVE RM 383
FRANKFORT KY 40601**

The Secretary of Finance and Administration Cabinet shall promptly issue a decision in writing. A copy of that decision shall be mailed or otherwise furnished to the aggrieved party and shall state the reasons for the action taken.

The decision by the Secretary of the Finance and Administration Cabinet shall be final and conclusive.

10.9 Estimated Schedule of RFP Activities

The following table presents the anticipated schedule for major activities associated with the RFP distribution, proposal submission, proposal evaluation process, and contract award. The Commonwealth reserves the right at its sole discretion to change the Schedule of Activities, including the associated dates and times.

Anticipated Schedule of Activities

Release of RFP	Friday, August 14, 2020
Vendors' 1 st Set of Written Questions due by 11:59 PM ET	Tuesday, August 25, 2020
(SUBMIT QUESTIONS ON ATTACHMENT B - VENDORS' QUESTION FORM)	
Commonwealth's Response to the 1 st Set of Written Vendors' Written Questions	Tuesday, September 1, 2020
Vendors' 2 nd Set of Written Questions due by 11:59 PM ET	Tuesday, September 8, 2020
Commonwealth's Response to the 2 nd Set of Written Vendors' Written Questions	Tuesday, September 15, 2020
(SUBMIT QUESTIONS ON ATTACHMENT B - VENDORS' QUESTION FORM)	
Proposals due by 3:30 PM ET	Tuesday, October 6, 2020

SECTION 20 – BACKGROUND AND PRESENT SYSTEM SUMMARY

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20.1 Background

The DMS, within the CHFS, is the single state agency responsible for implementing and administering the Kentucky Medicaid Program authorized under Title XIX of the Social Security Act (also referred to as Medicaid) and the Kentucky Children's Health Insurance Program (KCHIP) authorized under Title XXI of the Social Security Act. Medicaid is a federal and state funded assistance program that provides health care coverage to certain low-income and medically vulnerable individuals of all ages. The mission of DMS is to ensure access to and improve delivery of high quality cost effective health care services.

The Commonwealth's Medicaid and KCHIP programs deliver a comprehensive healthcare benefit package to approximately 1.4 million Kentuckians through two (2) distinct delivery systems, FFS and capitated managed care. Approximately one hundred twenty thousand (120,000) Kentuckians access services through the FFS system, with eligible individuals including Aged, Blind or Disabled (ABD), comprised mostly of individuals with disabilities or those who are sixty-five (65) years or older, and who primarily reside in Long Term Care (LTC) Facilities or are served by a Home and Community Based Services (HCBS) program. Individuals served through the FFS delivery system are not subject to this procurement.

Approximately 1.2 million Kentuckians access services through five (5) Medicaid MCOs, across eight (8) distinct service regions. Individuals eligible for Kentucky's Medicaid managed care program include Families and Children, Supplemental Security Income (SSI) Adults without Medicare, SSI Children, Foster Care Children, Dual Eligible Beneficiaries (i.e., Medicaid and Medicare eligible), Affordable Care Act (ACA) Modified Adjusted Gross Income (MAGI) Adults, and ACA Former Foster Care Children.

Currently, MCOs contracted with DMS provide all pharmacy services for Beneficiaries, and each MCO contracts PBM services separately. The 2020 Kentucky General Assembly passed S.B. 50, which Governor Andy Beshear subsequently signed into law.¹ This statute mandates that CHFS identify and contract with a single PBM to administer all pharmacy benefits for Beneficiaries in the Medicaid Managed Care Program. Specifically, each contract entered into or renewed for the delivery of Medicaid services by an MCO after CHFS has selected and contracted with the state MCO PBM shall require the MCO to contract with and utilize the CHFS-identified PBM. Moreover, DMS will be required to establish a single PDL for the Medicaid Managed Care Program and to promulgate administrative regulations establishing pharmacy reimbursement minimum fee schedules and professional dispensing fees to be used by the MCO PBM for each Medicaid MCO.

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Not unlike other states, Medicaid spending in Kentucky has increased in recent years, from 15.5% of the total state general fund budget in 2014, to 17.2% in 2018. With respect to the Medicaid pharmacy benefit, DMS projected state fiscal year (SFY) spending for 2019 to be greater than \$92 million in the FFS population alone, making it the fastest growing expense in the Kentucky Medicaid budget. This is consistent with projections from the Centers for Medicare & Medicaid Services (CMS), which suggest that prescription medications will be the fastest growing category of health spending over the next decade, consistently outpacing other categories. In an effort to address this growing challenge, DMS has implemented a number of initiatives including a PDL for the FFS system. This PDL incorporates clinical criteria for medications, PA criteria, a step therapy protocol, and various additional care management policies. The MCO PBM will be expected to implement the single statewide PDL and pharmacy benefit as defined and updated by DMS.

On May 29, 2020, CHFS awarded MCO contracts to five (5) health care companies as the result of a competitive procurement through RFP 758 1900000093. These MCO contracts are planned to have a go-live date of January 1, 2021. In addition, the Commonwealth will implement the Kentucky Medicaid PDL on January 1, 2021, through the MCO delivery system and the MCO's PBM vendors. The award and contract date for a single, statewide MCO PBM will be no later than December 31, 2020 with a planned operational, go-live date no later than July 1, 2021.

The following table provides metrics regarding the Kentucky managed care population and may be helpful to vendors in developing their responses to this RFP.

Metric	2017	2018	2019	2020*
Number of Eligible Beneficiaries (MCOs)	1,486,271	1,480,806	1,456,043	1,335,101
Number of Pharmacies Enrolled with Kentucky DMS	4,414	4,456	4,661	4,705
Number of Paid Rx Claims (MCOs)				
Aetna	8,716,058	7,875,456	8,247,954	2,830,857
Anthem	4,141,571	4,594,770	6,196,000	1,723,665
Humana	6,088,981	6,649,158	6,829,723	2,310,604
Passport	11,094,772	11,889,672	13,254,790	3,963,273
WellCare	19,385,410	19,490,936	21,083,919	7,199,866
Average Number of Paid Rx Claims PMPM (MCOs)				
Aetna	726,337	656,288	687,330	640,190
Anthem	345,131	382,898	418,517	391,421
Humana	507,415	554,097	569,144	520,193
Passport	924,564	990,806	1,104,566	915,043
WellCare	1,615,451	1,624,245	1,756,993	1,652,096

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Average Number of Rx Provider Calls per Month (MCOs)				
Aetna	2,128	1,453	1,077	934
Anthem	432	222	322	458
Humana	30	140	545	22
Passport	5,019	4,450	3,530	2,753
WellCare	5,542	4,785	5,090	4,859
Average Number of Beneficiary Calls per Month (MCOs)				
Aetna	15,345	12,901	11,097	9,104
Anthem	13,179	13,586	14,790	13,867
Humana	7,793	8,023	6,312	11,864
Passport	32,906	39,689	28,977	22,184
WellCare	30,434	30,307	29,455	23,292

* Year to Date - As of end of May 2020

SECTION 30 – COMMONWEALTH OFFICE OF TECHNOLOGY (COT) REQUIREMENTS

This section has been intentionally left blank, as it does not apply to this procurement.

SECTION 40 – PROCUREMENT REQUIREMENTS

40.1 Procurement Requirements

Procurement requirements are listed under “Procurement Laws, Preference, Regulations and Policies” and “Response to Solicitation” located on the eProcurement Web page at <https://finance.ky.gov/services/eprocurement/Pages/LawsPrefRegsPolicies.aspx> and <http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx> respectively. The vendor must comply with all applicable statutes, regulations and policies related to this procurement.

40.2 Contract Components and Order of Precedence

The Commonwealth's acceptance of the contractor's offer in response to the solicitation, indicated by the issuance of a contract award by the Office of Procurement Services, shall create a valid contract between the Parties consisting of the following:

1. Procurement Statutes, Regulations and Policies;
2. Any written Agreement between the Parties;
3. Any Addenda to the Solicitation;
4. The Solicitation and all attachments;
5. Any Best and Final Offer;

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6. Any clarifications concerning the Contractor's proposal in response to the Solicitation;
7. The Contractor's proposal in response to the Solicitation.

In the event of any conflict between or among the provisions contained in the contract, the order of precedence shall be as enumerated above.

40.3 Final Agreement

The contract represents the entire agreement between the parties with respect to the subject matter hereof. Prior negotiations, representations, or agreements, either written or oral, between the parties hereto relating to the subject matter hereof shall be of no effect upon this contract.

40.4 Contract Provisions

If any provision of this contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both the Commonwealth and the contractor shall be relieved of all obligations arising under such provision. If the remainder of this contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

40.5 Type of Contract

The contract proposed in response to this solicitation shall be on the basis of a firm fixed unit price for the elements listed in this solicitation. This solicitation is specifically not intended to solicit proposals for contracts on the basis of cost-plus, open-ended rate schedule, nor any non-fixed price arrangement.

40.6 Contract Usage

As a result of this RFP, the contractual agreement with the selected vendor will in no way obligate the Commonwealth of Kentucky to purchase any services or equipment under this contract. The Commonwealth agrees, in entering into any contract, to purchase only such services in such quantities as necessary to meet the actual requirements as determined by the Commonwealth.

40.7 Addition or Deletion of Items or Services

The Office of Procurement Services reserves the right to add new and similar items, by issuing a contract modification, to this contract with the consent of the vendor. Until such time as the vendor receives a modification, the vendor shall not accept delivery orders from any agency referencing such items or services.

40.8 Changes and Modifications to the Contract

Pursuant to KRS 45A.210 (1) and 200 KAR 5:311, no modification or change of any provision in the contract shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by the contractor and the Commonwealth, and incorporated as a written amendment to the contract

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and processed through the Office of Procurement Services and approved by the Finance and Administration Cabinet prior to the effective date of such modification or change pursuant to KRS 45A.210(1) and 200 KAR 5:311. Memorandum of understanding, written clarification, and/or correspondence shall not be construed as amendments to the contract.

If the contractor finds at any time that existing conditions made modification of the contract necessary, it shall promptly report such matters to the Commonwealth Buyer for consideration and decision.

40.9 Changes in Scope

The Commonwealth may, at any time by written order, make changes within the general scope of the contract. No changes in scope are to be conducted except at the approval of the Commonwealth.

40.10 Contract Conformance

If the Commonwealth Buyer determines that deliverables due under the contract are not in conformance with the terms and conditions of the contract and the mutually agreed-upon project plan, the Buyer may request the contractor to deliver assurances in the form of additional contractor resources and to demonstrate that other major schedules will not be affected. The Commonwealth shall determine the quantity and quality of such additional resources and failure to comply may constitute default by the contractor.

40.11 Assignment

The contract shall not be assigned in whole or in part without the prior written consent of the Commonwealth Buyer.

40.12 Payment

The Commonwealth will make payment within thirty (30) working days of receipt of contractor's invoice or of acceptance of goods and/or services in accordance with KRS 45.453 and KRS 45.454.

Payments are predicated upon successful completion and acceptance of the described work, services, supplies, or commodities, and delivery of the required documentation. Invoices for payment shall be submitted to the agency contact person or his representative.

40.13 Contractor Cooperation in Related Efforts

The Commonwealth of Kentucky may undertake or award other contracts for additional or related work, services, supplies, or commodities, and the contractor shall fully cooperate with such other contractors and Commonwealth employees. The contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees.

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40.14 Contractor Affiliation

"Affiliate" shall mean a branch, division or subsidiary that is effectively controlled by another party. If any affiliate of the contractor shall take any action that, if done by the contractor, would constitute a breach of this agreement, the same shall be deemed a breach by such party with like legal effect.

40.15 Commonwealth Property

The contractor shall be responsible for the proper custody and care of any Commonwealth-owned property furnished for contractor's use in connections with the performance of this contract. The contractor shall reimburse the Commonwealth for its loss or damage, normal wear and tear excepted.

40.16 Confidentiality of Contract Terms

The contractor and the Commonwealth agree that all information communicated between them before the effective date of the contract shall be received in strict confidence and shall not be necessarily disclosed by the receiving party, its agents, or employees without prior written consent of the other party. Such material will be kept confidential subject to Commonwealth and Federal public information disclosure laws.

Upon signing of the contract by all parties, terms of the contract become available to the public, pursuant to the provisions of the Kentucky Revised Statutes.

The contractor shall have an appropriate agreement with its subcontractors extending these confidentiality requirements to all subcontractors' employees.

40.17 Confidential Information

The contractor shall comply with the provisions of the Privacy Act of 1974 and instruct its employees to use the same degree of care as it uses with its own data to keep confidential information concerning client data, the business of the Commonwealth, its financial affairs, its relations with its citizens and its employees, as well as any other information which may be specifically classified as confidential by the Commonwealth in writing to the contractor. All Federal and State Regulations and Statutes related to confidentiality shall be applicable to the contractor. The contractor shall have an appropriate agreement with its employees, and any subcontractor employees, to that effect, provided however, that the foregoing will not apply to:

- A. Information which the Commonwealth has released in writing from being maintained in confidence;
- B. Information which at the time of disclosure is in the public domain by having been printed or published and available to the public in libraries or other public places where such data is usually collected; or

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- C. Information, which, after disclosure, becomes part of the public domain as defined above, thorough no act of the contractor.

40.18 Advertising Award

The contractor shall not refer to the award of contract in commercial advertising in such a manner as to state or imply that the firm or its services are endorsed or preferred by the Commonwealth of Kentucky without the expressed written consent of the agency technical contact person. (see Section 50.4)

40.19 Patent or Copyright Infringement

The contractor shall report to the Commonwealth promptly and in reasonable written detail, each notice of claim of patent or copyright infringement based on the performance of this contract of which the contractor has knowledge.

The Commonwealth agrees to notify the contractor promptly, in writing, of any such claim, suit or proceeding, and at the contractor's expense give the contractor proper and full information needed to settle and/or defend any such claim, suit or proceeding.

If, in the contractor's opinion, the equipment, materials, or information mentioned in the paragraphs above is likely to or does become the subject of a claim or infringement of a United States patent or copyright, then without diminishing the contractor's obligation to satisfy any final award, the contractor may, with the Commonwealth's written consent, substitute other equally suitable equipment, materials, and information, or at the contractor's options and expense, obtain the right for the Commonwealth to continue the use of such equipment, materials, and information.

The Commonwealth agrees that the contractor has the right to defend, or at its option, to settle and the contractor agrees to defend at its own expense, or at its option to settle, any claim, suit or proceeding brought against the Commonwealth on the issue of infringement of any United States patent or copyright or any product, or any part thereof, supplied by the contractor to the Commonwealth under this agreement. The contractor agrees to pay any final judgment entered against the Commonwealth on such issue in any suit or proceeding defended by the contractor.

If principles of governmental or public law are involved, the Commonwealth may participate in the defense of any such action, but no costs or expenses shall be incurred for the account of the contractor without the contractor's written consent. The contractor shall have no liability for any infringement based upon:

- A. the combination of such product or part with any other product or part not furnished to the Commonwealth by the contractor

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- B. the modification of such product or part unless such modification was made by the contractor
- C. the use of such product or part in a manner for which it was not designed

40.20 Permits, Licenses, Taxes and Commonwealth Registration

The contractor shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of all Federal, State, and local governments in which work under this contract is performed.

The contractor shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof. However, the contractor need not be registered as a prerequisite for responding to the RFP. Additional local registration or license may be required.

The contractor shall pay any sales, use, and personal property taxes arising out of this contract and the transaction contemplated hereby. Any other taxes levied upon this contract, the transaction, or the equipment or services delivered pursuant hereto shall be borne by the contractor.

40.21 EEO Requirements

The Equal Employment Opportunity Act of 1978 applies to All State government projects with an estimated value exceeding \$500,000. The contractor shall comply with all terms and conditions of the Act.

<http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx>.

40.22 Provisions for Termination of the Contract

Any contract resulting from this solicitation shall be subject to the termination provisions set forth in 200 KAR 5:312.

40.23 Bankruptcy

In the event the contractor becomes the subject debtor in a case pending under the Federal Bankruptcy Code, the Commonwealth's right to terminate this contract may be subject to the rights of a trustee in bankruptcy to assume or assign this contract. The trustee shall not have the right to assume or assign this contract unless the trustee (a) promptly cures all defaults under this contract; (b) promptly compensates the Commonwealth for the monetary damages incurred as a result of such default, and (c) provides adequate assurance of future performance, as determined by the Commonwealth.

40.24 Conformance with Commonwealth & Federal Laws/Regulations

This contract shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. Any action brought against the Commonwealth on the contract, including but not limited to actions either for breach of contract

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or for enforcement of the contract, shall be brought in Franklin Circuit Court, Franklin County, Kentucky in accordance with KRS 45A.245.

40.25 Accessibility

Vendor hereby warrants that the products or services to be provided under this contract comply with the accessibility requirements of Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794d), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1194. Vendor further warrants that the products or services to be provided under this contract comply with existing federal standards established under Section 255 of the Federal Telecommunications Act of 1996 (47 U.S.C. § 255), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1193, to the extent the vendor's products or services may be covered by that act. Vendor agrees to promptly respond to and resolve any complaint regarding accessibility of its products or services which is brought to its attention.

40.26 Access to Records

The state agency certifies that it is in compliance with the provisions of KRS 45A.695, "Access to contractor's books, documents, papers, records, or other evidence directly pertinent to the contract." The Contractor, as defined in KRS 45A.030, agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this agreement for the purpose of financial audit or program review. The Contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the agreement and shall be exempt from disclosure as provided in KRS 61.878(1)(c).

40.27 Prohibitions of Certain Conflicts of Interest

In accordance with KRS 45A.340, the contractor represents and warrants, and the Commonwealth relies upon such representation and warranty, that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services. The contractor further represents and warrants that in the performance of the contract, no person, including any subcontractor, having any such interest shall be employed.

In accordance with KRS 45A.340 and KRS 11A.040 (4), the contractor agrees that it shall not knowingly allow any official or employee of the Commonwealth who exercises any function or responsibility in the review or approval of the

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undertaking or carrying out of this contract to voluntarily acquire any ownership interest, direct or indirect, in the contract prior to the completion of the contract.

40.28 No Contingent Fees

No person or selling agency shall be employed or retained or given anything of monetary value to solicit or secure this contract, excepting bona fide employees of the offeror or bona fide established commercial or selling agencies maintained by the offeror for the purpose of securing business. For breach or violation of this provision, the Commonwealth shall have the right to reject the proposal or cancel the contract without liability.

40.29 Vendor Response and Proprietary Information

The RFP specifies the format, required information, and general content of proposals submitted in response to the RFP. ***The Finance and Administration Cabinet will not disclose any portions of the proposals prior to Contract Award to anyone outside the Finance and Administration Cabinet, representatives of the agency for whose benefit the contract is proposed, representatives of the Federal Government, if required, and the members of the evaluation committees.*** After a contract is awarded in whole or in part, the Commonwealth shall have the right to duplicate, use, or disclose all proposal data submitted by vendors in response to this RFP as a matter of public record. Although the Commonwealth recognizes the vendor's possible interest in preserving selected data which may be part of a proposal, the Commonwealth must treat such information as provided by the Kentucky Open Records Act, KRS 61.870 et sequitur.

Informational areas which normally might be considered proprietary shall be limited to individual personnel data, customer references, selected financial data, formulae, and financial audits which, if disclosed, would permit an unfair advantage to competitors. If a proposal contains information in these areas that a vendor declares proprietary in nature and not available for public disclosure, *the vendor shall declare in the Transmittal Letter [see Section 60.6 (A)] the inclusion of proprietary information and shall noticeably label as proprietary each sheet containing such information. Proprietary information shall be submitted under separate sealed cover marked "Proprietary Data".* Proposals containing information declared by the vendor to be proprietary, either in whole or in part, outside the areas listed above may be deemed non-responsive to the RFP and may be rejected.

40.30 Contract Claims

The Parties acknowledge that KRS 45A.225 to 45A.290 governs contract claims.

40.31 Limitation of Liability

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The liability of the Commonwealth related to contractual damages is set forth in KRS 45A.245.

40.32 Discrimination (Effective April 8, 2015)

Discrimination (because of race, religion, color, national origin, sex, sexual orientation, gender identity, age, or disability) is prohibited. This section applies only to contracts utilizing federal funds, in whole or in part. During the performance of this contract, the contractor agrees as follows:

1. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex, sexual orientation, gender identity, or age. The contractor further agrees to comply with the provisions of the Americans with Disabilities Act (ADA), Public Law 101-336, and applicable federal regulations relating thereto prohibiting discrimination against otherwise qualified disabled individuals under any program or activity. The contractor agrees to provide, upon request, needed reasonable accommodations. The contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability. Such action shall include, but not be limited to the following; employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensations; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this non-discrimination clause.
2. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, sex, sexual orientation, gender identity, age or disability.
3. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice advising the said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance.
4. The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965 as amended, and of the rules, regulations and relevant orders of the Secretary of Labor.
5. The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules,

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regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the contractor may be declared ineligible for further government contracts or federally-assisted construction contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in or as otherwise provided by law.
7. The contractor will include the provisions of paragraphs (1) through (7) of section 202 of Executive Order 11246 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor, issued pursuant to section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

SECTION 50 – SCOPE OF WORK

50.1 Agencies to Be Served

This contract shall be for use by the Kentucky Transportation Cabinet (KYTC). No shipments shall be made except upon receipt by vendor of an official delivery order from the using agency.

Extending the Contract Use to Other Agencies

The Office of Procurement Services reserves the right, with the consent of the vendor, to offer the Master Agreement resulting from this solicitation to other state agencies requiring the product(s) or service(s).

50.2 Term of Contract and Renewal Options

The initial term of the contract shall be from the effective date of the Award of Contract through December 31, 2024.

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This contract may be renewed at the completion of the initial contract period for **three (3) additional one (1) year** periods upon the mutual agreement of the Parties. Such mutual agreement shall take the form of a contract modification as described in Section 40.8 of this RFP.

At the end of the contract, the vendor shall provide all agency data in a form that can be converted to any subsequent system of the agency's choice. The vendor shall cooperate to this end with the vendor of the agency's choice, in a timely and efficient manner.

The Commonwealth reserves the right not to exercise any or all renewal options. The Commonwealth reserves the right to extend the contract for a period less than the length of the above-referenced renewal period if such an extension is determined by the Commonwealth Buyer to be in the best interest of the Commonwealth.

The Commonwealth reserves the right to renegotiate any terms and/or conditions as may be necessary to meet requirements for the extended period. In the event proposed revisions cannot be agreed upon, either party shall have the right to withdraw without prejudice from either exercising the option or continuing the contract in an extended period.

50.3 Basis of Price Revisions

PRICE ADJUSTMENTS: Unless otherwise specified, the prices established by the contract resulting from this solicitation shall remain firm for the contract period subject to the following:

- A. **Price Increases:** A price increase shall not occur during the first twelve (12) months of the contract. A vendor may request a price increase after twelve (12) months of the contract, which may be granted or denied by the Commonwealth. Any such price increase shall be based on industry wide price changes. The contract holder must request in writing a price increase at least thirty (30) days prior to the effective date, and shall provide firm proof that the price increase(s) is justified. The Office of Procurement Services may request additional information or justification. If the price increase is denied, the contract holder may withdraw from the contract without prejudice upon written notice and approval by the Office of Procurement Services. Provided, however, that the vendor must continue service, at the contract prices, until a new contract can be established (usually within sixty (60) days).
- B. **Price Decreases:** The contract price shall be reduced to reflect any industry wide price decreases. The contract holder is required to furnish the Office of Procurement Services with notice of any price decreases as soon as such decreases are available.

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- C. Extended Contract Periods: If the contract provides for an optional renewal period, a price adjustment may be granted at the time the contract is renewed, subject to price increase justification as required in Paragraph A “Price Increases” as stated above.

50.4 Notices

After the award of contract, all programmatic communications with regard to day-to-day performance under the contract are to be made to the agency technical contact(s) identified during the negotiation phase of this procurement. After the award of contract, all communications of a contractual or legal nature are to be made to the Commonwealth Buyer.

50.5 Subcontractors

The contractor is permitted to make subcontract(s) with any other party for furnishing any of the work or services herein. The contractor shall be solely responsible for performance of the entire contract whether or not subcontractors are used. The Commonwealth shall not be involved in the relationship between the prime contractor and the subcontractor. Any issues that arise as a result of this relationship shall be resolved by the prime contractor. All references to the contractor shall be construed to encompass both the contractor and any subcontractors of the contractor.

50.6 Scope of Work

The Contractor will maintain expert knowledge of PBM industry regulations, best practices, and innovations, and make program improvement recommendations to DMS for consideration. Throughout this contract, the MCO PBM will ensure compliance with all Kentucky and federal statutes, regulations, and policies for pharmacy benefit services provided to eligible Beneficiaries by eligible pharmacy Providers as it performs the following scope of work.

50.6.1 Minimum Mandatory Requirement

1. The Contractor must have at least five full consecutive years of experience in providing PBM services similar in scope to those outlined in this RFP. The Contractor will demonstrate experience through a listing of engagements similar in size and scope, the dates of the engagements, a brief description of services provided, and client contact information (including name, title, mailing address, email address, and phone number).
2. The Contractor must provide a copy of its URAC (formerly known as Utilization Review Accreditation Commission) Pharmacy Benefit Management accreditation certificate, or other proof that URAC Pharmacy Benefit Management accreditation will occur on or before the pharmacy contract effective date. The successful Contractor will be required to maintain URAC Pharmacy Benefit Management accreditation during the entire term of this contract, including runout.

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3. The Contractor must agree to make any system modifications necessary to comply with all Federal and State regulations and mandates, as described herein, and to meet the deadlines imposed for such changes for the duration of this contract at no additional cost to the MCO or the Commonwealth without the approval of DMS.

50.6.2

A. General Responsibilities of the Parties.

The Contractor shall:

1. Contractor shall attest to DMS its fiduciary duty and understanding of all requirements in S.B. 50, 2020 Leg. Reg. Sess. (Ky. 2020) (to be codified at Ky. Rev. Stat. 205.510-205.560, 205.590, and 205.647).
2. Develop a standard contract, subject to DMS approval, that the Contractor will use to contract with each Kentucky MCO. The standard contract will, at a minimum, include the following:
 - a. Coordination requirements between the MCO and the Contractor (e.g., transition activities, points of contact/liaisons, etc.).
 - b. Requirements for coordination and collaboration to support the MCOs' care coordination and care management activities.
 - c. Terms and conditions under which the MCO will pay the MCO PBM for its services.
 - d. Acknowledgment that the MCO PBM will receive an administrative fee for its services directly from the MCO. This administrative fee will be paid in accordance with fees established by DMS through this procurement.
 - e. The process and frequency for electronic funds transfers (EFT) from the MCO to the MCO PBM to cover biweekly reimbursement to pharmacies.
 - f. Methods and conditions for DMS and the MCOs' real-time, unredacted view into the MCO PBM's Point-of-Sale (POS) claims processing system, which shall include access to eligibility, claims, and pharmacy Provider and payment information.
 - g. Any required file transfers or interfaces between the MCO and the MCO PBM.
 - h. Coordination to meet Beneficiary and pharmacy Provider needs (e.g., call center transfers, responding to questions about claims, addressing complaints, grievances and appeals, etc.).
 - i. Requirements for MCO PBM reporting to the MCO.
3. Ensure all payments to pharmacies are made in accordance with the DMS established reimbursement methodology.

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4. Not assess any fees, financial penalties, or other assessments against pharmacies without the written approval of DMS.
5. Not require a Beneficiary to obtain a specialty drug from a specialty pharmacy owned by or otherwise associated with the Contractor, not require or incentivize a Beneficiary to use a pharmacy owned by or otherwise associated with the Contractor, and not require a Beneficiary to use a mail-order pharmaceutical distributor or mail-order pharmacy.
6. Receive payments for administrative services and pharmacy Provider payments directly from the MCOs.
7. Recognize and include only pharmacies in the pharmacy Provider network supplied by DMS with processes in place, subject to DMS approval, to adjudicate claims from non-network providers if the drug was provided to an eligible Beneficiary as a result of an emergency or life-endangering situation, or during out-of-state travel.
8. Implement the Kentucky Medicaid PDL and pharmacy benefit in accordance with all requirements established and communicated by DMS and/or its designee.
9. Maintain a robust claims adjudication platform with flexible, parameter-driven rules.
10. Establish a Retrospective Drug Utilization Review (RetroDUR) program with each MCO, approved by DMS, and provide reports as requested to DMS and the MCOs.
11. Respond to and fulfill all DMS and MCO requests for data, reports, and meetings within two (2) business days unless otherwise agreed upon by the MCOs and DMS.
12. Comply with all DMS required file layouts and data submission standards
13. Participate either in-person or virtually, at DMS' discretion, in weekly status and strategy meeting with DMS Pharmacy team with agenda sent at least 24 hours in advance.
14. Participate in other meetings either in-person or virtually as requested by DMS.
15. Ensure compliance with all contractual, as well as state and federal requirements.

DMS shall:

1. Designate a single MCO PBM (i.e., the Contractor) that shall provide PBM services for each of the contracted Kentucky Medicaid MCOs.
2. Review and approve all contracts and contract amendments for PBM services between the MCO PBM and the MCOs to serve Kentucky Medicaid Beneficiaries.

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3. Not provide any form of remuneration to the MCO PBM.
4. Establish the Kentucky Medicaid pharmacy benefit including the PDL and communicate the PDL along with all conditions for coverage, including any PA requirements and criteria, to the MCO PBM.
5. Provide the Contractor with the Medicaid pharmacy Provider file which shall be used as the pharmacy network for all claims processed for each of the MCOs.
6. Provide Beneficiary eligibility files and third party liability (TPL) files to the Contractor.
7. Incorporate this RFP, the Contractor's response, and the resulting contract into contracts between DMS and the MCOs.
8. Conduct oversight and monitoring to ensure the Contractor is in compliance with all contractual as well as state and federal requirements.

B. System and Claims Administration

The Contractor shall:

1. **Adhere to all DMS technical requirements in Attachment G (Mandatory Technical Requirements) unless otherwise instructed or permitted by DMS.**
2. Provide an online, real-time claims processing system and supports for receipt, adjudication, and notification to billing pharmacy Providers regarding the disposition of a claim.
3. Adjudicate and report on all claims and pharmacy Provider payments in accordance with DMS-defined program policy, established reimbursement minimum fee schedules, state and federal statutes and regulations, and the Health Insurance Portability and Accountability Act (HIPAA) of 1996. This includes the ability to establish adjudication rules customized for each DMS program by category codes, eligibility status, beneficiary attributes (e.g., age, medical condition), drug or drug class (e.g., brand/generic status, drug coverage status, PDL status), Medicare-Medicaid dual eligible status and other criteria specified by DMS.
4. Supply a Point-of-Sale (POS) system that is compliant with all applicable National Council for Prescription Drug Programs (NCPDP) requirements, formats, and standards.
5. Ensure the POS system addresses the following situations:
 - a. **Duplicate Claims: The system shall automatically inform the pharmacy Provider if the current claim is an exact or possible duplicate and deny that claim as appropriate.**
 - b. **Prescription Validity: The system shall ensure that the prescription has not expired and the number of valid refills has not been exceeded.**

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- c. Covered Drugs: The system shall verify that the NDC is valid and the drug is eligible for payment under DMS' pharmacy program and eligible for Medicaid drug rebates, unless otherwise directed by DMS.
 - d. Quantity of Service: The system shall edit claims to ensure compliance with all Kentucky regulations, including but not limited to, quantity limits, age limits, day supply, and monthly prescription limits.
 - e. Drugs covered by Medicare, Medicare Managed Care Plans, or a Prescription Drug Plan (PDP): The system shall have edits to identify Dual Eligible Beneficiaries and deny claims covered by Medicare, Medicare Managed Care Plans, and Medicare Part D claims.
 - f. Diabetic Supplies: The system shall accommodate the processing of NDC-coded claims from Durable Medical Equipment (DME) Providers for rebate-eligible diabetic supplies. The MCO PBM must adhere to and enforce the DMS preferred diabetic supplies list.
6. **Provide the ability to apply an Internal Control Number (ICN) to each claim and its supporting documentation, regardless of submission format, to track claims, conduct research, perform reconciliations, and for audit purposes.**
7. **Ensure the system is capable of adding, changing, or removing claim adjudication processing rules to accommodate State and Federal required changes to the pharmacy program within thirty (30) calendar days, unless otherwise approved.**
8. **Identify and deny claims that contain invalid prescribing provider numbers including where the Taxonomy/National Provider Identifier (NPI) or prescribing provider number is missing or is invalid.**
9. **Identify any liable third party, and ensure that Medicaid is the appropriate payer of last resort.**
10. **Provide the ability to process claims electronically as well as by batch electronic media and paper claims submitted directly for processing. Paper claims include, but are not limited to, those submitted in situations when a Beneficiary has to visit an out-of-network pharmacy Provider in an emergency. Paper claims shall be submitted on the NCPDP Universal Claim Form version D.0.**
11. **Establish a Bank Identification Number (BIN)/Issuer Identification Number (IIN), Processor Control Number (PCN), and Group Number combination for POS pharmacy claims processing. These numbers will uniquely identify each MCO and ensure Medicaid claims are distinguishable from the Contractor's commercial, Medicare Part D, and other business lines. The BIN/IIN and PCN number shall appear on all Beneficiaries' identification cards along with the toll free phone number for pharmacy Provider and Beneficiary assistance.**

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12. **Conduct online POS operations twenty-four hours per day, seven days per week, three hundred sixty-five days per year (24x7x365) no less than 99.9% of the time, with the exception of Contractor scheduled downtime pre-approved by DMS. The Contractor shall notify the MCOs and DMS when scheduled downtime will occur. System up time will be measured and reported monthly.**
13. Notify DMS and MCO staff of performance issues impacting POS adjudication within fifteen (15) minutes of the Contractor's knowledge of system problems.
14. **The Contractor must conduct research on claim payment problems and provide a Root Cause Analysis within five (5) business days of the discovery of the issue.**
15. Demonstrate average POS response time of five (5) seconds or less 98% of the time measured weekly and reported monthly. Response time means the time from when the claim is received by the Contractor until the time the results are transmitted from the Contractor and includes all procedures required to complete claim adjudication.
16. Maintain a secured process for the receipt of paper claims and other written materials containing confidential and protected information.
17. The Contractor must accept paper claims submitted on the NCPDP Universal Claim Form (UCF) in the limited situations that the claim cannot be delivered electronically using a HIPAA-mandated standard.
18. The Contractor must create electronic imaged copies of all paper claims and attachments within one (1) business day of receipt. Imaged copies of paper claims shall be available for DMS review through access to the claims processing system or other online portal supplied by the Contractor.
19. The Contractor must utilize quality and validation procedures to ensure accuracy of the information obtained from paper claims submitted and validate data entry before it is adjudicated.
20. The Contractor must return paper claims with invalid or incomplete information to the submitting provider along with a cover letter template approved by DMS explaining the reason why the claim(s) is being returned within one (1) business day of receipt of the claim(s) that cannot be processed.
21. Process all paper claims within ten (10) calendar days of receipt.
22. Work with DMS and other Commonwealth vendors, as necessary, to establish appropriate system interfaces. The Contractor will:
 - a. Accept and conform to the interface layouts currently in use by DMS and its vendors unless otherwise approved by DMS.
 - b. Establish file transfers as necessary to determine Beneficiary and pharmacy Provider eligibility and TPL information.
 - c. Provide claims and payment history files directly to DMS in the format and at the frequency defined by DMS.

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- d. Maintain a comprehensive data dictionary and make the dictionary available to the MCOs and DMS.
23. **Adjudicate all claims, maintaining documentation for all claims administration, including but not limited to, all materials being keyed or scanned and uploaded so that an official record is stored and retrievable in electronic format.**
24. Ensure data and reference files accessed for claims adjudication are accurate and maintained timely.
25. Integrate historical claims data provided by each of the Kentucky MCOs and/or DMS. This includes a minimum of twelve (12) months of pharmacy claims history, open PAs, and other patient-specific data to be available for PA automation during claims adjudication.
26. Honor existing PAs issued by the MCOs or FFS or their PBM through the PA end date included on the historical PA file provided by each MCO or DMS, unless otherwise directed by DMS.
27. At the direction of DMS, grandfather patients with specified prior drug history (with or without a PA on file) to permit adjudication without a PA denial.
28. Perform mass adjustments to paid claim history as required and directed by DMS, or as requested by the MCOs subject to DMS approval.
29. Provide a mechanism for DMS and DMS' contracted MCOs to view unredacted adjudicated claims, PA records, and reference files in a real-time environment.
30. Ensure the ability to apply edits consistent with DMS requirements, regulatory changes, and innovations in ProDUR.
31. Ensure compatibility of the Contractor's drug file with the Kentucky Medicaid Management Information System (MMIS) and any systems identified by the Department for accurately establishing the pharmacy benefit design, conducting POS editing, and reporting.
32. Perform the following related to 340B drugs/drug claims:
 - a. Maintain the POS system's capability and methodology to appropriately identify 340B claims in real-time, prospectively, and retrospectively.
 - b. Support all DMS-based efforts and initiatives for 340B claim identification at a claim-level of detail, including the utilization of the NCPDP field(s) designed for this purpose.
 - c. Require pharmacy Providers or processing vendors to identify 340B purchased drugs on claims in accordance with DMS requirements.
 - d. For Beneficiaries eligible to receive drugs subject to an agreement under 42 U.S.C. § 256b, the Contractor shall not discriminate against a 340B entity in a manner that prevents or interferes with the Beneficiary's choice to receive such drugs from the 340B entity.
33. **Perform a risk assessment of the claims processing system and Contractor's operations on an annual basis and provide a written**

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report including the methodology to conduct the assessment, findings, and planned action(s) to mitigate identified risk(s) and address identified issues.

34. Develop and maintain a web portal with the following minimum functionality:
 - a. Deployment of remittance advices to pharmacy Providers.
 - b. Information accessible to Beneficiaries regarding benefits and access.
 - c. Business intelligence portal for reports, dashboards and ad hoc tools accessible by DMS and the MCOs.
 - d. Single Sign On integration of all components.
 - e. Web Claims Submission by pharmacies.
 - f. Beneficiary Profile with prescription history accessible by pharmacy Providers and the MCOs.
 - g. Claim history viewing application.
 - h. A dynamic (searchable, linked) list of covered outpatient drugs and DMS' Preferred Drug List (PDL), at the NDC level, as well as supplies covered through DMS' pharmacy benefit. This listing must be accessible by prescribers, pharmacies, and Beneficiaries.
35. The Contractor's solution must support NCPDP multi-ingredient compound functionality to process compounded claims in accordance with DMS policies and procedures.
36. **The Contractor's solution must track and have the ability to report on the specific adjudication rule in effect by date of service and date of payment, and the date the rule was changed, added or deleted, and the benefit plan under which the claim was adjudicated.**
37. **The Contractor must develop and maintain a current list of all edits and identify those edits that require prior authorization and provide the list to DMS or other parties at DMS' request.**
38. **The Contractor must collaborate with DMS to develop, implement, and maintain payer sheet(s) using the NCPDP published template and following the guidance it contains.**
39. **The Contractor's solution must have a non-production environment where mass adjustment events can be modeled and the results reviewed (e.g., affected claim count, net financial impact, supplemental encounter files generated, etc.) prior to updates to the production file.**
40. **Verify that all Beneficiaries for whom claims are submitted qualify to receive pharmacy benefits through DMS' outpatient pharmacy program. This verification must substantiate that the Beneficiary:**
 - a. Was eligible on the date of service for the services provided.
 - b. Is entitled to receive the pharmacy benefit requested.
 - c. Does not have any other benefit design or individual restrictions or conditions which would preclude or affect payment.

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- d. Has been assessed for other insurance coverage, and DMS' TPL rules and requirements are met during the claims adjudication process.
41. **Integrate the daily eligibility file containing other insurance indicator codes along with scope and term of coverage.**
42. Override cost-avoidance processing for specified categories of service, Beneficiary populations, and Provider groups as required by DMS.
43. **Utilize the Commonwealth's Medicaid Identification Number (MAID) and aggregate Beneficiary history across multiple eligibility spans, if applicable.**
44. **Identify any Beneficiary-specific cost sharing requirements that may apply to each claim.**
45. Determine if the pharmacy Provider's eligibility to perform the services requested and/or was eligible to receive reimbursement for the billed service on the date of service based on the pharmacy Provider file and adjudication rules provided by the Commonwealth.
46. Apply individual pharmacy Provider-related restrictions such as special claim reviews, payment withholds, including withholds for delinquent taxes, or other limitations as instructed by DMS.
47. Deny payment for services rendered by an ineligible pharmacy Provider as defined by DMS policies.
48. **Ensure the Provider is eligible to prescribe medications in accordance to the business requirements provided to the MCO PBM by DMS.**

C. Benefit Administration and Utilization Management

The Contractor shall adjudicate claims in accordance with all pharmacy policies and procedures as identified by DMS and consistent with the most current DMS Pharmacy Services Provider Manual and Kentucky statutes and regulations. Upon Contract award, the Contractor shall conduct requirements analysis meetings with DMS (and the MCOs as directed by DMS) to ensure a complete understanding of DMS benefit design, coverage rules, and claim edits and audits. The Contractor shall:

1. Facilitate requirements analysis documentation meetings and draft a Requirements Analysis Document (RAD) subject to DMS' approval.
2. Accurately administer DMS' pharmacy benefit design, including the single Medicaid PDL, PA, and other utilization edits and audits as defined and periodically updated by DMS.
3. Accommodate changes in POS benefit design, claim edits and audits, POS messaging to pharmacies, and processes within one (1) business day of receipt of the file or the DMS effective date, whichever is later unless otherwise approved by DMS.

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4. The Contractor shall submit all adjudicated claims to DMS or its designee in the form of an encounter file on a weekly basis. The Contractor shall use the format required by DMS and accommodate changes to encounter data edits within thirty (30) business days of receipt or the DMS effective date, whichever is later.
5. Ensure the ability of the electronic claims processing system to indicate when PA is needed, and as directed, perform automated/ electronic PA evaluation which may include electronic step therapy and consideration of ICD-10 code(s) or other medical claims information submitted by the pharmacy during the POS transaction or supplied by the MCOs or DMS through a file exchange process established with the Contractor.
6. Generate POS messages with customized text as directed by DMS, including situation specific messaging on rejected claims that enables the pharmacy Provider to take appropriate actions. The MCO PBM may implement MCO-specific POS messaging, subject to DMS approval.
7. Review edits on an ongoing basis to identify and present opportunities to DMS for consideration that may lessen Provider administrative burden without compromising the administration of the DMS pharmacy benefit and corresponding rules. Minimally, the MCO PBM will present these opportunities to DMS on a quarterly basis.
8. Maintain Beneficiary histories for the purposes such as performing clinical edits, PA step therapy, ProDUR screening of submitted claims, and Retro DUR activities.
9. Develop and maintain the adjudication system to accurately implement the Kentucky Medicaid PDL, including supporting edits related to the Kentucky Medicaid PDL, sending POS messaging through the online real-time claims adjudication system, and advising of preferred drug products and the PA process. The Contractor shall measure the accuracy of its implementation and maintenance of the Kentucky Medicaid PDL and report findings to DMS on a monthly basis. Monthly reports shall include an attestation from the MCO PBM's Executive Director as to the accuracy of the measurement. The Contractor shall achieve an accuracy rate of 95% or better, measured on a monthly basis, and subject to an independent audit review by DMS
10. Ensure all edits and audits are working correctly and are maintained to meet DMS' requirements, and ensure POS messaging can be modified quickly and efficiently.
11. Maintain robust edits, including Morphine Milligram Equivalents (MME) accumulated over time and claims, and other POS utilization

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methodologies to drive appropriate utilization of opioids and other controlled substances.

12. The Contractor must supply a robust ProDUR system and capabilities that minimally include the following:
 - a. The Contractor must furnish a fully automated Prospective Drug Utilization Review (ProDUR) system that meets all applicable state and federal requirements including those identified in the OBRA 1990 and OBRA 1993.
 - b. The Contractor's solution must provide a ProDUR function meeting minimum federal Drug Utilization Review (DUR) regulations as well as any additional specifications defined by DMS, and be flexible enough to accommodate any future edit changes identified by DMS.
 - c. The Contractor's solution must provide ProDUR services that apply approved edits to all claims. The edits must determine problems with a prescription and must validate medical appropriateness of the prescribed drug by comparing the circumstances surrounding the request with established pharmacy-related therapeutic criteria.
 - d. The Contractor's solution must be capable of applying results of ProDUR processing in the claim adjudication process. Claims that reject as a result of ProDUR processing must include situation-specific messaging and error codes that enable the pharmacy provider to take appropriate actions. The Contractor may use an existing ProDUR package but must make any modifications required by DMS at no cost to DMS. The Contractor must work with DMS in setting the disposition of ProDUR edits that may vary by type of submission (e.g., real-time versus batch).
 - e. The Contractor's solution must adjudicate claim requests against the following minimum potential ProDUR functions:
 - i. Potential drug over-utilization
 - ii. Therapeutic duplication of drugs with prior paid claims
 - iii. Ingredient duplication of drugs with prior paid claims
 - iv. Drug-allergy interactions and Drug disease contraindications
 - v. Contraindication by enrollee age and presumed or actual diagnosis from prior approved claims and other available data
 - vi. Drug-to-drug interactions (with selectable severities)
 - vii. Potential dosage error above or below therapeutic or cost-effective guidance
 - viii. Potential drug abuse and / or misuse based on prior claims

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- ix. Early refill conditions
- f. The Contractor's solution must automatically generate ProDUR messages in a manner that enables a pharmacy provider to cancel submission of the claim or, for messages that can be overridden, to submit the claim if permitted by DMS claims adjudication rules.
- g. The Contractor's solution must allow providers to enter responses utilizing NCPDP Professional Pharmacy Services (PPS) intervention codes in response to ProDUR messages. The system must capture and store all NCPDP standard DUR conflict, intervention, and outcome messages for reporting to DMS. The Contractor must make changes to the PPS intervention configuration as directed by DMS at no cost to DMS.
- h. The Contractor's solution must have the capability to develop and deliver to the claim submitter new or revised ProDUR messages resulting from new and revised ProDUR criteria definitions.
- i. The Contractor's solution must maintain a set of parameters and variables applicable to ProDUR functionality that can be reviewed and approved by DMS. These are expected to minimally include:
 - i. Full or partial NDC code matching (including multiple NDC codes subject to potential drug/drug interaction)
 - ii. Date of service range
 - iii. Product strength and quantity
 - iv. Days' supply
- j. The Contractor's solution must have the capability to screen for drug therapy concerns by specific drugs relative to high-risk disease, to include but not limited to:
 - i. Cardiovascular disease
 - ii. Cerebrovascular disease
 - iii. Central nervous system disease
 - iv. Renal disease
 - v. Endocrine disease
 - vi. Chronic pain syndromes
 - vii. Substance use disorder
 - viii. Gastrointestinal disease
 - ix. Psychiatric disease
 - x. Respiratory disease
- k. The Contractor's solution must present ProDUR results to pharmacy providers in a format that supports their ability to advise and counsel Beneficiaries appropriately.

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- l. The Contractor's solution must evaluate and return responses to ProDUR alert conditions, as directed by DMS.
 - m. The Contractor's solution must allow for multiple dispositions for ProDUR alert types including but not limited to message only, soft edit (deny and require reason for service and result of service codes) or hard edit (deny and require Prior Authorization).
 - n. The Contractor's solution must allow for ProDUR alerts that fall within one interaction type (e.g., drug to drug level one interaction) to be uniquely dispositioned without changing the disposition of the edit in general (e.g., setting one specific level one drug to drug interaction to message only while all other level one drug to drug interactions are set to soft edit).
 - o. The Contractor's solution must edit and adjudicate for ProDUR alerts between single line item pharmacy claims and multi-ingredient compounds.
 - p. The Contractor's solution must allow for posting of multiple ProDUR alerts in a single response to pharmacy.
 - q. The Contractor's solution must allow for ranking of ProDUR alerts, as approved by DMS, so that the response transaction lists the highest ranking ProDUR alert first, if there are multiple ProDUR alerts.
 - r. The Contractor's solution must have the ability to recognize dose changes and require the use of the current supply of the drug up to the early refill thresholds without the need for manual intervention or prior authorization.
 - s. The Contractor's solution must generate ProDUR codes and messages in claim responses appropriate to the severity of the alert condition and in a manner that enables a pharmacy provider to make appropriate decisions to reverse or correct the accepted claim or override a rejected claim unless such a rejection requires PA according to DMS' benefit design.
13. Conduct a PA program that complies with the requirements of section 1927(d)(5) of the SSA and DMS requirements. The Contractor's PA program shall ensure there is no undue disruption of a Beneficiary's access to care; shall prevent penalization of the pharmacy Provider or Beneficiary, financially or otherwise, for such PA requests or approvals; and shall incorporate the minimum requirements including,
- a. Determinations of PA requests are made within twenty-four (24) hours of receipt.
 - b. **Requests are reviewed using only DMS-approved PA criteria.**

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- c. PA denials are issued only under the approval of the Contractor's Kentucky Registered Pharmacist.
 - d. A Kentucky Registered Pharmacist is available for call escalation regarding PA criteria and PA denial determinations.
 - e. Denial of service notifications are issued in accordance with all DMS, Commonwealth, and federal requirements.
 - f. PA determinations including those from escalated reviews shall be made and communicated to the requesting pharmacy Provider within twenty-four (24) hours from the initial request, including weekends, in compliance with relevant provisions of Omnibus Budget Reconciliation Act (OBRA) of 1990, Section 1927 of the Social Security Act, and other federal regulations.
 - g. All PA activities and decisions shall be documented in Contractor's system which shall be available for immediate and unredacted review by the MCOs and the DMS.
 - h. In the event a prescription is for a drug awaiting PA and the Contractor cannot reach the prescribing physician, and when the dispensing pharmacist, using reasonable clinical judgment, deems it necessary to avoid imminent harm or injury to the Beneficiary, a seventy-two (72) hour emergency supply shall be permitted. If the physician prescribed an amount of drug that is more than a seventy-two (72) hour supply but is packaged so that it must be dispensed intact, the pharmacist may dispense the packaged drug, and Contractor shall pay for this quantity even if it exceeds a calculated seventy-two (72) hour supply.
 - i. The Contractor's PA process shall include procedures for Beneficiary and pharmacy Provider grievances and appeals that meet all state and federal regulations.
 - j. The Contractor shall use the DMS Universal PA form for pharmacy and prescribing Providers to initiate the pharmacy PA process. Although the Contractor may seek additional information before making a determination on a particular PA request, the Contractor shall not deny a PA request submitted on the designated universal pharmacy PA form and require the pharmacy Provider to submit the Contractor-specific form but rather shall suspend the request while awaiting the additional information.
14. The Contractor shall accommodate and support a DMS approved lock-in program to address utilization management issues and to support MCO care coordination activities.

D. Staffing

The Contractor shall:

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1. Designate Key Management Personnel, subject to DMS approval. One set of Key Management Personnel are to be provided that will serve all five Kentucky MCOs and DMS. These Key Management Personnel include:
 - a. **Executive Director:** Individual with authority to commit the organization.
 - b. **Account Director:** Individual responsible for the day-to-day operations of the MCO PBM and serves as the single point of contact for DMS with the MCO PBM, and serves as the designated liaison to the MCOs' leadership.
 - c. **System Manager:** Individual responsible for the POS claims processing system, file transfers, and associated systems and processes.
 - d. **Financial Manager:** Individual responsible for accuracy, timeliness, and transparency of pharmacy Provider payments, remittance advices and financial reports.
 - e. **Call Center Manager:** Individual responsible for the Beneficiary and pharmacy Provider call center functions and performance.
 - f. **Clinical Managers:** At least two (2) full time equivalents with no other client responsibilities outside of this Contract who are responsible for ensuring the translation and proper set up of the single Kentucky Medicaid PDL, ProDUR and other utilization edits, RetroDUR activities, and oversight of all clinical activities. The Clinical Managers must be Kentucky-licensed pharmacists, work on projects and assignments at the direction of DMS, maintain knowledge of industry best practices and innovation, and will recommend benefit design and utilization management improvements to DMS.
 - g. **Audit Pharmacist:** A Kentucky licensed pharmacist responsible for oversight and implementation of all pharmacy audits and coordination of such audit activities with DMS.
 - h. **Provider Relations Manager:** Responsible for professional, timely, and responsive follow up to provider issues. This manager will respond to provider issues identified through the Contractor's call center, escalated from DMS or the MCOs, and other sources. The Provider Relations Manager will also be responsible for proactive provider communications which may include topics such as planned system downtime, claims processing requirements, benefit design changes, etc. The Provider Relations Manager is expected to work collaboratively with the MCOs' operational staff on related daily issues.

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2. Not substitute or exchange Key Management Personnel without the DMS' written approval.
3. Provide written notification to DMS and the MCOs of anticipated vacancies of Key Management Staff within two (2) business days of receiving the individual's resignation notice, the Contractor's notice to terminate an individual, or the position becomes vacant.
4. Within ten (10) business days of receiving an individual's resignation notice, the Contractor's notice to terminate an individual, or a position becomes vacant, provide a detailed plan specifying how work is to be completed until replacement staff is hired. DMS reserves the right to approve or reject the plan.
5. Provide resume of proposed replacement candidate to DMS within thirty (30) calendar days after vacancy occurs. If a suitable replacement candidate has not been identified within that time period, the Contractor must provide weekly updates to DMS.
6. Maintain additional sufficient clinical pharmacy and other operational staff necessary to respond to DMS' and the MCOs' needs and inquiries, conduct research and analysis, oversee benefit administration, ensure the proper reflection of the single Kentucky Medicaid PDL in the claims processing system, support oversight of PA process and approve the denial of any PA request, conduct reviews of appeals and grievances, and assist the Contractor's call center staff with accurate and timely resolution of pharmacy Provider inquiries.
7. Provide access to data analyst resource(s) equivalent to one full time equivalent to conduct data analyses, the creation of dashboards, and reports requested by DMS.
8. Ensure trained employees with the appropriate qualifications, or other personnel as approved by DMS, are available for all claims administration services.
9. Provide the necessary staff, management, and resources to perform mass adjustments to pharmacy Provider claims payment history, resulting from retroactive rate changes, policy changes, system claim adjudication errors, or other situations as requested by DMS or by the MCOs, subject to DMS approval.

E. Design, Development and Implementation (DDI)

The Contractor shall perform the following tasks during the DDI phase:

1. **Planning Activities** including, but not limited to, the following:
 - a. Review documentation on current system operations and requirements, user documentation, and clarify deficiencies as necessary.

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- b. Establish a project control and reporting system, and establish protocols for problem reporting, a standards manual, and controls for transfers.
 - c. Facilitate requirements analysis meetings to gather and document requirements in a Requirements Analysis Document, subject to DMS' approval.
 - d. Develop a detailed implementation schedule defining all key milestones, deliverables, activity-level schedules, and staffing levels.
 - e. Provide design modification recommendations to DMS, understanding that DMS is under no obligation to accept or implement any recommended modifications.
- 2. **Testing Activities** including, but not limited to, the following:
 - a. Develop a testing schedule, procedures, and supporting documentation.
 - b. Develop and test data conversion programs.
 - c. Analyze and record test results, present the results to DMS, and resolve discrepancies to DMS' satisfaction.
 - d. Work with DMS, MCOs, and other Commonwealth vendors, as necessary, to establish, test, and demonstrate go-live readiness.
- 3. **Implementation Activities Leading to Start of Operations** including, but not limited to, the following:
 - a. Finalize the implementation schedule, and obtain approval from the DMS.
 - b. Obtain final and in-process files, transactions, and other data from the MCOs and their current PBMs, and perform final conversions.
 - c. Participate in DMS' and the MCOs' operational readiness assessments.
 - d. Receive DMS approval to begin operations.
 - e. Begin claims processing subsequent to approval of readiness.

F. Project Management

The Contractor shall:

- a. Provide detailed project management expertise and services throughout the Contract.
- b. Develop and maintain a detailed project plan, subject to DMS' review and acceptance, to track project initiatives.
- c. Identify project risks and issues as well as mitigation and contingency plans.
- d. Schedule and facilitate project management meetings at a frequency defined by DMS.

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G. Pharmacy Network and Audits

The Contractor shall:

1. Utilize the Kentucky Medicaid pharmacy Provider network issued by DMS, and recognize only those Providers as eligible network Providers, unless explicitly permitted by DMS.
2. Develop and implement processes, subject to DMS approval, to adjudicate claims from non-network providers if the drug was provided to an eligible Beneficiary as a result of an emergency or life-endangering situation, or during out-of-state travel.
3. Coordinate with DMS to develop an annual plan detailing the audit of pharmacy claims including:
 - a. Onsite audits of at least 5% of pharmacies enrolled in the network.
 - b. A strategy for conducting desk audits of pharmacy claims.
 - c. Methods for coordinating audit and program integrity efforts with the DMS Division of Program Integrity, the Division of Policy & Operations, and the Division of Program Quality & Outcomes.
4. Ensure Contractor's contracts with pharmacies for other lines of business or other contracts do not limit its ability or the volume of audits it can perform of that pharmacy or chain's claims.

H. Payments to Pharmacies and Remittance Advices

The Contractor shall:

1. Ensure fee schedule reimbursement to pharmacy Providers is prompt and accurate and in accordance with DMS, Commonwealth and federal requirements. These reimbursements will include a Commonwealth-defined ingredient cost methodology and professional dispensing fee.
2. Update and maintain all active and historical pricing files, including effective dates, which correspond to the date of fill of all prescriptions.
3. Perform payment calculations as specified by DMS in a transparent manner and without spread pricing, direct or indirect fees or charges to the pharmacy Provider, or other methodologies other than those explicitly approved by DMS.
4. Provide payments to pharmacy Providers no less than every two weeks and comply with DMS-specified requirements for financial reporting.
5. Provide payment by EFT or paper checks as requested by pharmacy Providers.
6. Provide remittance advices to pharmacy Providers electronically or as specified by DMS. The Contractor must base its electronic remittance advices transmissions on HIPAA-mandated

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transactions and code sets in compliance with HIPAA rules. As updates to the HIPAA transaction sets become available and are mandated, the Contractor must continue to be in compliance and, at no additional cost to the DMS, the Contractor must:

- a. Implement the updated version.
- b. Maintain compatibility with pharmacies using the previous version elements and those pharmacies using the updated version(s), according to the timeline approved by DMS.
7. Provide a portal to allow pharmacies to check all payments at an individual claim level, which includes the methodology by which the claim paid.
8. Pay 95% of all claims within twenty-one (21) calendar days and 100% within thirty (30) calendar days.
9. Produce and distribute any applicable tax information related to provider payments and the Federal government (e.g., form Internal Revenue Service (IRS)-1099).

I. Provider and Beneficiary Support

The Contractor shall:

1. Document, categorize, process, and track all claim inquiries and pharmacy Provider/Beneficiary communications and complaints, grievances and appeals through an electronic tracking tool provided by the Contractor and available for unredacted review by DMS and the MCOs through on-line access.
2. Acknowledge pharmacy Provider and Beneficiary inquiries within one (1) business day of receipt.
3. Maintain call center services and call center lines to respond to claims inquiries, questions, problems, and complaints regarding operations, and for other pharmacy Provider and Beneficiary support. All call center services must be within the United States. The Contractor must supply all required information systems, telecommunications, and dedicated personnel to perform these operations.
4. Provide each of the following help lines through a designated telephone number:
 - a. Technical Help Line available toll-free 24x7x365 to respond to questions on issues such as coverage, claims processing, Beneficiary eligibility, and reimbursement.
 - b. Prior Authorization Help Line available toll-free between the hours of 8:00 am until 7:00 pm Eastern Time to receive and adjudicate PA requests, as well as appeals and grievances to PA denials and/or processes.
 - c. Beneficiary Help Line available toll-free between 8:00 am until 7:00 pm Eastern Time to respond to inquiries from Beneficiaries

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- on general pharmacy coverage, pharmacy Provider locations, or other Beneficiary requests.
5. Provide customer service that is scalable to meet DMS' and the MCOs' future needs and includes, but is not limited to, the following:
 - a. An automated call distribution voice-response system with an option to speak to a live representative.
 - b. A voice message system to receive calls after business hours.
 - c. Capacity to handle all telephone calls at all times including times of peak call volume and to meet the MCOs' needs and performance expectations with acceptable call completion and abandonment rates. The Contractor may use overflow or secondary call centers to meet capacity requirements during times of high call volumes. Staff in these secondary call centers must be trained on and have access to Kentucky specific information and scripts.
 - d. Management tracking and reporting capabilities.
 - e. A Quality Assurance (QA) program that includes call sampling and follow up to confirm efficient handling and measure caller satisfaction.
 - f. Compliance with the DMS' requests, and MCOs' request with DMS approval, for records to review and audit both targeted and random sample claims and documentation to ensure Contractual requirements. All records and documentation must be unredacted.
 - g. Accurate and timely response to all caller inquiries and requests in all languages through MCO PBM staff and/or DMS-approved language translation services. This includes oral interpretation and the use of auxiliary aids such as Teletypewriter/Telecommunications Device for the Deaf (TTY/ TDY) and American Sign Language.
 - h. Backup systems, infrastructure, and processes to ensure continuity of services.
 6. Comply with the following performance standards for the technical and Beneficiary help lines:
 - a. Average Speed of Answer: Answer 90% of incoming calls, on average, within thirty (30) seconds or less with the remaining calls answered within an additional thirty (30) seconds, measured on a weekly basis and reported on a monthly basis.
 - b. Call Abandonment Rate: Ensure an average call abandonment rate of 5% or less, measured on a weekly basis and reported on a monthly basis.
 - c. Blocked calls rate shall be less than 1%, measured on a weekly basis and reported monthly.

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- d. Inquiries requiring call back shall be returned within twenty-four (24) hours, or one (1) business day, 100% of time.
7. Agree that at the Contract's termination, the Contractor will, at DMS' direction, release the toll-free phone numbers and email addresses used during the course of this Contract to another vendor for use during a subsequent contract at no additional cost to DMS or the subsequent contractor.

J. Reporting and Quality Assurance

The Contractor shall:

1. Provide a robust reporting package based on specifications provided by DMS to the Contractor during the requirements analysis phase of this engagement.
2. Utilize standard and ad hoc reporting solutions to support timely access to accurate data, ongoing program analytics, and predictive modeling activities.
3. Accommodate new reports or modifications to existing reports at the request of the MCOs and DMS, at no additional cost.
4. Comply with all applicable requirements, including those set forth in S.B. 50, 2020 Leg. Reg. Sess. (Ky. 2020) (to be codified at Ky. Rev. Stat. 205.647).
5. Deliver reports with content and in a format approved by DMS and that can be available electronically in a format that can be downloaded and manipulated easily (e.g., Microsoft Excel).
6. Provide a secure web-based report repository or equivalent where all reports are stored in an organized manner and easily accessed online by the MCOs and DMS staff to view, print, copy, and download.
7. Provide updated monthly, quarterly, and annual data including year-to-date totals by calendar year and state fiscal year, or as otherwise specified and approved by DMS.
8. Provide functionality to produce reports for DMS' current (or future) program categories and other coverage groups or claim types (e.g., programs, batch claim submitter, E-Prescriptions/ compounds/ home infusion claims, and eligibility data elements such as Beneficiary age grouping, eligibility category, etc.).
9. Comply with all DMS and MCO data requests and reports that may be required, such as, the Annual CMS DUR Report, the CMS-64 report, reports required by the Kentucky legislature, and other ad hoc reports.
10. Complete requests for ad hoc reports by DMS or the MCOs within two (2) business days of a request, unless an alternative response time is negotiated at the time the request is made and accepted by DMS.

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11. Provide all state and federal financial reporting data required to satisfy financial reporting requirements and federal reporting requirements in order to qualify for the appropriate levels of federal matching funds.
12. Develop, deliver, and execute a QA Plan, subject to DMS' approval, within thirty (30) days of contract effective date. Minimally, this plan will include quality oversight, monitoring, and monthly reporting on the Contractor's activities. These reports should clearly demonstrate the Contractor's compliance with Contract requirements and Performance Guarantees with attention to continuous quality improvement. The QA Plan will be updated on an annual basis or more frequently if requested by DMS.

K. Disaster Recovery and Business Continuity (DR/BC) Plan

1. The Contractor shall create a Business Continuity Plan and Disaster Recovery (DR/BC) plan. This plan must be tested and updated annually.
2. After each annual test of the DR/BC Plan, the Contractor shall provide an after action report (AAR). The report shall detail what was a success, what did not succeed, what can be improved, and a plan to address those items.

L. Transition/Turnover Phase

1. At least one hundred eighty (180) days before the end of the Contract, the Contractor must develop and implement a DMS approved Turnover Plan. The Turnover Plan must be comprehensive detailing the proposed schedule, activities, and resource requirements associated with turnover tasks.
2. The Contractor must turnover all completed Contract deliverable work including all working documents, in accordance with the DMS-approved Turnover Plan.
3. Activities include, but are not limited to maintenance of system files, software, and hardware; correction of system problems and deficiencies; and system modifications as necessary to accommodate DMS' needs without additional cost to DMS.

M. Value Added Services.

DMS is interested in exploring value added services the MCO PBM may offer. The Contractor is encouraged to work with DMS as well as the MCOs to identify and propose value added services that may apply to the whole population or to MCO-specific populations. DMS may approve the provision of value added services offered by the MCO PBM throughout the term of the Contract. The provision of value added services will be subject to the explicit written approval of DMS.

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SECTION 60 – BACKGROUND AND PRESENT SYSTEM SUMMARY

60.1 Disposition of Proposals

All proposals become the property of the Commonwealth of Kentucky. The successful proposal shall be incorporated into the resulting contract by reference. Disposal of unsuccessful proposals shall be at the discretion of the Commonwealth Buyer.

60.2 Rules for Withdrawal of Proposals

Prior to the date specified for receipt of offers, a submitted proposal may be withdrawn by submitting a signed written request for its withdrawal to the Commonwealth Buyer.

60.3 Commonwealth's Right to Use Proposal Ideas

The Commonwealth of Kentucky shall have the right to use all system ideas, or adaptations of those ideas, contained in any proposals received in response to the RFP. Selection or rejection of the proposal will not affect this right.

60.4 Submission of RFP Response

Each qualified offeror shall submit only **one (1) proposal**. **Alternate proposals shall not be allowed**. Failure to submit as specified shall result in a non-responsive proposal.

The vendor should complete the **"Vendor" box** on the face of the solicitation.

An authorized representative of the vendor **shall sign** where indicated on the face of the solicitation. **If the solicitation is not signed the proposal shall be deemed non-responsive.**

Acknowledgment of Addenda

It is the vendor's responsibility to check the web site for any modifications to this solicitation. Vendors are encouraged to acknowledge each addendum by signing and submitting the latest addendum with their response. However, signing the face of the solicitation as indicated above constitutes the vendor's acknowledgement of an agreement to be bound by the terms of all addenda issued.

Failure to specifically acknowledge addenda will not excuse the vendor from adhering to all changes to the requirements of the solicitation set forth therein nor provide justification for any pricing changes.

60.5 Format of Response

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- A. Proposals shall be submitted in **three (3) parts**: the **Technical Proposal**, the **Cost Proposal**, and **Proprietary Information**. Each part shall consist of one document. Do not submit multiple documents as Technical, Cost or Proprietary.

Proposals Must be Submitted via Secure File Transfer - See Attachment D for complete upload instructions. Do not submit proposals more than one (1) time.

1. The **Technical Proposal** shall be submitted on one (1) document marked **Technical** (in Microsoft Word, Microsoft Excel or PDF format ONLY). Do not include embedded documents, hyperlinks or hyperlinks to videos. The document should be named in the following manner: Technical – Name of offeror
2. The **Cost Proposal** shall be submitted on one (1) document marked **Cost** (in Microsoft Word, Microsoft Excel or PDF format ONLY). Do not include embedded documents, hyperlinks or hyperlinks to videos. The document should be named in the following manner: Cost – Name of offeror
3. Any **Proprietary Information** shall be submitted on one (1) document marked **Proprietary** (in Microsoft Word, Microsoft Excel or PDF format ONLY). Do not include embedded documents, hyperlinks or hyperlinks to videos. The document should be named in the following manner: Proprietary – Name of offeror

- B. ANY PROPOSALS SUBMITTED VIA SECURE FILE TRANSFER RECEIVED AFTER THE CLOSING DATE AND TIME SHALL BE REJECTED.

Pricing shall only be provided in the Cost Proposal. DO NOT SUBMIT ANY PRICING INFORMATION IN THE TECHNICAL PROPOSAL.

All submitted Proposals shall remain valid for a minimum of six (6) months after the proposal due date.

60.6 Technical Proposal Content

A. Transmittal Letter

The transmittal letter should be on the vendor's letterhead, notarized and signed by an agent authorized to bind the vendor. The transmittal letter should include the following:

- i. A statement that **deviations** are included, if applicable. Proposed deviations must be outlined in the transmittal letter. Any offerors proposal that includes deviations that the Commonwealth deemed unacceptable in an addendum of the

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RFP will result in disqualification and shall not be considered for award.

Any deviation from the provisions of the solicitation must be specifically identified by the vendor in its proposal, which if successful, shall become part of the contract. Such deviations shall not be in conflict with the basic nature of this solicitation. The Commonwealth reserves the right to reject any and/or all deviations in whole or in part.

- ii. A sworn statement that, if awarded a contract as a result of this solicitation, the vendor shall comply in full with all requirements of the **Kentucky Civil Rights Act**, and shall submit all data required by KRS 45.560 to 45.640;
- iii. A sworn statement pursuant to KRS 11A.040 that the vendor has not knowingly violated any provisions of the **Executive Branch Code of Ethics**;
- iv. A sworn statement of that the vendor is in compliance with Prohibitions of Certain **Conflicts of Interest**;
- v. A statement of certification in accordance with In accordance with Federal Acquisition Regulation 52.209-5, Certification Regarding **Debarment, Suspension, and Proposed Debarment** that to the best of its knowledge and belief, the vendor and/or its principals is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any State or Federal agency.
- vi. The name, address, telephone number, fax number, and email address of the **contact person** for this RFP. The address shall be one in which the major overnight delivery services will deliver.
- vii. The name, address, telephone number, fax number and email address of the **contact person** to serve as a point of contact for day-to-day operations.
- viii. **Subcontractor** information to include name of company, address, telephone number and contact name, if applicable.

B. Disclosure of Violation of Statutes

Pursuant to KRS 45A.485, contractors are required to reveal final determinations of violation of certain statutes incurred within the last five (5) years and be in continuous compliance with those statutes during the contract. Where applicable, the vendor is required to complete and submit Report of Prior Violations of Tax and Employment Laws.

C. Kentucky Tax Registration Application

Revenue Form 10A100, Kentucky Tax Registration Application effective July 2008, is a form to be completed by any person or entity wishing to contract with the Commonwealth to provide goods or services subject to

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sales and use tax pursuant to KRS 139.200. The form is located at this web-link as Attachment 5:

<http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx>

In accordance with administrative regulation 200 KAR 5:390, this form has to be completed and submitted, before a contract can be awarded. Section 2 of the regulation also notes: "Failure to submit the required documentation or to remain registered and in compliance with the sales and use tax filing and remittance requirements of KRS 139.540 and KRS 139.550 throughout the duration of the contract shall constitute a material breach of the contract and the contract may be terminated."

D. Registration with the Secretary of State by a Foreign Entity

Pursuant to KRS 45A.480(1)(b), an agency, department, office, or political subdivision of the Commonwealth of Kentucky shall not award a state contract to a person that is a foreign entity required by KRS 14A.9-010:

obtain a certificate of authority to transact business in the Commonwealth ("certificate") from the Secretary of State under KRS 14A.9-030: <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=40424> **therefore, foreign entities should submit a copy of their certificate with their solicitation response.** If the foreign entity is not required to obtain a certificate as provided in KRS 14A.9-010: <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=44318>, the foreign entity should identify the applicable exception in its solicitation response. Foreign entity is defined within KRS 14A.1-070: <https://apps.legislature.ky.gov/law/statutes/statute.aspx?id=47674>.

Businesses can register with the Secretary of State at:

<https://sos.ky.gov/bus/business-filings/Forms/Pages/default.aspx>

- E. Required Annual Affidavit and Other Affidavit(s) (see Attachment A)**
- F. Completed and signed face of solicitation (see Section 60.4)**
- G. Signed face of latest addendum of the solicitation (see Section 60.4)**
- H. EEO Forms if applicable (see Section 40.21)**
- I. Proposed Solution (see Section 60.7)**

60.7 Technical Proposal Content

Response should be based on the RFP requirements and should include the following:

A. Description of Capabilities

- 1. Corporate Experience
 - a. Describe the Contractor's experience in the provision of the PBM POS services described in the RFP Scope of Work. Detail specific experience and expertise in the following:
 - i. Medicaid FFS pharmacy programs.

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- ii. Medicaid MCO pharmacy programs.
- b. Provide a representative listing of Medicaid programs the Contractor has provided PBM POS services to over the past five (5) years through contracts directly with Medicaid state agencies or through contracts with Medicaid MCOs.

2. Corporate Information

a. **Indicate the Contractor's:**

- i. Form of business (e.g., corporate, non-profit corporation, partnership, etc.).
- ii. Federal and State Tax Identification Numbers.
- iii. Capacity to accommodate the requirements of this RFP from a staffing, system, and infrastructure standpoint.
- iv. Certification that the Contractor, including its subsidiaries and affiliates, has not unilaterally and willfully terminated any previous PBM contract prior to the end of the contract term with a state or federal government and has not had a contract terminated by a state or federal government for cause, prior to the end of the contract term, within the last five years.
- v. Disclosure of any pending or past lawsuits that have been filed against the Contractor or have been filed by the Contractor related to the provision of PBM services.
- vi. Assurance that all work performed by the Contractor and any subcontractor, if applicable, are performed within the contiguous United States.
- vii. Disclosure of any subcontractor(s) to be used in the completion of this contract, including the name of the company, address, telephone number, contact name, and a description of the subcontractor's role. DMS shall have the absolute right to approve or disapprove the subcontractor and any subcontractor staff or to require the removal or reassignment of any personnel.
- viii. Any activity, policy, practice, contract including any national pharmacy contract, or agreement that may directly or indirectly present a conflict of interest with DMS, any MCO, or pharmacy provider.
- ix. Any direct or indirect fees, charges, or any kind of assessments imposed by the Contractor on pharmacies licensed in Kentucky:
 - With which the Contractor shares common ownership, management or control;
 - Which are owned, managed, or controlled by any of the Contractor's management companies, parent companies, subsidiary companies, jointly held companies, or companies otherwise affiliated by a common owner, manager, or holding company;

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- Which share any common members on the board of directors; or
 - Which share managers in common.
 - x. Any direct or indirect fees, charges or any kind of assessments imposed by the Contractor on pharmacies licensed in Kentucky which operate:
 - More than ten (10) locations in the Commonwealth; and
 - Ten (10) or fewer locations in the Commonwealth.
 - xi. All common ownership, management, common members of a board of directors, shared managers, or control of a pharmacy benefit manager or any of the Contractor's management companies, parent companies, subsidiary companies, jointly held companies or companies otherwise affiliated by a common owner, manager, or holding company with:
 - A managed care organization and its affiliated companies;
 - An entity that contracts on behalf of a pharmacy or any pharmacy services administration organization and its affiliated companies;
 - A drug wholesaler or distributor and its affiliated companies;
 - A third-party payor and its affiliated companies; and
 - A pharmacy and its affiliated companies.
 - b. Disclosure and discussion of all open and adjudicated litigation with the last five (5) years.
3. Financial Information
- a. The Contractor shall submit its most recent audited financial statements. If audited financial statements are not available, the respondent shall submit its most recent:
 - i. Income Statement
 - ii. Balance Sheet
 - iii. Cash Flow Statement
4. *Understanding of Services Sought*
- a. Describe the Contractor's general approach and understanding of the Kentucky Medicaid program, PBM services sought through this contract, and necessary coordination with DMS and other contracted vendors.
 - b. Include the Contractor's approach to coordination and collaboration with DMS and the MCOs for care coordination, case management, and other clinical interventions.

B. System and Claims Administration

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1. Describe the Contractor's claims processing system and any associated systems or portals that will be used to address the requirements set forth in this scope of work.
2. Include a discussion regarding features of the system that will support the flexible and efficient administration of the benefit design and related system edits and functionality.
3. Include any distinguishing features of your organization's system that may set it apart from other systems.
4. Discuss the functionality of the web portal through which DMS and the MCOs will access your system and reports, and include screenshots where appropriate.
5. Describe your capabilities, previous successes, or recommendations your organization may have to connect with providers' electronic prescribing, Electronic Health Records, the Kentucky Health Information Exchange, or the Kentucky Prescription Drug Monitoring Program (PDMP) database. If these sources have been included in the adjudication system or process, please describe how this has been accomplished.

C. *Benefit Administration and Utilization Management*

1. Describe the Contractor's approach to accurately applying the DMS pharmacy benefit, making timely updates to benefit design, and testing those updates.
2. Describe the Contractor's ability to create and transmit customized messages at the POS that can be utilized to inform pharmacy Providers of preferred drug alternatives and other benefit design requirements or limitations.
3. Describe the Contractor's ability and flexibility to operationalize complex benefit design and utilization management strategies through the use of automated prior authorization requirements that may include the use of data from ancillary sources such as ICD-10, HCPCS, beneficiary demographic information, provider specialty codes, etc.
4. Provide an overview of the Contractor's ProDUR system, highlighting unique features that will bring value to DMS.
5. Describe the Contractor's ability to conduct prior authorization activities, consistent with the requirements of this RFP and all state and federal requirements, using only DMS approved clinical criteria.
6. Discuss the Contractor's ability to implement and administer a pharmacy lock-in program to assist with care coordination and utilization management initiatives DMS may undertake. Include best practices and unique features the Contractor may offer.
7. Discuss the Contractor's experience, expertise, and approach to RetroDUR activities.

D. *Staffing*

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1. Describe the Contractor's proposed organizational structure for this project, including:
 - a. An organizational chart that clearly displays management structure and lines of responsibility for all operational area.
 - b. A listing of Key Management Personnel, as defined in Section 50.6.D. and as otherwise defined by the Contractor's offering, including:
 - i. Individual names, titles, brief job descriptions, qualifications and full-time equivalents (FTEs) dedicated to this Contract, as well as the office locations for this Contract.
 - ii. Whether each Key Management Personnel position will be filled by a Contractor's employee or a subcontractor.
2. Describe the Contractor's proposed staffing plan for all operational areas, including the following information at a minimum:
 - a. Summary of the Key Management Personnel positions, their minimum job requirements, and a detailed description of duties (as attachments).
 - b. Recruitment timelines and contingency plans for any Key Management Personnel position that remains open at the time of Contract award.
 - c. Additional staffing beyond the Key Management Personnel.
 - d. Narrative description of the Contractor's training plan for all staff.
3. As an attachment to the proposal, provide resumes for all Key Management Personnel, including information such as degrees, credentials, clinical licensure as applicable, years and type of experience, chronological work experience. Resumes do not count toward the page limit.

E. Design Development and Implementation

1. Provide a detailed implementation work plan (in the form of a Gantt chart or similar format) beginning from Contract execution through ninety (90) days post go live and defining all key milestones, deliverables, and activity-level schedules. At a minimum, the implementation plan should detail the following:
 - a. Requirements gathering.
 - b. Documentation/affirmation of requirements.
 - c. Establishing call center operations.
 - d. Establishing information system connections and file transfers with the DMS and other DMS vendors.
 - e. Testing and demonstrating accuracy of benefit design and systems.
 - f. Provisions to ensure Beneficiary continuity of services during implementation.
 - g. Compliance with DMS readiness review activities and process to bring any areas of concern into compliance.
 - h. Communication strategy.
 - i. Project management activities.
2. Describe the Contractor's approach to coordinating with DMS, FFS PBM, MCOs, and other vendors on implementation activities to assure successful

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initiation of contract activities. The description should provide a discussion of required activities, responsible parties and timelines for completion.

3. Discuss the Contractor's approach to conducting requirements analysis meetings, creating the corresponding documentation of benefit design and business processes, and receiving DMS approval of those documents.
4. Describe the proposed process for contracting with each MCO contracted with Kentucky Medicaid. Include a draft of the Contractor's proposed MCO contract that the Contractor will use. The draft contract will not count toward the page limit.

F. Project Management

1. Describe the Contractor's experience and approach to project management, including a summary of responsibilities for project governance and how the Contractor will track action items, risks and issues, as well as contingency and mitigation plans.
2. Discuss the Contractor's approach to conducting status meetings with DMS and project status reporting.
3. Discuss project management tools or templates the Contractor proposes for use under this engagement.

G. Pharmacy Network and Audits

1. Describe the Contractor's understanding of the pharmacy network requirements and approach, including consideration of out-of-state pharmacies.
2. Identify the Contractor's planned approach, strategies, and methods of communication with the network pharmacies.
3. Describe the Contractor's approach to onsite pharmacy audits and desk audits of pharmacy claims, including audit workflows, timelines, and provider appeal processes. Specifically include any details of your proposed approach that appropriately lessens the administrative burden audits may place on pharmacy Providers.
4. Discuss how your organization proposes to interact and coordinate pharmacy audit activities with the DMS.
5. Disclose any national contracts or other agreements with pharmacies that may limit or otherwise preclude the volume, nature, or extent of audits you may perform of those pharmacies under this contract.

H. Payments to Pharmacies and Remittance Advices

1. Discuss the Contractor's commitment and approach to ensuring transparent payments of DMS established fee schedule reimbursement methodologies to pharmacy Providers.
2. Discuss how the Contractor maintains benefit design and pricing segments to demonstrate the adjudication rules and pricing that applied.

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3. Describe the Contractor's remittance advice process, accessibility, and level of detail that will be provided to pharmacy Providers, DMS, and the MCOs.

I. Provider and Beneficiary Support

1. Describe the Contractor's operation of the call center including:
 - a. Overall approach to providing provider and Beneficiary support.
 - b. Location of call center staff, and how the Contractor will monitor and ensure full staffing during operational hours for the call center.
 - c. Technology and automation used by the Contractor for its call center functions.
 - d. Training approach and training resources provided to call center staff specific to the Kentucky Medicaid program, pharmacy services, and Beneficiary needs.
 - e. Use of back-up staff to support increased call volumes, how the Contractor ensures such staff are trained and have the correct materials specific to the Kentucky Medicaid program, and location of these staff.
 - f. How the Contractor will meet and monitor call center standards, and how the Contractor will use monitoring results to adjust operations, as needed.
2. Describe the Contractor's approach to documenting, categorizing, processing and tracking all claim inquiries and pharmacy Provider/Beneficiary communications. Describe tools that are used and include an overview of the approach to providing DMS and the MCOs with unredacted, on-line access to inquiries and communications. If available, provide screenshots.
3. Describe how customer service representatives receive feedback regarding performance and receive ongoing training to improve performance, accuracy of information provided, and efficiency.
4. Describe the Contractor's ability to connect with Beneficiaries via electronic means, such as texts, smartphone apps, Beneficiary portal, etc. Include how the Contractor will collaborate and coordinate these electronic tools with the MCOs to support care coordination, case management, and utilization management activities.
5. Describe the Contractor's approach to support outbound communications to providers and Beneficiaries.

J. Reporting and Quality Assurance

1. Describe how the Contractor will utilize the requirements analysis process to offer the Contractor's existing reports and customize or create new reports to meet the needs and expectations of DMS.
2. Provide a detailed description of the Contractor's capability to produce reports, including an overview of the Contractor's reporting systems and capability to configure such systems to capture data according to reporting definitions and specifications as required by DMS. Include a discussion of

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the Contractor's ability/willingness to customize reporting as required by DMS.

3. Describe the Contractor's proposed reporting package, including the following:
 - a. Listing of proposed reports, type of data included in each, and frequency of submission.
 - b. Compliance with the Kentucky PDL.
 - c. A summary of innovations in reporting that the Contractor has implemented in other Medicaid programs.
4. Describe the Contractor's processes to conduct the following:
 - a. Review the accuracy and completeness of reports and all deliverables prior to submission to DMS or the MCOs.
 - b. Comparative data analyses, interpreting trends, and summarizing findings in a manner that is easily interpreted by DMS.
 - c. Dashboard reporting to monitor, track, and evaluate utilization and performance standards, including dashboard level data the Contractor proposes to submit to DMS. Provide a sample dashboard report as an Attachment.
 - d. Use of findings from reports to make program improvements and to identify corrective action.
5. Describe the Contractor's ability to track and provide clinical quality reports including data such as Beneficiaries' medication adherence and compliance rates, including metrics such as Medication Possession Ratios, early/late fill patterns.
6. The Contractor must have the ability to implement a DMS-approved Therapeutic Interchange Program at the request of DMS.
7. Describe the web-based report repository the Contractor will provide for DMS and the MCOs to access reports.
8. Describe the Contractor's proposed process for the receipt, generation, interpretation, and provision of ad hoc reports requested by DMS and the MCOs.
9. Describe the Contractor's QA Program for its customer service function. Include information about how the Contractor will present the results of this program to DMS, and how opportunities will be addressed.

K. *Disaster Recovery and Business Continuity (DR/BC) Plan*

1. Describe the Contractor's proposed DR/BC Plan, including a summary of how the plan addresses the following areas:
 - a. Essential operational functions and responsible staff members.
 - b. Plans to ensure critical functions and continuity of services to pharmacy Providers and Beneficiaries will be met.
 - c. Staff training.

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- d. Contingency plans for covering essential operational functions in the event key staff are incapacitated or the primary workplace is unavailable.
 - e. Approach to maintaining data security during an event.
 - f. Communication methods with staff, subcontractors, other key suppliers, the MCOs, and DMS when normal systems are unavailable.
 - g. Testing of the DR/BC plan.
2. Describe Contractor's approach to actively collaborate with DMS and the MCOs to develop solutions and mitigate further risks during an emergency/disaster situation.

L. Transition/Turnover Plan

1. Submit a detailed description of the Contractor's proposed approach to providing turnover planning, as it relates to the Contract resulting from this RFP, in the event of Contract expiration or termination for any reason, including the following:
 - a. A summary of the support the Contractor will provide for turnover activities, and required coordination with DMS, MCOs, and/or another vendor assuming responsibilities.
 - b. Approach to identifying and submitting all documentation, records, files, methodologies, and data necessary for DMS and MCOs to continue operations.
 - c. Resources and training that DMS or another contractor will need to take over required operations.
 - d. [Methods for tracking and reporting turnover results, including documentation of completion of tasks at each step of the turnover.](#)
 - e. [Approach to documenting and verifying how all data is securely transferred during a turnover ensuring integrity of same and maintaining the Confidentiality, Integrity, and Availability \(CIA\) concept in turnover.](#)

M. Value Added Services

1. Provide a brief description of value added services the Contractor may propose for DMS consideration.
2. Provide an acknowledgement that any value added services proposed must be preapproved in writing by DMS prior to initiating those activities.

***DO NOT INCLUDE ANY COST IN THE TECHNICAL RESPONSE.
COST SHOULD BE SUBMITTED SEPARATELY***

60.8 Cost Proposal Content

The vendor should provide its costs for the proposed solution as instructed on the Cost Proposal Form. (see Attachment B)

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The Commonwealth of Kentucky is Tax Exempt. Do not include Federal Excise Tax, Kentucky Sales or Use Tax in proposed costs.

Costs for developing the proposals are solely the responsibility of the offerors. The Commonwealth of Kentucky shall not provide any reimbursements for such costs.

A proposal shall not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other offeror or with any competitor. In addition, the offeror is prohibited from making multiple proposals in a different form.

Should conflict of interest be detected any time during the contract, the contract shall be null and void and the contractor shall assume all costs of this project until such time that a new contractor is selected.

SECTION 70 – PROPOSAL EVALUATION

70.1 Proposal Evaluation

The Commonwealth shall conduct a comprehensive, fair, and impartial evaluation of all proposals. The Commonwealth may reject any proposal that is incomplete or in which there are significant inconsistencies or inaccuracies. The Commonwealth reserves the right to reject all proposals.

The Commonwealth has established a Proposal Evaluation Committee to review, evaluate and verify information submitted by the offeror.

Each vendor is responsible for submitting all relevant, factual and correct information with their offer to enable the evaluator(s) to afford each vendor the maximum score based on the available data submitted by the vendor.

The Commonwealth shall evaluate the proposals by assigning scores as indicated.

70.2 Technical Proposal Evaluation

Technical Response Section	Maximum Points Possible
Description of Capabilities	60
System and Claims Administration	120
Benefit Administration and Utilization Management	120

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Staffing	60
Design Development and Implementation	120
Project Management	20
Pharmacy Network and Audits	5
Payment to Pharmacies and Remittance Advices	10
Provider and Beneficiary Support	25
Reporting and Quality Assurance	25
Disaster Recovery and Business Continuity Plan	25
Transition/Turnover Plan	5
Value Added Services	5
Maximum Points Possible*	600

*Scoring Threshold - Proposals scoring less than 360 Points on the Technical Evaluation shall be eliminated from further consideration.

70.3 Cost Proposal Evaluation

Criteria	Maximum Points Possible
Cost Proposal* - Attachment B	300
Maximum Points Possible	300

70.4 Oral Demonstration/Presentation Evaluation, if required

Criteria	Maximum Points Possible
<p>Demonstration/Presentation</p> <p>The Commonwealth reserves the right to require Oral Presentations/ Demonstrations to verify or expand on the Technical or Cost Proposals. This is the opportunity for the vendor to present and demonstrate the solution and to answer questions or to clarify the understanding of the evaluation committee in accordance with the requirements of this RFP. The Commonwealth reserves the right to reject any or all proposals in whole or in part based on the oral presentations/ demonstrations.</p>	100

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If required, the top two to three highest ranking vendors may be invited. Scheduling will be at the discretion of the Commonwealth. The Commonwealth reserves the right not require oral presentations/demonstrations if they do not affect the final rankings.	
Maximum Points Possible	100

70.5 Best and Final Offer (BAFO)

In accordance with FAP 111-57-00 (3) (h), the Commonwealth reserves the right to request Best and Final Offers (BAFO).

70.6 Total Proposal Evaluation

Criteria	Maximum Points Possible
Technical Proposal	600
Cost Proposal	300
Oral Demonstrations/Presentations, if required	100
Maximum Points Possible	1000

*Cost proposal evaluation will include multiplying the DMS-supplied enrollment times the PMPM cost proposed by the bidder and totaling the administrative fees. The bidder with the lowest total cost receives 300 points for the cost proposal. The point allocation for cost on the other proposals will be determined using the following formula:

$$[(\text{Price of Lowest Cost Proposal}) \times (\text{Maximum Points for Cost})] \div (\text{Cost of Each Higher Priced Proposal})$$

While DMS is requesting pricing for value added services in the Cost Proposal, the cost of value added services will not be scored.

Performance Guarantees

The following Performance Guarantees will be monitored and administered by DMS. Any financial assessments resulting from performance issues will be assessed by DMS. DMS may require the submission of a performance improvement plan that is subject to DMS acceptance.

SECTION 80 – NEGOTIATIONS

The Commonwealth reserves the right pursuant to KRS 45A.085 to negotiate a contract with the top-ranked vendor. In the event the Commonwealth cannot reach agreement

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with the top-ranked vendor, it may proceed to negotiate with the next highest ranked vendor, and so on. It is the Commonwealth's intent to award a contract to the vendor with whom successful negotiations are completed.

Terms and conditions that may be negotiated at the sole discretion of the Commonwealth include but are not limit to issues related to the Technical and/or Cost Proposals.

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ATTACHMENT A (1)

Affidavit Effective Date:	
Affidavit Expiration Date:	
Maximum Length One-Year	

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS PAGE 1 OF 2

FOR BIDS AND CONTRACTS IN GENERAL:

- I. Each bidder or offeror swears and affirms under penalty of perjury, that to the best of their knowledge:
 - a. In accordance with [KRS 45A.110](#) and [KRS 45A.115](#), neither the bidder or offeror as defined in [KRS 45A.070\(6\)](#), nor the entity which he/she represents, has knowingly violated any provisions of the campaign finance laws of the Commonwealth of Kentucky; and the award of a contract to the bidder or offeror or the entity which he/she represents will not violate any provisions of the campaign finance laws of the Commonwealth.
 - b. The bidder or offeror swears and affirms under penalty of perjury that, to the extent required by Kentucky law, the entity bidding, and all subcontractors therein, are aware of the requirements and penalties outlined in [KRS 45A.485](#); have properly disclosed all information required by this statute; and will continue to comply with such requirements for the duration of any contract awarded.
 - c. The bidder or offeror swears and affirms under penalty of perjury that, to the extent required by Kentucky law, the entity bidding, and its affiliates, are duly registered with the Kentucky Department of Revenue to collect and remit the sales and use tax imposed by [KRS Chapter 139](#), and will remain registered for the duration of any contract awarded.
 - d. The bidder or offeror swears and affirms under penalty of perjury that the entity bidding is not delinquent on any state taxes or fees owed to the Commonwealth of Kentucky and will remain in good standing for the duration of any contract awarded.
 - e. The bidder or offeror swears and affirms under penalty of perjury that the entity bidding, is not currently engaged in, and will not for the duration of the contract engage in, the boycott of a person or an entity based in or doing business with a jurisdiction with which Kentucky can enjoy open trade, as defined in Executive Order No. 2018-905.
 - f. The bidder or offeror swears and affirms that the entity bidding, and all subcontractors therein, have not violated any of the prohibitions set forth in KRS 11A.236 during the previous ten (10) years, and further pledge to abide by the restrictions set forth in such statute for the duration of the contract awarded.

FOR "NON-BID" CONTRACTS (I.E. SOLE-SOURCE; NOT-PRACTICAL OR FEASIBLE TO BID; OR EMERGENCY CONTRACTS, ETC):

- II. Each contractor further swears and affirms under penalty of perjury, that to the best of their knowledge:
 - a. In accordance with [KRS 121.056](#), and if this is a non-bid contract, neither the contractor, nor any member of his/her immediate family having an interest of 10% or more in any business entity involved in the performance of any contract awarded, have contributed more than the amount specified in [KRS 121.150](#) to the campaign of the gubernatorial slate elected in the election last preceding the date of contract award.

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- b. In accordance with [KRS 121.330\(1\) and \(2\)](#), and if this is a non-bid contract, neither the contractor, nor officers or employees of the contractor or any entity affiliated with the contractor, nor the spouses of officers or employees of the contractor or any entity affiliated with the contractor, have knowingly contributed more than \$5,000 in aggregate to the campaign of a candidate elected in the election last preceding the date of contract award that has jurisdiction over this contract award.
- c. In accordance with [KRS 121.330\(3\) and \(4\)](#), and if this is a non-bid contract, to the best of his/her knowledge, neither the contractor, nor any member of his/her immediate family, his/her employer, or his/her employees, or any entity affiliated with any of these entities or individuals, have directly solicited contributions in excess of \$30,000 in the aggregate for the campaign of a candidate elected in the election last preceding the date of contract award that has jurisdiction over this contract.

As a duly authorized representative for the bidder, offeror, or contractor, I have fully informed myself regarding the accuracy of all statements made in this affidavit, and acknowledge that the Commonwealth is reasonably relying upon these statements, in making a decision for contract award and any failure to accurately disclose such information may result in contract termination, repayment of funds and other available remedies under law. If the bidder, offeror, or contractor becomes non-compliant with any statements during the affidavit effective period, I will notify the Finance and Administration Cabinet, Office of Procurement Services immediately. I understand that the Commonwealth retains the right to request an updated affidavit at any time.

_____ Signature	_____ Printed Name
_____ Title	_____ Date

Company Name _____

Address _____

Commonwealth of Kentucky Vendor Code (if known) _____

Subscribed and sworn to before me by _____

(Affiant) (Title)

of _____ this _____ day of _____, 20____.

(Company Name)

 Notary Public

[seal of notary] My commission expires: _____

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ATTACHMENT A (2)

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS CLAIMING RESIDENT BIDDER STATUS

FOR BIDS AND CONTRACTS IN GENERAL:

The bidder or offeror hereby swears and affirms under penalty of perjury that, in accordance with KRS 45A.494(2), the entity bidding is an individual, partnership, association, corporation, or other business entity that, on the date the contract is first advertised or announced as available for bidding:

1. Is authorized to transact business in the Commonwealth;
2. Has for one year prior to and through the date of advertisement
 - a. Filed Kentucky corporate income taxes;
 - b. Made payments to the Kentucky unemployment insurance fund established in KRS 341.49; and
 - c. Maintained a Kentucky workers' compensation policy in effect.

The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of resident bidder status. Failure to provide such documentation upon request shall result in disqualification of the bidder or contract termination.

_____ Signature	_____ Printed Name
_____ Title	_____ Date
Company Name _____ Address _____ _____ _____	

Subscribed and sworn to before me by _____

_____ (Affiant) _____ (Title)

of _____ this _____ day of _____, 20____.

(Company Name)

 Notary Public
 [seal of notary] My commission expires: _____

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ATTACHMENT A (3)

REQUIRED AFFIDAVIT FOR BIDDERS, OFFERORS AND CONTRACTORS CLAIMING QUALIFIED BIDDER STATUS

FOR BIDS AND CONTRACTS IN GENERAL:

I. The bidder or offeror swears and affirms under penalty of perjury that the entity bidding, and all subcontractors therein, meets the requirements to be considered a "qualified bidder" in accordance with [200 KAR 5:410\(3\)](#); and will continue to comply with such requirements for the duration of any contract awarded. Please identify below the particular "qualified bidder" status claimed by the bidding entity.

_____ A nonprofit corporation that furthers the purposes of KRS Chapter 163

_____ Per KRS 45A.465(3), a "Qualified nonprofit agency for individuals with severe disabilities" means an organization that:

- (a) Is organized and operated in the interest of individuals with severe disabilities; and
- (b) Complies with any applicable occupational health and safety law of the United States and the Commonwealth; and
- (c) In the manufacture or provision of products or services listed or purchased under KRS 45A.470, during the fiscal year employs individuals with severe disabilities for not less than seventy-five percent (75%) of the man hours of direct labor required for the manufacture or provision of the products or services; and
- (d) Is registered and in good standing as a nonprofit organization with the Secretary of State.

The BIDDING AGENCY reserves the right to request documentation supporting a bidder's claim of qualified bidder status. Failure to provide such documentation upon request may result in disqualification of the bidder or contract termination.

Signature

Printed Name

Title

Date

Company Name

Address

Subscribed and sworn to before me by

(Affiant)

(Title)

of _____
(Company Name)

this _____ day of _____, 20____.

Notary Public

[seal of notary]

My commission expires: _____

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ATTACHMENT C

COST PROPOSAL FORM

Attachment C may be downloaded by accessing the “Attachment” link found on the solicitation details view page where this RFP was downloaded. Once the Attachment link is accessed, select the file name you wish to download, and select the “Download Attachment” hyperlink. For assistance with downloading this attachment please contact the Commonwealth Buyer.

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ATTACHMENT D



MOVEit TRANSFER

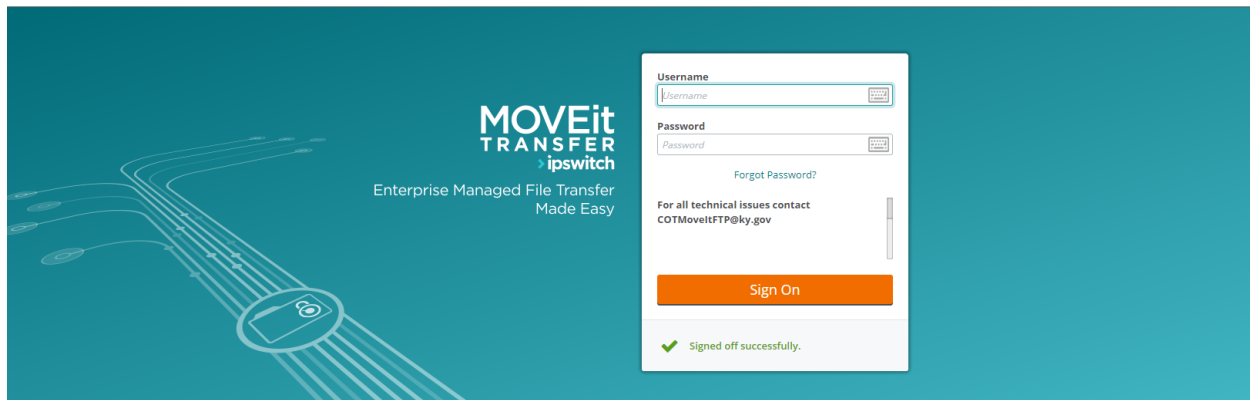
<https://ftp.ky.gov>

This application is used for

Secure File Transfer: upload/download files with the FTP application and share the secure location with other registered MOVEit users with no size limit. NOTE: the retention of files on all MOVEit applications is 90 days unless otherwise requested.



- Encrypted File Transfer and Messaging
 - HTTPS, FTPS and SFTP (SSH), Optional Client Certs/Keys
 - ISO 27001, HIPAA, PCI, GDPR, SOX, BASEL (I/II/III), FIS, FISMA, GLBA, FFIEC, ITAR Compliant
 Ky.gov An Official Website of the Commonwealth of Kentucky



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Login.

Username:kyproposal

Password: Submitter2020

Forgot Password - you cannot change the password on this account.

Unable to login –

Contact the CommonwealthServiceDesk@ky.gov and they will notify the MOVEit team to assist you. You can also call 502-564-7576.

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After you login to the system, you will see this screen.

COMMONWEALTH OFFICE OF TECHNOLOGY

MOVEit Progress

Encrypted File Transfer and Messaging
 - HTTPS, FTPS and SFTP (SSH), Optional Client Certs/Keys
 - ISO 27001, HIPAA, PCI, GDPR, SOX, BASEL I/II/III, FIPS, FIS

Ky.gov An Official Website

Signed onto Commonwealth of Kentucky as Kentucky RFB Submitter engineering (kyrfb). MY ACCO

HOME

All time and date stamps displayed on this site are GMT -4, except time and date stamps recorded during standard time (GMT -5).

Powered by **MOVEit > ipswitch**

Files are retained for 90 days.
No size restrictions are placed on attachments.

For service and support click the TECH SUPPORT link in the upper right hand corner.

This site is for submitting RFB/RFPs.

INSTRUCTIONS:
 To submit your proposal, locate the folder below that corresponds to the Proposal identification number listed in the vendor self-service portal.

- Open the folder, browse to your files and select the files to upload, make sure to click Upload.
- When the upload is complete a green check mark will appear to the left of your files and the bottom of the window will have the close button.
- Click Close and
- Sign out of the application.

Your files will automatically be transferred to our procurement staff and verification of receipts will be sent to you via email.

Thank you for your submission. - FINRFPSubmitter

Upload

Home Folder

Notice the instructions on the screen for submission.

Scroll down the page to see the list of RFP's available for submission.

/Distribution/KyAgencies/KYFinance/Procurement/ENG-RFP

<input type="checkbox"/>	Name	<input checked="" type="checkbox"/>	Size/Contents	Creator	Created
<input type="checkbox"/>	RFB-168-20				3/18/2020 3:39:56 PM
<input type="checkbox"/>	RFB-174-20				3/18/2020 3:40:49 PM
<input type="checkbox"/>	RFB-176-20				3/18/2020 3:40:43 PM
<input type="checkbox"/>	RFB-177-20				3/18/2020 3:40:37 PM
<input type="checkbox"/>	RFB-178-20				3/18/2020 3:40:33 PM
<input type="checkbox"/>	RFB-181-20				3/18/2020 3:40:24 PM
<input type="checkbox"/>	RFB-183-20				3/18/2020 3:40:17 PM
<input type="checkbox"/>	RFB-189-20				3/18/2020 3:40:04 PM
<input type="checkbox"/>	RFB-191-20				3/18/2020 3:40:12 PM

Locate the solicitation you are responding to and click on that folder. **BE SURE TO SELECT THE CORRECT RFP IDENTIFICATION NUMBER.** Selecting the incorrect folder may result in disqualification of your offer.

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*** Highly Recommended ** NOTES Section – Use this section to input your contact information or make comments about the files being uploaded.

Click on Drag and Drop Files or the **Upload Button**.



Drag and drop file to add files!

Or click the "Upload Files" button

Click Browse or Drag and Drop.

Navigate to the folder location of the file(s), then select the file(s) that you want to send. You can also drag and drop files into this field. There is not a size limit for file uploads.

Once all files have been added, the file(s) will show on the screen.

Click Upload.

A green check mark will appear to the left of each successful upload.

*** We highly recommend that you print the screen as verification for your records that the file(s) were submitted.

Click Close at the bottom of the window.

Sign out.

MY ACCOUNT

SIGN OUT

TECH SUPPORT

The **Sign Out** Link will exit you from the application.

The **Tech Support Link** will provide links to the User Guide under MOVEit Transfer Help, and Information on how to Contact the COT MOVEit Team.

FOR TECHNICAL ASSISTANCE WITH MOVEit/FTP

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- # Non-Commonwealth third parties should contact the Commonwealth Service Desk. Commonwealthservicedesk@ky.gov and cc: COTMOVEITFTP@ky.gov. Or call 502-564-7576.
 - o In the request for assistance please include the following -- kyrfb, telephone number, and a detailed description of any errors or messages received.

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ATTACHMENT E

KENTUCKY PERFORMANCE GUARANTEES

DMS may assess other penalties, based on such performance reviews or as determined through other means, upon the discovery of a Contractor's or subcontractor's violation, breach, or non-performance of the terms, conditions, or requirements of this Contract. Such violation, breach, or non-performance may be categorized into one of the following categories of risk:

Category 1: Action(s) or inaction(s) that seriously jeopardize the health, safety, and welfare of Beneficiary(s); reduces Beneficiaries' access to care; and/or jeopardize the integrity or viability of Kentucky's Medicaid MCO Pharmacy Services. Damages up to \$20,000 per day may be assessed.

Category 2: Action(s) or inaction(s) that jeopardize the viability or integrity of Kentucky's Medicaid MCO Pharmacy Services, but do(es) not necessarily jeopardize Beneficiary(s)' health, safety, and welfare or reduce access to care. Damages up to \$10,000 per violation may be assessed.

Category 3: Action(s) or inaction(s) that diminish the efficient operation and effective oversight and administration of the Kentucky Medicaid MCO Pharmacy. Damages up to \$5,000 per violation may be assessed.

RFP Requirement	Deliverable	Source	Report Due	Financial Assessment
50.6.B.12	Conduct online POS operations 24x7x365 no less than 99.9% of the time with the exception of Contractor scheduled downtime pre-approved by DMS.	PBM System Reports	Monthly, by the 15th calendar day of each month.	\$50,000 per month the standard is not met.
50.6.B.13	Notify staff designated by the DMS and the contracted MCOs	E-mail Notification	As Needed	\$10,000 per incident.

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	of performance issues impacting POS adjudication within fifteen (15) minutes of the Contractor's knowledge of system problems.			
50.6.B.15	Demonstrate average POS response time of five (5) seconds or less 98% of the time measured weekly and reported monthly.	PBM Reports	Monthly, by 15 th calendar day of each month.	\$50,000 per month the standard is not met.
50.6.B.21	Process all paper claims within ten (10) calendar days of receipt.	Quality review of statistically valid sample size of paper claims.	Monthly, by 15 th calendar day of each month.	\$5,000 per month the standard is not met.
50.6.C.9	Achieve PDL compliance rate of 95% or higher.	PBM Reports	Quarterly by 15 th calendar day of month after the end of quarter.	\$100,000 per quarter the standard is not met.
50.6.C.3	Accommodate changes in benefit design, claim edits and audits, POS messaging to pharmacies, and processes within one (1) business day of receipt of the file or the DMS effective date, whichever is later unless otherwise approved by DMS.	PBM Reports	Monthly, by 15 th calendar day of each month.	\$10,000 per calendar day per incident.
50.6.C.13.a	PA determinations are made within twenty-four (24) hours of receipt.	PBM Reports	Monthly, by 15 th calendar day of each month.	\$5,000 per incident.
50.6.H.1	Accurate reimbursement to pharmacies using DMS approved fee schedule reimbursement methodologies.	Review of statistically significant sample size of paid claims.	Monthly, by 15 th calendar day of each month.	\$50,000 per month per pharmacy for which the standard is not met.
50.6.H.4	Provide payments to pharmacy Providers no	Check Register	Monthly, by 15 th calendar day of each month.	\$10,000 per month per pharmacy Provider for which

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	less than every two week and comply with DMS-specified requirements for financial reporting.			the standard is not met.
50.6.H.8	Pay 95% of all claims within twenty-one (21) calendar days and 100% within thirty (30) calendar days.	PBM Report	Monthly, by 15th calendar day of each month.	\$100,000 per month in which the standard is not met.
50.6.I.4.a	Technical Help Line available to pharmacy Providers 24x7x365 unless otherwise authorized by DMS.	Call Center Reports	Monthly, by 15th calendar day of each month.	\$40,000 per month the standard is not met.
50.6.I.4.b and c	Beneficiary and PA Help Line available between 8:00am – 7:00pm Eastern Time unless otherwise authorized by DMS.	Call Center Reports	Monthly, by 15th calendar day of each month.	\$20,000 per month the standard is not met.
50.6.I.6.a	Answer incoming calls, on average, within thirty (30) seconds or less with the remaining calls answered within an additional thirty (30) seconds, measured on a weekly basis and reported on a monthly basis.	Call Center Reports	Monthly, by 15 th calendar day of each month.	\$10,000 per week in which the standard is not met.
50.6.I.6.b	Average call abandonment rate of 5% or less measured on a weekly basis and reported on a monthly basis.	Call Center Reports	Monthly, by 15th calendar day of each month.	\$10,000 per week in which the standard is not met.
50.6.I.6.c	Blocked calls rate shall be less than 1% measured on a	Phone carrier report	Monthly, by 15th calendar day of each month.	\$10,000 per week in which the

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	weekly basis and reported monthly.			standard is not met.
50.6.I.6.d	Inquiries requiring call back shall be returned within twenty-four (24) hours or one (1) business day (accounting for closed hours) 100% of time.	Exception Reports	Monthly, by 15th calendar day of each month.	\$1,000 per incident.
50.6.G.3	Provide an annual pharmacy audit strategy report that is approved by DMS describing the strategy for on-site and desk audits, as well as, how the Contractor will coordinate pharmacy audits with DMS.	Annual Pharmacy Audit Strategy Plan	Annually, at least thirty (30) calendar days prior to the annual renewal of the Contract.	\$10,000 per week in which the standard is not met.
50.6.G.3.a	Perform on-site pharmacy audits of at least 5% of the pharmacy network on an annual basis	On-site Pharmacy Audit report	Year to Date reported Monthly, by 15th calendar day of each month.	\$10,000 per missed monthly report and \$250,000 if less than 5% of the pharmacy network is audited on an annual basis.
50.6.D.3	Provide written notification to DMS and the MCOs of anticipated vacancies of key staff within two (2) business days of receiving the individual's resignation notice, the Contractor's notice to terminate an individual, or the position becomes vacant.	Written Notification to DMS	As needed.	\$5,000 per occurrence.
50.6.D.4	Within ten (10) business days of receiving an individual's	Written Action Plan to DMS	As needed.	\$5,000 per occurrence.

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	resignation notice, the Contractor's notice to terminate an individual, or a position becomes vacant, provide a detailed plan specifying how work is to be completed until replacement staff is hired.			
50.6.J.12	Develop and deliver a QA Plan, subject to DMS' approval, within thirty (30) calendar days of contract effective date. Minimally, this plan will include quality oversight, monitoring, and monthly reporting on the Contractor's activities. These resulting reports will clearly demonstrate the Contractor's compliance with contract requirements and attention to continuous quality improvement. The QA Plan will be updated annually or more frequently if requested by DMS.	QA Plan	Annually on Contract execution anniversary. Quarterly updates by the 15 th calendar day of the month following the end of the quarter. Monthly reports of QA activity and findings.	\$20,000 if annual plan not delivered within thirty (30) calendar days of contract execution and annually on such date thereafter. \$10,000 per quarter if the quarterly updates are not submitted. \$10,000 per month if quality reports specified in the QA Plan are not delivered to DMS by the 15 th calendar day of each month.
50.6.J	Supply all reports identified during the requirements analysis meetings in an accurate and timely manner consistent with the DMS-accepted Requirements	Report Receipt	Monthly, by the 15th calendar day of each month.	\$5,000 per month per report that is not delivered by the 15th calendar day of each month or is inaccurate.

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	Analysis Document.			
50.6.E.1.c	Document design requirements and DMS decisions in a Requirements Analysis Document subject to DMS review and approval.	Requirements Analysis Document provision and MCO Acceptance	October 1, 2020.	\$50,000 with an additional \$5,000 for every week or portion thereafter in which a DMS approved document is not provided.
50.6.E.3.d	Receive DMS approval of go-live readiness.	MCO Approval	December 11, 2020.	\$200,000 if go-live is not approved with an additional \$20,000 per month or portion thereof afterwards until readiness is demonstrated to DMS' approval.

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ATTACHMENT C

ACRONYMS AND DEFINITIONS

340B: Refers to Section 340B of the Public Health Service Act (PHSA, P.L. 78-410)

ABD: Aged, Blind, or Disabled

ACA: Affordable Care Act

Ad hoc: Request of information for a specific purpose.

Beneficiary: Individual entitled to benefits under Title XIX of the Social Security Act, and under the Kentucky Medicaid State Plan who enrolled in Medicaid and on whose behalf medical services are paid.

BIN: Bank Identification Number. Also referred to as Processor Identification Number.

CHFS: Cabinet for Health and Family Services.

Centers for Medicare and Medicaid Services (CMS): Agency within the United States Department of Health & Human Services that provides administration and funding for Medicare under Title XVIII, Medicaid under Title XIX, and the State Children's Health Insurance Program under Title XXI of the Social Security Act. Formerly known as Health Care Financing Administration (HCFA).

CIA: Confidentiality, Integrity, and Availability.

Code of Federal Regulations (CFR): Codification set of documents of Public Health Statutes published by the Office of the Federal Register, National Archives and Records Administration. Most references for Medicaid, Medicare programs and policies are in Chapter 42 of the Code.

DDI: Design, Development, and Implementation.

Department for Medicaid Services (DMS): The state agency responsible for promoting and protecting health and ensuring access to medical, preventive, and rehabilitative services for all citizens of the Commonwealth of Kentucky.

Disaster Recovery and Business Continuity Plan (DR/BCP): A written document that describes the framework for reconstructing vital operations to ensure the safety of employees and the resumption of time-sensitive

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operations and services in the event of an emergency. It is a guide and not a series of defined instructions void of flexibility. The nature of the interruption should determine how a business continuation plan is used.

Dispensing Fee/Professional Dispensing Fee: Pharmacy reimbursement in addition to the ingredient cost for medication dispensed by a pharmacist intended to account for costs involved in dispensing a medication.

DUR: Drug Utilization Review

EFT: Electronic Funds Transfer.

Eligibility Data: Define the population using services. Specific eligibility data include age, sex, benefits, target group, and dates of enrollment. Eligibility data are not encounter data - they do not define service use.

FFP: Federal Financial Participation.

FFS: Fee-for-Service.

Fee-for-Service Pharmacy Benefit Manager (FFS PBM): The PBM contracted by the Department to administer pharmacy benefits for all Medicaid recipients enrolled in the Medicaid FFS delivery system in the Commonwealth

Grandfather: As used in this RFP, grandfather refers to the process by which prior authorization edits are suppressed for a specified period of time due to evidence of patients having been previously established on a medication that requires prior authorization or having other indicators or combination of indicators (e.g., ICD-10, age, etc.) that when present should bypass prior authorization edits. .

Grievance: Definition as set forth in 42 CFR 438.400 and is an oral or written statement expressing dissatisfaction with any aspect of the MCO or its operations.

Healthcare Effectiveness Data and Information Set (HEDIS®): Set of performance measures developed by the National Committee for Quality Assurance. The measures help health care purchasers understand the value of health care purchases and measure plan performance.

Health Insurance Portability and Accountability Act (HIPAA): Act enacted in 1996 to provide a nationally recognizable regulation for the use/disclosure of an individual's health information.

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HCBS: Home and Community Based Waiver Services. HCBS

ICN: Internal Control Number.

ICD-10: International Classification of Diseases Tenth Revision.

IRS: Internal Revenue Service.

IIN: Issuer Identification Number.

KCHIP: Kentucky Children's Health Insurance Program.

Managed Care Organization (MCO): Organization licensed to manage, coordinate, and assume financial risk on a capitated basis for the delivery of a specified set of services to enrolled Beneficiaries in a given geographic area. It also referred to as a managed care plan and managed care program.

Managed Care Organization Pharmacy Benefit Manager (MCO PBM): The PBM contracted by the Department, pursuant to Section 2 of this Act, to administer pharmacy benefits for all Medicaid Beneficiaries enrolled in an MCO in the Commonwealth.

MAID: Medicaid Identification Number

Medicaid: The federal-state entitlement program enacted in 1965 by Title XIX of the Social Security Act as amended. Medicaid offers federal matching funds to states for costs incurred in paying health care Providers for serving covered individuals.

Medicaid Management Information System (MMIS): Computerized claims processing and information retrieval system, which includes all Providers enrolled in the Medicaid Program. This system is an organized method of payment for claims for all Medicaid services, and includes information on all Medicaid Providers and Beneficiaries.

MAGI: Modified Adjusted Gross Income

National Council for Prescription Drug Programs (NCPDP): An American National Standards Institute (ANSI) accredited standards development and maintenance organization establishing standards for pharmacy claim transactions.

NDC: National Drug Code

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NPI: National Provider Identifier

Network: As used in this RFP, "Network" is a group of participating pharmacy Providers enrolled on the Kentucky Medicaid FFS program.

Per Member Per Month (PMPM): The number of eligible Beneficiaries per calendar month as established through the DMS published Electronic Data Interchange Benefit Enrollment transaction type found in the 834 X12 transaction.

Pharmacy Benefit Manager (PBM): As defined in KRS 304.9-020;

Point-of-Sale (POS): State-of-the-art, online and real-time rules-based claims processing services with Prospective Drug Utilization Review (ProDUR) including an accounts receivable process.

Preferred Drug List (PDL): a list of prescriptions drugs, both generic and brand name, used to identify drugs with status (preferred or non-preferred) that offer the greatest overall value based on efficacy, safety and cost-effectiveness

Prior Authorization (PA): The act of authorizing specific services before they are rendered.

PCN: Processor Control Number (PCN)

Prospective Drug Utilization Review (ProDUR): A process in which a request for a drug product for a particular patient is screened during POS adjudication for potential drug therapy problems before the product is dispensed.

Protected Health Information (PHI): Individually identifiable health information that is maintained or transmitted in any form or medium and for which conditions for disclosure are defined in the HIPAA 45 C.F.R. Parts 160 and 164.

Provider: Any individual or entity furnishing Medicaid services under an agreement with the Medicaid agency.

Quality: The achievement of consumer-defined outcomes.

QA: Quality Assurance

RFP: Request for Proposal

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Requirements Analysis Document (RAD): A comprehensive document produced by the Contractor that reflects and accurate and complete understanding of DMS' interfaces, claims processing rules, benefit design, and operational support required of the Contractor.

Retrospective Drug Utilization Review (RetroDUR): Periodic review of claims data and other sources of information to identify drug utilization patterns that may be aberrant.

Secure File Transfer Protocol (SFTP): Software protocol for transferring data files from one computer to another with added encryption.

Security Rule (45 C.F.R. Parts 160 & 164): The key part of HIPAA which stipulates that covered entities must maintain reasonable and appropriate administrative, physical, and technical safeguards to protect the confidentiality, integrity, and availability of their Electronic Protected Health Information against any reasonably anticipated risks.

SB 50: Senate Bill 50 of the 2020 Regular Session of the Kentucky General Assembly.

SSI: Supplemental Security Income

State Children's Health Insurance Program (SCHIP): Federal program to help states expand health care coverage to uninsured children. Federal and state governments jointly finance SCHIP and the state administers SCHIP. Within broad Federal guidelines, each State determines the design of its program, eligibility groups, benefit packages, payment levels for coverage, and administrative and operating procedures. Referred to in Kentucky as KCHIP.

State Fiscal Year (SFY): The period represents July 1 through June 30 of each year.

State Plan: The Kentucky Medicaid State Plan - a comprehensive written agreement between DMS and CMS that describes the nature and scope of Kentucky's Medicaid program.

System Up Time: Percentage of time the POS claims processing system is available to Providers for submission of claims. System up time is expected to be no less than 99.9% of the time with the exception of Contractor scheduled downtime pre-approved by the Department.

TPL: Third Party Liability

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TTY/TTD: Teletypewriter/Telecommunications Device for the Deaf.

URAC: Utilization Review Accreditation Commission

Utilization Management (UM): The process to evaluate the medical necessity, appropriateness, and efficiency of the use of health care services, procedures, and facilities. UM is inclusive of utilization review and service authorization.

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ATTACHMENT G

MANDATORY TECHNICAL REQUIREMENTS

Attachment G may be downloaded by accessing the “Attachment” link found on the solicitation details view page where this RFP was downloaded. Once the Attachment link is accessed, select the file name you wish to download, and select the “Download Attachment” hyperlink. For assistance with downloading this attachment please contact the Commonwealth Buyer.