



MONTANA STATE FUND REQUEST FOR PROPOSAL (RFP)

RFP Number: MSF 51	RFP Title: Pharmacy Benefit Manager (PBM) Audit Services	
RFP Response Due Date and Time: March 8, 2013 4:00 p.m., Mountain Time	Number of Pages: 25	Issue Date: February 6, 2013

ISSUING AGENCY INFORMATION

Procurement Officer: Bridget McGregor	Montana State Fund Phone: (406) 495-5277 Fax: (406) 495-5023 TTY Users, Dial 711
Website: http://vendor.mt.gov/	

INSTRUCTIONS TO OFFERORS

Return Sealed Proposal to: PHYSICAL AND MAILING ADDRESS: Montana State Fund 855 Front Street Helena, MT 59601	Mark Face of Envelope/Package with: RFP Number: MSF 51 RFP Response Due Date: March 8, 2013
Special Instructions:	

OFFERORS MUST COMPLETE THE FOLLOWING

Offeror Name/Address:	_____
	(Name/Title)
Type of Entity (e.g., corporation, LLC, etc.)	_____
	(Signature)
Offeror E-mail Address:	Offeror Phone Number:
Offeror E-mail Address:	Offeror FAX Number:

OFFERORS MUST RETURN THIS COVER SHEET WITH RFP RESPONSE

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INSTRUCTIONS TO OFFERORS

It is the responsibility of each offeror to:

Follow the format required in the RFP when preparing your response. Provide responses in a clear and concise manner.

Provide complete answers/descriptions. Read and answer **all** questions and requirements. Proposals are evaluated based **solely** on the information and materials provided in your written response.

Use any forms provided, e.g., cover page, budget form, certification forms, etc.

Submit your response on time. Note all the dates and times listed in the Schedule of Events and within the document. Late proposals are **never** accepted.

**The following items MUST be included in the response.
Failure to include ANY of these items may result in a nonresponsive determination.**

- Signed Cover Sheet**
- Signed Addenda (if appropriate) in accordance with Section 1.4.3**
- Correctly executed State of Montana "Affidavit for Trade Secret Confidentiality" form, if claiming information to be confidential or proprietary in accordance with Section 2.3.1.**
- In addition to a detailed response to all requirements within Sections 3, 4, and 5, offeror must acknowledge that it has read, understands, and will comply with each section/subsection listed below by initialing the line to the left of each. If offeror cannot meet a particular requirement, provide a detailed explanation next to that requirement.**

SCHEDULE OF EVENTS

<u>EVENT</u>	<u>DATE</u>
RFP Issue Date	February 6, 2013
Deadline for Receipt of Written Questions	February 20, 2013
Deadline for Posting Written Responses to MSF's Website	February 28, 2013
RFP Response Due Date	March 8, 2013
Notification of Offeror Interviews/Product Demonstrations (Optional)	TBD
Offeror Interviews/Product Demonstrations (Optional)	TBD
Intended Date for Contract Award	April 1, 2013

SECTION 1: INTRODUCTION AND INSTRUCTIONS

1.1 INTRODUCTION

Montana State Fund, (hereinafter referred to as "MSF" or "State Fund") invites you to submit a proposal for providing services to audit the Pharmacy Benefit Manager (PBM) contract and the services provided under the contract by Express Scripts, Inc. (ESI). A more complete description of the services sought for this project is provided in Section 3, Scope of Services. Proposals submitted in response to this solicitation must comply with the instructions and procedures contained herein.

1.2 CONTRACT PERIOD

The contract period is one year, beginning April 1, 2013, and ending March 31, 2014. The parties may mutually agree to a renewal of this contract in two-year intervals, or any interval that is advantageous to MSF. This contract, including any renewals, may not exceed a total of seven years, at MSF's option.

1.3 SINGLE POINT OF CONTACT

From the date this Request for Proposal (RFP) is issued until an offeror is selected and announced by the procurement officer, **offerors shall not communicate with any MSF staff regarding this procurement, except at the direction of Bridget McGregor**, the procurement officer in charge of the solicitation. Any unauthorized contact may disqualify the offeror from further consideration. Contact information for the single point of contact is:

Procurement Officer: **Bridget McGregor**
Telephone Number: **(406) 495-5277**
Fax Number: **(406) 495-5023**
E-mail Address: **bmcgregor@mt.gov**

1.4 REQUIRED REVIEW

1.4.1 Review RFP. Offerors shall carefully review the entire RFP. Offerors shall promptly notify the procurement officer identified above via e-mail or in writing of any ambiguity, inconsistency, unduly restrictive specifications, or error which they discover. In this notice, the offeror shall include any terms or requirements within the RFP that preclude the offeror from responding or add unnecessary cost. Offerors shall provide an explanation with suggested modifications. The notice must be received by the deadline for receipt of inquiries set forth below. MSF will determine any changes to the RFP.

1.4.2 Form of Questions. Offerors having questions or requiring clarification or interpretation of any section within this RFP must address these issues via e-mail or in writing to the procurement officer listed above on or before February 20, 2013. Offerors are to submit questions using the Vendor RFP Question and Answer Form available on the OneStop Vendor Information website at: <http://svc.mt.gov/gsd/OneStop/GSDDocuments.aspx> or by calling (406) 444-2575. Clear reference to the section, page, and item in question must be included in the form. Questions received after the deadline may not be considered.

1.4.3 MSF's Response. MSF will provide a written response by February 28, 2013 to all questions received by February 20, 2013. MSF's response will be by written addendum and will be posted on the State's website with the RFP at <http://svc.mt.gov/gsd/OneStop/SolicitationDefault.aspx> by the close of business on the date listed. Any other form of interpretation, correction, or change to this RFP will not be binding upon MSF.

Offerors shall sign and return with their RFP response an Acknowledgment of Addendum for any addendum issued.

1.5 GENERAL REQUIREMENTS

1.5.1 Acceptance of Standard Terms and Conditions/Contract. *By submitting a response to this RFP, offeror accepts the standard terms and conditions and contract set out in Appendices A and B, respectively. Much of the language included in the standard terms and conditions and contract reflects requirements of Montana law.*

Offerors requesting additions or exceptions to the standard terms and conditions or contract terms, shall submit them to the procurement officer listed above by the date in Section 1.4.2. A request must be accompanied by an explanation why the exception is being sought and what specific effect it will have on the offeror's ability to respond to the RFP or perform the contract. MSF reserves the right to address nonmaterial requests for exceptions to the standard terms and conditions and contract language with the highest scoring offeror during contract negotiation.

MSF shall identify any revisions to the standard terms and conditions and contract language in a written addendum issued for this RFP. The addendum will apply to all offerors submitting a response to this RFP. MSF will determine any changes to the standard terms and conditions and/or contract.

1.5.2 Resulting Contract. This RFP and any addenda, the offeror's RFP response, including any amendments, a best and final offer (if any), and any clarification question responses shall be incorporated by reference in any resulting contract.

1.5.3 Understanding of Specifications and Requirements. By submitting a response to this RFP, offeror acknowledges it understands and will comply with the RFP specifications and requirements.

1.5.4 Offeror's Signature. Offeror's proposal must be signed in ink by an individual authorized to legally bind the offeror. The offeror's signature guarantees that the offer has been established without collusion. Offeror shall provide proof of authority of the person signing the RFP upon MSF's request.

1.5.5 Offer in Effect for 120 Calendar Days. Offeror agrees that it may not modify, withdraw, or cancel its proposal for a 120-day period following the RFP due date, or receipt of best and final offer, if required.

1.6 SUBMITTING A PROPOSAL

1.6.1 Organization of Proposal. Offerors must organize their proposal into sections that follow the format of this RFP. Proposals should be bound, and must include tabbed dividers separating each section. Proposal pages must be consecutively numbered.

All subsections not listed in the "Instructions to Offerors" on page 3 require a response. Restate the section/subsection number and the text immediately prior to your written response.

Unless specifically requested in the RFP, an offeror making the statement "Refer to our literature..." or "Please see www.....com" may be deemed nonresponsive or receive point deductions. If making reference to materials located in another section of the proposal, specific page numbers and sections must be noted. **The Evaluator/Evaluation Committee is not required to search through the proposal or literature to find a response.**

MSF encourages offerors to use materials (e.g., paper, dividers, binders, brochures, etc.) that contain post-consumer recycled content. Offerors are encouraged to print/copy on both sides of each page.

1.6.2 Failure to Comply with Instructions. Offerors failing to comply with these instructions may be subject to point deductions. Further, MSF may deem a proposal nonresponsive or disqualify it from further consideration if it does not follow the response format, is difficult to read or understand, or is missing requested information.

1.6.3 Multiple Proposals. Offerors may, at their option, submit multiple proposals. Each proposal shall be evaluated separately.

1.6.4 Copies Required and Deadline for Receipt of Proposals. Offerors must submit **one original proposal and four copies** to Montana State Fund. **In addition, offerors must submit one electronic copy on compact disc (CD) or universal serial bus (USB) flash drive in Microsoft Word or portable document format (PDF).** If any confidential materials are included in accordance with the requirements of Section 2.3.2, they must be submitted on a separate CD or USB flash drive.

EACH PROPOSAL MUST BE SEALED AND LABELED ON THE OUTSIDE OF THE PACKAGE clearly indicating it is in response to RFP MSF 51. ***Proposals must be received at the reception desk of the Montana State Fund prior to 4:00 p.m., Mountain Time, March 8, 2013. Offeror is solely responsible for assuring delivery to the reception desk by the designated time.***

1.6.5 Facsimile Responses. A facsimile response to an RFP will ONLY be accepted on an exception basis with prior approval of the procurement officer and only if it is received in its entirety by the specified deadline. Responses to RFPs received after the deadline will not be considered.

1.6.6 Late Proposals. ***Regardless of cause, MSF shall not accept late proposals. Such proposals will automatically be disqualified from consideration.*** Offeror may request MSF return the proposal at offeror's expense or MSF will dispose of the proposal if requested by the offeror.

1.7 COSTS/OWNERSHIP OF MATERIALS

1.7.1 MSF Not Responsible for Preparation Costs. Offeror is solely responsible for all costs it incurs prior to contract execution.

1.7.2 Ownership of Timely Submitted Materials. MSF shall own all materials submitted in response to this RFP.

SECTION 2: RFP STANDARD INFORMATION

2.1 AUTHORITY

This RFP is issued under the authority of section 39-71-2315, MCA (Montana Code Annotated). The RFP process is a procurement option allowing the award to be based on stated evaluation criteria. The RFP states the relative importance of all evaluation criteria. Only the evaluation criteria outlined in this RFP will be used.

2.2 OFFEROR COMPETITION

MSF encourages free and open competition to obtain quality, cost-effective services and supplies. MSF designs specifications, proposal requests, and conditions to accomplish this objective.

2.3 RECEIPT OF PROPOSALS AND PUBLIC INSPECTION

2.3.1 Public Information. Subject to exceptions provided by Montana law, all information received in response to this RFP, including copyrighted material, is public information. Proposals will be made available for public viewing and copying shortly after the proposal due date and time. The exceptions to this requirement are: (1) bona fide trade secrets meeting the requirements of the Uniform Trade Secrets Act, Title 30, chapter 14, part 4, MCA, that have been properly marked, separated, and documented; (2) matters involving individual safety as determined by MSF; and (3) other constitutional protections. See 18-4-304, MCA. MSF provides a copier for interested parties' use at \$0.10 per page. The interested party is responsible for the cost of copies and to provide personnel to do the copying.

2.3.2 Procurement Officer Review of Proposals. Upon opening the proposals in response to this RFP the procurement officer reviews the proposals for information that meets the exceptions in Section 2.3.1, providing the following conditions have been met:

- Confidential information (including any provided in electronic media) is clearly marked and separated from the rest of the proposal.
- The proposal does not contain confidential material in the cost or price section.
- An affidavit from the offeror's legal counsel attesting to and explaining the validity of the trade secret claim as set out in Title 30, chapter 14, part 4, MCA, is attached to each proposal containing trade secrets. Counsel must use the State of Montana "Affidavit for Trade Secret Confidentiality" form in requesting the trade secret claim. This affidavit form is available on the OneStop Vendor Information website at: <http://svc.mt.gov/gsd/OneStop/GSDDocuments.aspx> or by calling (406) 444-2575.

Information separated out under this process will be available for review only by the procurement officer, the evaluator/evaluation committee members, and limited other designees. Offerors shall pay all of its legal costs and related fees and expenses associated with defending a claim for confidentiality should another party submit a "right to know" (open records) request.

2.4 CLASSIFICATION AND EVALUATION OF PROPOSALS

2.4.1 Initial Classification of Proposals as Responsive or Nonresponsive. MSF shall initially classify all proposals as either "responsive" or "nonresponsive". MSF may deem a proposal nonresponsive if: (1) any of the required information is not provided; (2) the submitted price is found to be excessive or inadequate as measured by the RFP criteria; or (3) the proposal does not meet RFP requirements and specifications. MSF may find any proposal to be nonresponsive at any time during the procurement process. If MSF deems a proposal nonresponsive, it will not be considered further.

2.4.2 Determination of Responsibility. The procurement officer will determine whether an offeror has met the standards of responsibility. An offeror may be determined nonresponsible at any time during the procurement process if information surfaces that supports a nonresponsible determination. If an offeror is found nonresponsible, the procurement officer will notify the offeror by mail. The determination will be made a part of the procurement file.

2.4.3 Evaluation of Proposals. An evaluator/evaluation committee will evaluate all responsive proposals based on stated criteria and recommend award to the highest scoring offeror. The evaluator/evaluation committee may initiate discussion, negotiation, or a best and final offer. In scoring against stated criteria, the evaluator/evaluation committee may consider such factors as accepted industry standards and a comparative evaluation of other proposals in terms of differing price and quality. These scores will be used to determine the most advantageous offering to MSF. If an evaluation committee meets to deliberate and evaluate the proposals, the public may attend and observe the evaluation committee deliberations.

2.4.4 Completeness of Proposals. Selection and award will be based on the offeror's proposal and other items outlined in this RFP. Proposals may not include references to information such as Internet websites, unless specifically requested. Information or materials presented by offerors outside the formal response or subsequent discussion, negotiation, or best and final offer, if requested, will not be considered, will have no bearing on any award, and may result in the offeror being disqualified from further consideration.

2.4.5 Opportunity for Discussion/Negotiation and/or Oral Presentation/Product Demonstration. After receipt of proposals and prior to the recommendation of award, the procurement officer may initiate discussions with one or more offerors should clarification or negotiation be necessary. Offerors may also be required to make an oral presentation and/or product demonstration to clarify their RFP response or to further define their offer. In either case, offerors should be prepared to send qualified personnel to Helena, Montana, to discuss technical and contractual aspects of their proposal. Oral presentations and product demonstrations, if requested, shall be at the offeror's expense.

2.4.6 Best and Final Offer. Under Montana law, the procurement officer may request a best and final offer if additional information is required to make a final decision. MSF reserves the right to request a best and final offer based on price/cost alone. Please note that MSF rarely requests a best and final offer on cost alone.

2.4.7 Evaluator/Evaluation Committee Recommendation for Contract Award. The evaluator/evaluation committee will provide a written recommendation for contract award to the procurement officer that contains the scores, justification, and rationale for the decision. The procurement officer will review the recommendation to ensure its compliance with the RFP process and criteria before concurring with the evaluator's/evaluation committee's recommendation.

2.4.8 Request for Documents Notice. Upon concurrence with the evaluator's/evaluation committee's recommendation, the procurement officer will request from the highest scoring offeror the required documents and information, such as insurance documents, contract performance security, an electronic copy of any requested material (e.g., proposal, response to clarification questions, and/or best and final offer), and any other necessary documents. Receipt of this request does not constitute a contract and **no work may begin until a contract signed by all parties is in place.** The procurement officer will notify all other offerors of MSF's selection.

2.4.9 Contract Execution. Upon receipt of all required materials, a contract (Appendix B) incorporating the Standard Terms and Conditions (Appendix A), as well as the highest scoring offeror's proposal, will be provided to the highest scoring offeror for signature. The highest scoring offeror will be expected to accept and agree to all material requirements contained in Appendices A and B of this RFP. If the highest scoring offeror does not accept all material requirements, MSF may move to the next highest scoring offeror, or cancel the RFP. Work under the contract may begin when the contract is signed by all parties.

2.5 MSF'S RIGHTS RESERVED

While MSF has every intention to award a contract resulting from this RFP, issuance of the RFP in no way constitutes a commitment by MSF to award and execute a contract. Upon a determination such actions would be in its best interest, MSF, in its sole discretion, reserves the right to:

- Cancel or terminate this RFP;
- Reject any or all proposals received in response to this RFP;
- Waive any undesirable, inconsequential, or inconsistent provisions of this RFP that would not have significant impact on any proposal;
- Not award a contract, if it is in MSF's best interest not to proceed with contract execution; or
- If awarded, terminate any contract if MSF determines adequate funds are not available.

SECTION 3: SCOPE OF SERVICES

To enable MSF to determine the capabilities of an offeror to perform the services specified in the RFP, the offeror shall respond to the following regarding its ability to meet MSF's requirements.

All subsections of Section 3 not listed in the "Instructions to Offerors" on page 3 require a response. Restate the subsection number and the text immediately prior to your written response.

NOTE: Each item must be thoroughly addressed. Offerors taking exception to any requirements listed in this section may be found nonresponsive or be subject to point deductions.

3.1 INTRODUCTION

State Fund is seeking proposals for audit services of our pharmacy benefit manager (PBM) appointed to manage the pharmacy benefits for injured employees of State Fund policyholders. The audit to be performed under this RFP must meet State Fund's objectives to determine the PBM's compliance with pricing agreements, contract terms, and quality control procedures.

3.2 BACKGROUND

Montana State Fund is a non-profit, public corporation and was established for the purpose of allowing an option for employers to insure their liability for workers' compensation and occupational disease coverage in Montana. State Fund is Montana's largest writer of workers' compensation insurance. State Fund is one of three options employers have to provide for their workers' compensation insurance coverage. Employers may self-insure, contract with private insurance carriers, or contract with State Fund.

State Fund is commonly known as the Plan 3 option for employers. Though specifically created in law, State Fund competes with private insurance carriers for the insurance business of Montana employers. Unlike most private carriers, State Fund is a mono-line insurance company engaged in providing only workers' compensation and occupational disease insurance. State Fund functions as the guaranteed market for workers' compensation insurance for Montana employers.

State Fund is operated much the same as a private insurance carrier, using actuarially sound principles in setting its insurance rates. By law, State Fund must be neither more nor less than self-supporting. State Fund currently has about 26,000 employer policyholders in the state of Montana.

The objective of Montana State Fund is to provide optimal medical services to an injured employee in order to return the employee to work as soon as possible after a work related injury or occupational disease, and to provide medical services considered reasonable and medically necessary, in a timely and cost effective manner.

State Fund contracted with Express Scripts, Inc. (ESI) starting in January 2011, with principal office in St. Louis, Missouri. Montana law provides that workers' compensation insurers may create preferred provider organizations to help deliver benefits and control costs; ESI contracts directly with pharmacies to establish a PPO network to fill prescriptions. Once the injured employee has been notified of the PPO and the providers available through the PPO, they must go to those providers for prescription benefits. After notice is given, the insurer is not liable for benefits obtained from non-PPO providers. ESI should solicit the membership of non-member pharmacies that meet the defined PPO enrollment requirements. ESI-enrolled pharmacies are able to bill ESI electronically and receive faster payment. During business hours State Fund provides updated claim status and identification data to ESI on an hourly basis. The PBM will reimburse State Fund for any payments they have made where State Fund has provided proper notice of denied claim eligibility.

Montana law states that a workers' compensation insurer is liable only for the purchase of generic-name drugs if the generic-name product is the therapeutic equivalent of the brand-name drug prescribed by the physician, unless the generic name drug is unavailable. If a medication is not listed on the Montana State Fund Preferred Drug List, pre-authorization is required. If the medical provider specifically requests a brand name and the generic is on the preferred drug list, State Fund requires preauthorization by one of our claims examiners. State Fund is able to indicate prescription authorization through access to the ESI online system. There are no deductibles, no co-pays and unless specifically identified in the law, no limitation of injuries or diseases covered. If the disease or injury arises in the course and scope of employment and involves a covered employee, benefits are provided. However, State Fund does not pay for benefits associated with unrelated injuries.

Since January of 2011 to December 2012, State Fund medications processed by ESI on our behalf include:

Fiscal Year Pharmacy Experience Report

This report is a summary of pharmacy payments (both from the Pharmacy Benefits Manager (PBM), and Manual payments entered directly into CLAIMCENTER) on a rolling 12 month basis.

Year	Utilizing Members (Distinct Count)	New Rxs	Refill Rxs	Total # of Rxs	Total Plan Paid	Admin Fee	Drug Payment	Dispensing Fee
2012	30,535	32,144	51,285	83,429	\$8,709,779.02	\$824.00	\$8,580,057.79	\$129,721.23
2011	31,717	35,178	53,963	89,141	\$8,876,102.72	\$1,701.30	\$8,737,746.34	\$138,356.38

3.3 SPECIFICATIONS AND REQUIREMENTS

3.3.1 Scope of Work. The highest scoring offeror is expected to complete the Scope of Work below:

1. Please specify file formats, data elements and deadlines for receipt of information from MSF and ESI to complete the audit.
2. The audit should cover the time period of January 1, 2011 through December 31, 2012. Review of contract compliance in the following areas:
 - a. Pricing Accuracy: The contract between MSF and ESI defines the allowed reimbursement rate, dispensing fees, and administrative charges allowed for brand, generic and compound prescriptions. The reimbursement is based on AWP minus an agreed percentage. State Fund seeks assurance on whether we are correctly receiving the contracted discounts from AWP pricing.
 - b. Pharmacy Enrollment: The PBM continually solicits pharmacy membership for direct billing rather than the use of a third party billing entity, and verifies that PPO enrollment requirements are met as defined in the contract.
 - c. Performance standards are defined in the contract for a variety of services. State Fund seeks assurance on whether we are correctly receiving these performance guarantees.
 - d. First-time Fills: ESI implemented a system for handling First Fills and assumes the cost of all noncompensable first fill prescriptions regardless of MSF Business Rules. State Fund seeks assurance noncompensable first fills are not submitted for approval and reimbursement.

- e. Prior Authorization Process: Medications not listed on the Montana State Fund Preferred Drug List or those drugs rejected for step therapy substitution require pre-authorization. The audit must provide assurance that pre-authorization is obtained when required.
3. PBM Performance
 - a. Do system edits effectively prevent the processing of:
 - Denied Claims: Claim status and eligibility information is sent to the PBM hourly. The audit should test controls to verify that ESI does not process pharmacy payments for claims in a denied or closed status.
 - Duplicate Fills
 - Early Refills
4. PBM Reimbursement to Other Parties
 - a. PBM reimbursement to injured employees for out of pocket expenses is timely (e.g., within 30 days of receipt).
 - b. PBM reimbursement to attorneys for Lockhart Liens (24 active and 5 not active) is timely (e.g., within 30 days of close of billing cycle). Lockhart liens arise from an attorney representing a claimant in a dispute with State Fund. In these cases, the attorney is entitled to a fee from each medical bill, including prescriptions, paid by State Fund. ESI is required to pay the pharmacy 80% and the 20% balance to the associated attorney.
5. The offeror should include comments and recommendations on how State Fund could improve internal procedures used to monitor the PBM's performance.
 6. The offeror must provide a comprehensive written report of comments, recommendations, and conclusions to State Fund concerning the requested audit services defined in number 1 through 4 above. The report must be provided no later than June 30, 2013. At a minimum the report should include:
 - Audit summary of audit purpose, location of audit, and dates of the audit.
 - Scope of audit explaining the items reviewed.
 - Summary of audit findings, which includes number of transactions reviewed, dollar amount represented, number of errors found and error rate.
 - Projection to the population based on the results of random sample based on 90% confidence level with a precision of +/- 5 percent, with projected overpayment or underpayments related to audit testing of pricing accuracy.
 7. At the option of State Fund, a representative of the offeror may be required to make an in-person presentation of its report at the offices of State Fund in Helena. The time and date of such presentation will be mutually agreed to by offeror and State Fund.

SECTION 4: OFFEROR QUALIFICATIONS

All subsections of Section 4 not listed in the "Instructions to Offerors" on page 3 require a response. Restate the subsection number and the text immediately prior to your written response.

4.1 MSF'S RIGHT TO INVESTIGATE AND REJECT

MSF may make such investigations as deemed necessary to determine each offeror's ability to provide the materials and perform the services specified. MSF reserves the right to reject a proposal if the information submitted by, or investigation of, the offeror fails to satisfy MSF that the offeror is properly qualified to perform the obligations of the contract. *This includes MSF's ability to reject the proposal based on negative references.*

4.2 OFFEROR QUALIFICATIONS

To enable MSF to determine the capabilities of an offeror to provide the materials and/or perform the services specified in the RFP, the offeror shall respond to the following regarding its ability to meet MSF's requirements. **THE RESPONSE, "(OFFEROR'S NAME) UNDERSTANDS AND WILL COMPLY," IS NOT APPROPRIATE FOR THIS SECTION.**

4.2.1 Vendor Qualifications. In determining the capabilities of an offeror to perform the services specified, the following informational requirements will be considered and weighed in the scoring process:

1. Offeror should provide a list of 5 companies or government entities where they have performed services similar to those included in this RFP within the last three years. At a minimum, the offeror shall provide the following:
 - a. The entity requesting the service;
 - b. The entity location;
 - c. Contact person;
 - d. Customer telephone number;
 - e. A complete description of the services provided;
 - f. The dates the service was provided; and
 - g. The name of PBM plan that was audited.
2. List the major PBM companies your firm has audited or reviewed. Include any experience auditing PBM's that contract with workers' compensation insurers.
3. Offeror shall describe how long they have been in the business of performing the type of services requested in this RFP.
4. Offeror shall identify the staff that would be assigned to this audit and provide detail on applicable certifications, qualifications and experience.
5. Offeror and its subsidiaries and affiliates shall not have any material business association or affiliation with any PBM. In addition, the offeror shall not have such a relationship with ESI.

4.2.2 Business Associate Agreement. State Fund may provide a Business Associate with certain information that may include Protected Health Information (PHI), so that Business Associate may perform its responsibilities under its agreement(s) with and on behalf of State Fund. State Fund and Business Associate intend to protect the privacy of and provide for the security of any PHI that is disclosed by State Fund to Business Associate, and any PHI that is created or stored by Business Associate on behalf of State Fund to establish and maintain compliance with the Administrative Simplification portion of the Health Insurance

Portability and Accountability Act of 1996, Public Law 104-191 (HIPAA) and regulations promulgated pursuant to HIPAA, 45 CFR Part 160 and Part 164, Subparts A and E (Privacy Rule).

4.2.3 Explanation of Services. The offeror should explain the process for planning the audit, the typical pharmacy bill sample selection and review process, expected travel and time spent on-site at PBM facility, and provide an example of a report or display the format of how audit results are reported. Travel to State Fund related to planning or presentation of the results should be priced separately. Please include the expected time frame necessary to complete the audit services described. The audit will cover the PBM contracted services, and the prescription drug benefits processed between January 1, 2011 to December 31, 2012 inclusive. The audit will start after April 1, 2013. Ten paper copies and one electronic copy of the final audit report must be delivered to State Fund by June 30, 2013.

SECTION 5: COST PROPOSAL

All subsections of Section 5 not listed in the "Instructions to Offerors" on page 3 require a response. Restate the subsection number and the text immediately prior to your written response.

5.1 COST PROPOSAL

The offeror's proposed fees and costs for the services to be provided under this RFP must be specifically described in detail in the offeror's response to this RFP. Offeror must provide a "not to exceed" cost proposal. Please see the Pricing section discussed in Section 6, Evaluation Criteria and Methods. Travel costs that State Fund is expected to pay for should also be described and itemized.

SECTION 6: EVALUATION PROCESS

6.1 BASIS OF EVALUATION

The evaluation committee will review and evaluate the offers according to the following criteria based on a **maximum possible value of 100 points**. The **Resumes/Company Profile and Experience, and General Information – Meeting Objectives of Project Scope** portions of the proposal will be evaluated based on the following Scoring Guide. The **References** portion of the proposal will be evaluated on a pass/fail basis, with any offeror receiving a "fail" eliminated from further consideration. The **Cost Proposal** will be evaluated based on the formula set forth below:

SCORING GUIDE

In awarding points to the evaluation criteria, the evaluator/evaluation committee will consider the following guidelines:

Superior Response (95-100%): A superior response will be a highly comprehensive, excellent reply that meets all of the requirements of the areas within that category. In addition, the response covers areas not originally addressed within the RFP category and includes additional information and recommendations that would prove both valuable and beneficial to the agency. This response is considered to be an excellent standard, demonstrating the offeror's authoritative knowledge and understanding of the project.

Very Good Response (85-94%): A very good response will provide useful information, while showing experience and knowledge within the category. The proposal is well thought out and addresses all requirements set forth in the RFP. The offeror provides insight into their expertise, knowledge and understanding of the subject matter.

Good Response (75-84%): A good response meets all the requirements and has demonstrated in a clear and concise manner a thorough knowledge and understanding of the subject matter. This response demonstrates an above average performance with no apparent deficiencies noted.

Fair Response (65-74%): A fair response meets the requirements in an adequate manner. This response demonstrates an ability to comply with guidelines, parameters, and requirements with no additional information put forth by offeror.

Poor Response (60-64%): A poor response minimally meets most requirements set forth in the RFP. The offeror has demonstrated knowledge of the subject matter only.

Failed Response (59% or less): A failed response does not meet the requirements set forth in the RFP. The offeror has not demonstrated sufficient knowledge of the subject matter.

References		Pass/Fail
Category	Section of RFP	Point Value
A. References Included with Offeror's Response	4.2.1	Pass/Fail

Resumes/Company Profile and Experience		Total Points = 30	
Category	Section of RFP	Point Value	
A. Years of Experience	4.2.1	10	
B. Applicability of Experience with Private/Public Sector	4.2.1	10	
C. Staff Qualifications	4.2.1	10	

General Information - Meeting Objectives of Project Scope		Total Points = 55	
Category	Section of RFP	Point Value	
A. Methods	3 and 4.2.3	15	
B. Work Plan	3 and 4.2.3	25	
C. Reporting Methods	3 and 4.2.3	15	

Cost Proposal		Total Points = 15	
Category	Section of RFP	Point Value	
A. Cost Proposal	5.0	15	

Lowest overall 'not to exceed' cost receives the maximum allotted points. All other proposals receive a percentage of the points available based on their cost relationship to the lowest. Example: Total possible points for cost are 200. Offeror A's cost is \$20,000. Offeror B's cost is \$30,000. Offeror A would receive 200 points. Offeror B would receive 134 points ($\frac{\$20,000}{\$30,000} = 67\% \times 200 \text{ points} = 134$).

$$\frac{\text{Lowest Responsive Offer Total Cost}}{\text{This Offeror's Total Cost}} \times \text{Number of available points} = \text{Award Points}$$

Optional Oral Presentation/Product Demonstration

If MSF chooses to require an oral presentation or product demonstration, MSF will re-evaluate and finalize the scoring of each proposal, based on discussion and information provided at the presentation.

APPENDIX A: STANDARD TERMS AND CONDITIONS

Standard Terms and Conditions

By submitting a response to this invitation for bid, request for proposal, limited solicitation, or acceptance of a contract, the vendor agrees to acceptance of the following Standard Terms and Conditions and any other provisions that are specific to this solicitation or contract.

ACCEPTANCE/REJECTION OF BIDS, PROPOSALS, OR LIMITED SOLICITATION RESPONSES: MSF reserves the right to accept or reject any or all bids, proposals, or limited solicitation responses, wholly or in part, and to make awards in any manner deemed in the best interest of MSF. Bids, proposals, and limited solicitation responses will be firm for 30 days, unless stated otherwise in the text of the invitation for bid, request for proposal, or limited solicitation.

ALTERATION OF SOLICITATION DOCUMENT: In the event of inconsistencies or contradictions between language contained in MSF's solicitation document and a vendor's response, the language contained in MSF's original solicitation document will prevail. Intentional manipulation and/or alteration of solicitation document language will result in the vendor's disqualification and possible debarment.

DEBARMENT: The contractor certifies, by submitting this bid or proposal, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction (contract) by any governmental department or agency. If the contractor cannot certify this statement, attach a written explanation for review by MSF.

FACSIMILE RESPONSES: Facsimile responses will be accepted for invitations for bids, small purchases, or limited solicitations ONLY if they are completely received by MSF prior to the time set for receipt. Bids, or portions thereof, received after the due time will not be considered. Facsimile responses to requests for proposals are ONLY accepted on an exception basis with prior approval of the procurement officer.

LATE BIDS AND PROPOSALS: Regardless of cause, late bids and proposals will not be accepted and will automatically be disqualified from further consideration. It shall be solely the vendor's risk to ensure delivery at the designated office by the designated time. Late bids and proposals will not be opened and may be returned to the vendor at the expense of the vendor or destroyed if requested.

SOLICITATION DOCUMENT EXAMINATION: Vendors shall promptly notify MSF of any ambiguity, inconsistency, or error which they may discover upon examination of a solicitation document.

APPENDIX B: CONTRACT

CONTRACT FOR PHARMACY BENEFIT MANAGER (PBM) AUDIT SERVICES

Contract ID No. –

THIS AGREEMENT is made and entered into between the **MONTANA STATE FUND**, 855 Front Street, PO Box 4759, Helena, MT 59604-4759, hereinafter called “MSF” and _____, hereinafter called the “Contractor.”

This contract consists of the main body of the agreement, the RFP and any addenda, the offeror's response, including any amendments, a best and final offer (if any), and any clarification responses.

For and in the consideration of the mutual and reciprocal covenants, promises and agreements of the parties as contained herein, the parties agree as follows, with the foregoing recitals incorporated therein. In the case of a conflict between the content of any of the foregoing documents, the order of precedence of document interpretation is in the same order.

SECTION 1 **SCOPE OF WORK**

SECTION 2 **CONTRACT TERM/RENEWAL**

The term of this contract will be _____ through _____, as the contractor is available. This instrument shall not be effective until duly signed by all the parties hereto.

SECTION 3 **GENERAL TERMS OF PAYMENT**

1. The total contract cost may not exceed \$_____.
2. Payment shall be made on a monthly basis upon submission by Contractor of a claim for services rendered and expenses incurred which shall be a detailed billing showing all work done, time spent, and expenses incurred during the preceding calendar month. Additionally, claims for expenses incurred shall be supported by proper documentation, such as copies of receipts attached to the claim.
3. Contractor shall maintain reasonable records of his/her performance and expenses under this agreement and shall allow access to these records by MSF as requested and other agencies of the state as required by law.
4. Payment terms may be modified at contract renewal dates upon agreement of both parties.

SECTION 4
LIAISON

MSF has designated Bridget McGregor, Medical Team Leader, as liaison to whom Contractor is to direct its communications concerning the Agreement. Contractor has designated _____ as its liaison to whom MSF is to direct its communications concerning this Agreement.

SECTION 5
ACCESS TO RECORDS -- RETENTION OF RECORDS

The Contractor agrees to provide MSF, Legislative Auditor, or their authorized agents, access to any records necessary to determine contract compliance (Mont. Code Ann. § 18-1-118). The Contractor agrees to create and retain records supporting the services rendered or supplies delivered for a period of three years after either the completion date of the contract or the conclusion of any claim, litigation, or exception relating to the contract taken by MSF, the State of Montana or third party.

SECTION 6
ASSIGNMENT, TRANSFER AND SUBCONTRACTING

The contractor shall not assign, transfer or subcontract any portion of the contract without the express written consent of MSF. (Section 18-4-141, MCA.) The Contractor shall be responsible to MSF for the acts and omissions of all subcontractors or agents and of persons directly or indirectly employed by such subcontractors, and for the acts and omissions of persons employed directly by the Contractor. No contractual relationships exist between any subcontractor and MSF.

SECTION 7
HOLD HARMLESS/INDEMNIFICATION

The Contractor agrees to protect, defend, and save the State of Montana, MSF, its elected and appointed officials, agents, and employees, while acting within the scope of their duties as such, harmless from and against all claims, demands, causes of action of any kind or character, including the cost of defense thereof, arising in favor of the Contractor's employees or third parties on account of bodily or personal injuries, death, or damage to property arising out of services performed or omissions of services or in any way resulting from the acts or omissions of the Contractor and/or its agents, employees, representatives, assigns, subcontractors, except the sole negligence of MSF, under this agreement.

SECTION 8
COMPLIANCE WITH LAWS

The contractor must, in performance of work under the contract, fully comply with all applicable federal, state, or local laws, rules and regulations, including the Montana Human Rights Act, the Civil Rights Act of 1964, the Age Discrimination Act of 1975, the Americans with Disabilities Act of 1990, and Section 504 of the Rehabilitation Act of 1973. Any subletting or subcontracting by the contractor subjects subcontractors to the same provision. In accordance with section 49-3-207, MCA, the contractor agrees that the hiring of persons to perform the contract will be made on the basis of merit and qualifications and there will be no discrimination based upon race, color, religion, creed, political

ideas, sex, age, marital status, physical or mental disability, or national origin by the persons performing the contract.

SECTION 9
COMPLIANCE WITH WORKERS' COMPENSATION ACT

Contractors are required to comply with the provisions of the Montana Workers' Compensation Act while performing work for MSF in accordance with sections 39-71-401, 39-71-405, and 39-71-417, MCA. Proof of compliance must be in the form of workers' compensation insurance, an independent contractor's exemption, or documentation of corporate officer status. Neither the contractor nor its employees are employees of MSF. This insurance/exemption must be valid for the entire term of the contract. A renewal document must be sent to the Montana State Fund, P.O. Box 4759, Helena, MT 59604-4759, upon expiration.

SECTION 10
CONTRACT TERMINATION

1. MSF or the Contractor, with 30 days written notice to the other, may at any time during the term of this contract, terminate this contract with cause, or if the other party:
 - a. fails to perform its contractual duties or responsibilities; or
 - b. does not meet expected performance levels; or
 - c. does not meet time frames to improve performance levels as developed by MSF and the Contractor.
2. MSF, or the Contractor, may terminate this contract at any time if either entity ceases to exist.
3. In the event of contract termination/cancellation, the Contractor will transfer all records related to a referred claim to either MSF or a new Contractor, and neither MSF nor the new Contractor may be charged for the transfer.

SECTION 11
MODIFICATION OF CONTRACT

1. No modification of this agreement shall be valid or binding unless such modification is in writing, duly dated, and executed by all parties to this original agreement.
2. If any portion of this contract becomes void by order of a court of law, all other sections of this contract remain in place with full force and effect.

SECTION 12
INSURANCE REQUIREMENTS

The contractor shall maintain for the duration of the contract, at its cost, primary insurance coverage against claims for injuries to persons or damages to property including contractual liability, which may arise from work performed under this contract. This insurance shall cover such claims as may be caused by any act, omission, or negligence of the contractor or its officers, agents, representatives, assigns, or servants.

The contractor must provide a certificate for Commercial General Liability, Commercial Automobile Liability and Professional Liability coverage, to include bodily injury, personal injury and property damage with combined single limits of \$1,000,000 per claim, and \$2,000,000 aggregate per year, from an insurer with a Best's Rating of no less than A-.

SECTION 13 **ENTIRE AGREEMENT**

These documents contain the entire agreement of the parties. Any enlargement, alteration or modification requires a written amendment signed by both parties.

SECTION 14 **SUCCESSORS AND ASSIGNS**

This Agreement shall be binding on all successors and assigns of the Contractor, including successors in interest.

SECTION 15 **CHOICE OF LAW AND VENUE**

This contract is governed by the laws of Montana. The parties agree that any litigation concerning this bid, request for proposal, limited solicitation, or subsequent contract, must be brought in the First Judicial District in and for the County of Lewis and Clark, State of Montana, and each party shall pay its own costs and attorney fees. (Section 18-1-401, MCA.)

SECTION 16 **FAILURE OF ENFORCEMENT IS NOT A WAIVER**

Failure of MSF to enforce any of the provisions of this contract does not constitute a waiver of that provision or affect any part of this contract, or the right of MSF to later enforce that provision.

SECTION 17 **BEST EFFORTS OF CONTRACTOR**

1. Contractor agrees that it will at all times faithfully, industriously, and to the best of its ability, experience and talents, perform all of the duties and obligations that may be required of it pursuant to the express terms of the agreement.
2. Contractor agrees to conduct itself so as not to diminish the good will and reputation of MSF or its employees and to abide by all applicable laws, rules and regulations.
3. Contractor further agrees to comply with, abide by and be bound by the terms, conditions and covenants of this agreement.

SECTION 18
MSF ASSISTANCE

MSF shall not supply Contractor with any assistance in the form of personnel, office equipment or other similar and related items.

MONTANA STATE FUND

By: _____

By: _____

Date: _____

Date: _____

Approved for Legal Content by:

NANCY BUTLER
General Counsel

Date: _____