

RFP - MEDICAID PHARMACY MANAGEMENT SERVICES
Questions & Answers - Set 1
February 24, 2004

The responses to questions included herein are the official responses by the State to questions posed by potential bidders and are hereby incorporated into the Medicaid Request for Proposals (RFP) issued February 2, 2004. In the event of any conflict between the RFP and these responses, the requirements or information contained in these responses will prevail.

- 1. Are the only drugs currently subject to prior approval Zyvox, Serostim and prescription second-generation antihistamines? Will DOH provide the current prior approval criteria for these drugs? (I-4)**

A. The DOH also utilizes the prior authorization system for the Mandatory Generic Drug Program. Criteria for prior authorization of all drugs may be found on the DOH's web site at www.health.state.ny.us. Click on "Information for Providers", "Medicaid", "Medicaid Prior Authorization and Medicaid Mandatory Generic Drug Program".

- 2. Does DOH reimburse for any drugs of manufacturers that have not entered into a rebate agreement with CMS? If so, please identify the manufacturers involved and the products reimbursed. (I-6)**

A. DOH reimburses for Marplan manufactured by Oxford Pharmaceutical Services, Inc., which has not entered into a rebate agreement.

- 3. Since the RFP scope of work includes both Supplemental Rebates and J-Code Rebates, would the State also consider amending the RFP to include proposals to do all CMS rebates the State of NY as additional scope of work? There would be economies of scale achieved and the ability for the State of leverage all programs to maximize rebates for New York. (I-6)**

A. No

- 4. How many PDP drug classes will DOH require to be implemented with hard edits on 2/18/2005? (II-2)**

A. Bidders are requested to propose the number of PDP drug classes to be implemented based on the implementation timeframes proposed by the State and the bidder's experience in this area.

5. How many PDP drug classes will DOH require to be implemented with hard edits on 8/18/2005? (II-2)

A. Bidders are requested to propose the number of PDP drug classes to be implemented based on the implementation timeframes proposed by the State and the bidder's experience in this area.

6. Please identify what "other State pharmacy programs" the Contractor will be responsible for negotiating supplemental rebates. For each program identified please provide the following: (II-5)

- indicate whether it is an existing program
- program type
- current number of recipients and prescription benefit utilizers
- current drug spend
- a break down of the medications utilized by 11-digit NDC that provides reimbursed amount, number of units, number of claims and number of utilizers.

A. The governor's budget proposal included supplemental rebates to be applied to utilization for programs such as the EPIC Program. This is an existing program, with 330,000 enrollees and total drug costs of \$645 million with approximately 10 million claims. The information on the utilization of drugs under EPIC is available from a recent annual report found on the DOH website:
www.health.state.ny.us/nysdoh/epic/pdf/2001-epic-annual-report.pdf

7. In B.2.j., the third sentence states "the State shall have final approval on all rebate agreements, and all supplemental rebate contract agreements will require State approval". Please explain the difference between "all rebate agreements" and "all supplemental rebate contract agreements". (II-7)

A. In this section, "all rebate agreements" refer to all of the negotiated rebate amounts, and "all supplemental rebate contract agreements" refer to the total terms and conditions included in all contracts between the manufacturer and the State.

8. How often will the P&T Committee meet during the five and one half (5 1/2) months between contract approval and the implementation of the initial classes of drugs under the PDP? (II-7)

A. The NYS P&T Committee is committed to meet as often as necessary to ensure timely implementation of the primary programs in this RFP.

9. Once fully operational (all classes that will be reviewed have been reviewed and fully implemented), how often will DOH require a class in the PDP be reviewed? (II-7)

A. As stated in PART II, Section B.1.b.(1)(b) (specifically located on page II-5, last bullet), all drug class reviews must be updated at least annually.

However, the State expects the contractor to keep the State apprised of any new drugs that become available in PDP categories, or could be subject to CDRP, as well as, "pipeline" drugs. (II-18, II-C.3.e.)

10. Will DOH require that the file layout for current supplemental rebate amounts be exactly like that utilized by CMS for the quarterly tape that is sent to the State? (II-8)

A. The format should replicate the federal manufacturer rebate file layout specifications. At a minimum the data elements must include, for each quarter, the following:

- Company/Labeler Name and Address, Labeler Contact Person including Address, Telephone and Fax
- Labeler Code, Quarter Covered, Date of Report
- Rebate Contract Begin and End Dates
- For each NDC for which a supplemental rebate is provided:
 - NDC, Product Name, Package Size and Dosage Form, and Supplemental Rebate Amount per Unit.

The details of this layout are described in the CMS Medicaid Drug Rebate Operational Training Guide.

11. Will DOH require manufacturers to submit prior period adjustments to supplemental rebate amounts invoiced for prior quarters? (II-8)

A. The State expects to limit prior period adjustments, as defined by CMS (based on "Best Price and AMP", etc), for supplemental rebates. However, the manufacturer must provide corrected supplemental rebate amounts based on the terms of the supplemental rebate contract.

12. What is the penalty if the Contractor does not maintain one hundred percent (100%) accuracy in reporting product specific supplemental rebate amounts? (II-8)

A. RFP PART V, Section 1.6, Performance, describes the consequences of not meeting performance standards as specified in the RFP.

13. RFP Summary mentions new legislatively mandated evaluation reports required by the state. What are the specific goals of these reports as outlined? What data support is available from the fiscal agent office of NY Medicaid? (II-9)

A. The evaluation report format has not been finalized. The RFP requires the contractor to provide operational reports on the process and outcomes of operations which would be part of the evaluation. The fiscal agent, or the data warehouse, will be used to gather clinical and utilization data for the evaluation.

14. RFP Summary mentions surveys of providers and recipients. What is the thrust of these surveys? Are they satisfaction surveys or are they surveys to gain outcomes information about participants? (II-9)

A. The survey format has not been finalized, but the intent is to gain information on the impact of the new programs on the provider community and recipients. They may include both satisfaction responses and/or specific information on outcomes.

15. Does DOH have an example of the monthly report required in Part II, Section B.1.e.5? If so, will DOH make this report available for review? (II-9)

A. The State requests that the bidder design the monthly report based on the parameters set forth in the RFP.

16. Does DOH have an example of the monthly report required in Part II, Section B.1.e.4? If so, will DOH make this report available for review? (II-9)

A. As stated above, the State requests that the bidder design the monthly report based on the parameters set forth in the RFP.

17. Please confirm that Notices for the 2nd set of PDP and CDRP drugs must be sent by May 18, 2005 (within 8 1/2 months of contract approval) rather than by July 1, 2005 as stated on the Schedule for Implementation (II-12)

A. Notices for the 2nd set of PDP and CDRP drugs must be sent by July 1, 2005 as stated in the Schedule for Implementation. Recommendations for drugs to undergo review, the review criteria and proposed scripts for CDRP, must be completed by May 18th for approval by the NYS P&T and DOH (within eight and one half (8½) months of contract approval {II-12, B.2.c.3}).

- 18. Has there been a change in the NYS Statute to allow for the development and maintenance of a State Maximum Allowable Cost (MAC) schedule? If not, when does DOH expect the statute to be changed? (II-16)**

A. There have not been changes in Statute, however, statutory language for a State MAC have been included in Governor Pataki's Executive Budget Proposal for 2004-05.

- 19. From 1991 to the present, has DOH ever invoiced J-code billed drugs for OBRA '90 federal rebates? If so, has DOH invoiced J-code billed drugs that were multiple-source? (II-17)**

A. The DOH has not to date included J-code billed drugs in the OBRA '90 rebate invoices. However, in the 2nd quarter of 2004, the DOH will begin to include current J-Code billing for products with a single equivalent NDC. Multi-NDC products will not be included in this billing.

- 20. Does DOH require providers to submit an NDC number when billing J-code drugs? (II-17)**

A. No.

- 21. In Part II, Section C.2.g., is DOH requiring that the Contractor provide a solution to invoice multiple-source J-code billed drugs for OBRA '90 federal rebates? (II-17)**

A. Yes.

- 22. Milestones/Deliverables "e and f" do not correspond to the General Definition consultant services listed in section C.1 on pg II-16. Please clarify if these are in addition to the seven services noted earlier. (II-17)**

A. Milestones/Deliverables "e" (PART II C.3.e) corresponds to specific responsibilities associated with General Definition "d" (PART II C.1.d). The contractor would be required to design operational guidelines associated with targeted dosage and/or duration of therapy limits, specifically addressing limitations based on quantity, age and gender for new medications added to the list or reimbursable drugs.

Milestones/Deliverables "f" (PART II C.3.f) encompasses all consultant services that would require educational material/communications to providers, recipients and/or other interested parties.

23. Please confirm that it is acceptable to notify the prescriber verbally of the PA denial and fair hearing rights (in lieu of written notice). (II-18)

A. No. It is unacceptable to notify the prescriber of the PA denial and fair hearing rights verbally (in lieu of written notice). Written notices must be sent to the prescriber within two (2) business days of the date of their determination. (See Attached Modification)

24. Does the state want recommendations for the retroactive recovery of J-Codes back to 1991 as allowed by OBRA '90? (II-18)

A. Yes.

25. Please clarify the difference between the "Call Line" and the "Call Center." (II-18)

A. The phrases are generally interchangeable.

26. Please clarify whether the 24-hour PA Performance Standard applies to correspondence or to all PA requests. (II-19)

A. The 24-hour PA performance standard applies to all PA requests. Written correspondence, other than PA requests, is subject to the performance standards outlined in II-26 & 27, (II-D.3.b.).

27. Does the State require staff members in the call center to be bilingual in English and Spanish or is it acceptable to use a telephone translator service? (II-23)

A. The State requires that there are some staff members in the call center that are bilingual in English and Spanish. A telephone translator service is acceptable for other languages.

28. Please confirm that English and Spanish are the only multilingual capabilities required. (II-23)

A. English and Spanish multilingual capabilities would meet the minimum requirements for staff on the call line. However, it is expected that the Contractor will also have a telephone translator service available. (See question #27)

29. Are there limitations on the location of the Call Center to support this bid? (II-23)

A. The call center must be located within the continental United States.

30. Is the tenth (10th) day requirement in Part II, Section D.7.b., referring to the tenth (10th) business day or tenth (10th) calendar day following the end of the monthly reporting period? (II-29)

A. The 10th day requirement refers to ten (10) calendar days.

31. Is the tenth (10th) day requirement in Part II, Section D.7.c., referring to the tenth (10th) business day or tenth (10th) calendar day following the end of the quarterly reporting period? (II-29)

A. The 10th day requirement refers to ten (10) calendar days.

32. Which system or systems will the two full-time programmer/analysts be responsible for developing, modifying, and/or enhancing? (II-32)

A. The two (2) full-time programmer/analysts will be responsible for the overall operational system(s) maintained by the contractor, including systems used by the contractor to support the call line, data, reporting and tracking systems.

33. Define “high staff turnover”? With the Systems Development Group staff requirement of only 2 FTEs, any turnover in this area would appear to invoke sanctions. Would the State either delete the sanctions in this area or measure turnover of the Systems Development Group as a percentage of total staff assigned to the contract? (II-33)

A. The State will invoke sanctions if the turnover rate negatively impacts the productivity of the Systems Development Group. (II-33)

34. Will DOH require that activities associated with supplemental rebate negotiations with drug manufacturers be performed within the State of New York? (II-34)

A. No.

35. Please confirm that the start of operations referenced is intended to be January 1, 2005, the first date call lines are operational. (II-36)

A. The contractor shall perform an initial disaster recovery test at the backup facility secured within thirty (30) calendar days of the start of operations, which, for the purposes of this standard, is January 1, 2005.

- 36. Does the State require fair hearing participation by the contractor to be on-site at the hearing location or may the hearing be supported via teleconference? If on-site is required, please estimate the number of fair hearings per year. (II-39)**

A. As noted in the RFP, PART V-A.4 and in Appendix F, the contractor must be present at Fair Hearings involving recipients or providers where issues include determinations by the contractor. Fair hearings are not supported by teleconference. It is expected that the bidders will use their experience to develop the estimated number of denials/fair hearings anticipated.

- 37. The proper procedure for rebate collection is for the manufacturer to send back a ROSI (Reconciliation of State Invoice) document that sets out what is being paid and what is being disputed and remit a check for the undisputed portion. We have experienced cases where the manufacturer does not follow this procedure, makes no payment, does not respond to phone calls or e-mails; basically, ignores all communication methods. Will the State be responsible for collection activities in this type of scenario? (II-39)**

A. The State will handle collection activities when no payment is made for supplemental rebates as part of the State's management of rebate contracts with manufacturers. (II E.6.)

- 38. Can the State provide an extract of Medicaid pharmacy claims that includes 6 months of paid claims to allow potential respondents to analyze current data? (III-11)**

A. Yes the State will provide an extract of pharmacy claims to those bidders who have submitted a letter of intent as well as a completed confidentiality agreement.

- 39. Is an Executive Order #127 Contractor Disclosure of Contacts form required for EACH reference used throughout the Proposal, including references from other states? If yes, does each form need to be signed by the reference? (III-9)**

A. Yes, an Executive Order #127 Contractor Disclosure of Contacts form (found in Attachment #4 of this RFP) is required to be submitted for EACH reference used throughout the Proposal. Failure to include this form for a reference shall result in a determination of non-responsiveness. The forms are to be filled out by the bidder, not the reference. A signature is not a requirement of this form.

- 40. Regarding the Proposed Key Personnel, please indicate whether the "Quality assurance/quality control coordinator" is the same individual referred to as the "director of this unit" for the Quality Assurance unit discussed on page II-29, D.9 (III-13)**

A. Yes, they are the same individual.

41. Please confirm that it is acceptable for a subset of the General Workplan for Implementation to fulfill the requirement for the PDP workplan and that a separate and distinct PDP workplan is not required. (III-17)

A. No, it is not acceptable for a subset of the General Workplan for Implementation be used to fulfill the requirement for individual workplans for the programs and requirements in this RFP. The General Workplan should present the overall implementation and work required for all of the programs, while the individual workplans must provide specific detail for the implementation of each program.

42. Please confirm that it is acceptable for a subset of the General Workplan for Implementation to fulfill the requirement for the CDRP workplan and that a separate and distinct CDRP workplan is not required. (III-18)

A. No (See answer to #40 above).

43. Please confirm that it is acceptable for a subset of the General Workplan for Implementation to fulfill the requirement for the Call Line Support workplan and that a separate and distinct Call Line Support workplan is not required. (III-19)

A. No (See answer to #40 above).

44. Please confirm that it is acceptable for a subset of the General Workplan for Implementation to fulfill the requirement for the workplans for each Task making up the Consultant Services and that a separate and distinct workplan for each task is not required. (III-20)

A. No (See answer to #40 above).

45. Please confirm that it is acceptable for a subset of the General Workplan for Implementation to fulfill the requirement for the Call Center workplan and that a separate and distinct Call Center workplan is not required. (III-22)

A. No (See answer to #40 above).

46. Please confirm that it is acceptable for a subset of the General Workplan for Implementation to fulfill the requirement for the Systems Interface workplan and that a separate and distinct Systems Interface workplan is not required. (III-24)

A. No (See answer to #40 above).

47. Are the facility expenses included as reimbursables even if the call center facility is out-of-state. (III-31)

A. Yes

48. Please explain why and under what circumstance(s) the FET may choose not to include the costs of denials in the cost evaluation? (III-34)

A. The determination as to whether to include the cost of denial processing in the financial evaluation process is to be made by the State at their sole discretion. This determination will be made prior to the beginning of the evaluation process. All financial proposals will then be evaluated consistently based on this determination.

49. Would you clarify the impact that the projected savings for the PDP, Mandatory Generic, CDRP programs, has on the evaluation? (III-36)

A. The projected savings will not be used in computing the evaluation scoring.

50. Please explain what areas of the technical proposal would be re-scored following a site visit and under what circumstance(s) this would happen. (IV - 4)

A. As stated in RFP PART IV-4, the Technical Evaluation Team will review and evaluate operation systems, procedures, software, equipment, facilities and personnel that are proposed by the bidder in support of the Medicaid program. If the site visit demonstrates that the resources proposed in the RFP are inconsistent with the actual resources available, the TET may re-score relevant sections of the technical evaluation. Re-scoring in these areas based on the clarifications obtained is dependent on initial scoring and weight of the components; therefore, it may or may not have an impact on the final technical score.

51. Please clarify the packaging and number of copies requirements of the proposal. For example, RFP states bidder shall submit (2) original and ten (10) copies of the proposal. Also, the RFP states that the proposal must be submitted in two (2) distinct volumes (Vol I Part 1, Vol I Part 2 and Vol II) packaged separately. Therefore, is the submission requirement: 1 original copy of Vol 1 Part 1 Corp Qualifications and 10 copies, 1 original copy of Vol 1 Part 2 Technical Proposal and 10 copies as well as 1 original copy of Vol 2 Financial Proposal and 10 copies OR is the submission requirement: 1 original copy of Vol 1 Part 1 Corp Qualifications and Vol 1 Part 2 Technical Proposal and 5 copies of each (although each Part is to be separately bound) and 1 original copy of Vol 2 Financial Proposal and 5 copies? (IV-4)

A. Volume I consists of Part I and Part II. They may be bound together as one volume. Volume II is the Financial Proposal and MUST be packaged separately and distinct from Volume I.

The submission requirement is two originals and ten copies of each Volume. In other words, two originals and ten copies of Volume I, Parts I and II; and two originals and ten copies of Volume II – Financial Proposal.

52. Would the State consider milestone payments for each of the primary programs based upon an approved Implementation Workplan? (V-7)

A. No. However, the contract allows for the parties to renegotiate should there be substantial changes.

53. All contractor costs are subject to corporate overhead and allocations. The exclusion of overhead costs on reimbursables means the vendor loses money on all reimbursables. For example, there is expense associated with securing formal or informal bids for purchases over \$200.00. While we understand that the State desires these items to be acquired at no profit margin, the exclusion of corporate allocations seems unreasonable. Would the State allow for a flat 12% to be added to reimbursables to cover normal allocations excluding profit margin? (V-17)

A. No. The State will not allow for any profit margin to be added to the reimbursable costs. Administrative costs associated with the operation of the contract are to be included in base operational costs.

54. Will DOH provide the aggregate unit quantities for each 11-digit NDC listed in Tables 1-A and 1-B? (Attachment 3 - Table 1A and 1B)

A. No. The data extract available to bidders does not include that data.

55. Please clarify who would need to be included on the EO #127 Contractor Disclosure of Contacts form. (Attachment 4)

A. The EO #127 Contractor Disclosure of Contacts form must be filled out by the bidder for each person designated by the bidder to have contact with the State regarding this RFP. It includes the bidder's contact person, and all RFP references, as well as, employees, lobbyists, attorneys or other representatives the bidder has designated to contact State staff on their behalf.

As stated on the form, this information should be updated throughout the evaluation process of this procurement and throughout the term of any contract awarded.

56. On the EO #127 Contractor Disclosure of Contacts form, in response to the question: "Does the above named person or organization have a financial interest in the procurement?" If the person is an employee of the bidder - does that construe that he has a financial interest in the procurement? (Attachment 4)

A. The bottom of the form "a-d" describes the intent of the meaning of 'financial interest'.

57. Please clarify the costs to be included in cost per PA and costs for PA denial processing. Is it correct that the cost per PA without denial includes tier one and tier two costs without a denial? (III 28-30)

A. The costs per PA includes all activities up to and including making the determination (tier one and tier two and determination). The cost for PA denial processing is the incremental costs after a denial is made. It includes additional expenses which occur only if a denial determination is made. These costs include the costs of notification, and participation in a fair hearing if necessary.

**RFP for Medicaid Pharmacy Management Services
NYS Department of Health
Modifications
February 24, 2004**

The following are official modifications, which are hereby incorporated into the New York State Medicaid Pharmacy Management Services Request for Proposals (RFP), issued February 2, 2004. In the event of any conflict between the RFP and these modifications, the information contained in these modifications will prevail.

Section Page #	Specific Location	Current Language	Corrected Language (bold)
III-4	B. 2 nd bullet	◆ Previous experience operating pharmacy management services for a total client base equal to or greater than the size and scope as the NYS Medicaid Program (3 million covered lives, 26 million claims annually).	◆ Previous experience operating pharmacy management services for a total client base equal to or greater than the size and scope as the NYS Medicaid Program (3 million covered lives, 50 million claims annually).
II-18	D.1.a.3).	3) If required, develop and implement a process for providing notices to recipients and prescribers regarding fair hearing rights following denials. Such notices in writing (in both English and Spanish) shall be sent to the recipient within two (2) business days of the date of their determination in compliance with PART II, Sections D.3 and Appendix F.	3) If required, develop and implement a process for providing notices to recipients and prescribers regarding fair hearing rights following denials. Such notices in writing (in both English and Spanish) shall be sent to both the prescriber and the recipient within two (2) business days of the date of their determination in compliance with PART II, Sections D.3 and Appendix F.

<p>Appendix F</p>	<p>Page 1, Notice: first sentence</p>	<p>Notice: The contractor must send a written notice of the denial of a PA to the recipient, within two (2) business days of the date that the denial determination was made.</p>	<p>Notice: The contractor must send a written notice of the denial of a PA to both the prescriber and the recipient, within two (2) business days of the date that the denial determination was made.</p>
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