1 Introduction and Instructions

1.1 Introduction

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1.1.2 Introduction and Background

The State Employees’ Insurance Board (SEIB) requests proposals for the procurement of pharmacy benefit services described herein.

The SEIB is empowered by Title 36, Chapter 29 of the Code of Alabama (as amended) to provide health and dental benefits to employees and retirees of state agencies through the State Employees’ Health Insurance Plan (SEHIP). The program is overseen by an 11-member Board of Directors.

Currently, about 32,000 employees of state agencies are covered. The plan is self-insured with administrative services currently being provided by Blue Cross and Blue Shield of Alabama (BCBS) through Prime Therapeutics, LLC (Prime).

BCBS provides comprehensive pharmacy claims administrative services for the plan. Services include providing networks with retail pharmacies; providing services that include patent cliff strategies, step therapy, prior

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authorization, quantity limits, generic first, formulary management, specialty management, compound management and clinical reviews.

BCBS also administers the SEIB medical benefits, dental plan, supplemental coverage, workers’ compensation benefits and inmate hospital services.

For additional information go to the SEIB website: www.alseib.org.
RFP also posted at the following websites: www.comptroller.alabama.gov and www.alseib.org.

1.1.3 General Requirements:
The successful PBM will be an organization with extensive experience in handling large group pharmacy benefit plans and a sophisticated claims adjudication system. Any proposing organization should have the size and resources to take over an account the size of the SEIB without perceptible upset of service to this or other clients.

If financial losses have been experienced during one (1) or both of the PBM’s last two (2) fiscal years, the ratio of assets to liabilities must reflect sound financial conditions.

The PBM must be licensed in the State of Alabama to conduct pharmacy benefit claims management, or be a non-profit pharmacy benefit management corporation licensed to transact business in Alabama, or be licensed to conduct the business of paying pharmacy benefit claims on behalf of a self-insured health plan in Alabama. The PBM must have been licensed to transact pharmacy benefit claims processing business for a minimum of five (5) years.

The PBM must agree to set up a separate claims processing unit which will be dedicated exclusively to provide services to the SEIB.

The PBM’s total organization must be committed to leadership and support of excellent service to the SEIB during the period of the contract for rapid change in benefits issues, and in the context of national health care reform. This commitment must be demonstrated through proactive and timely effective actions of the following:

- To promote and enhance quality to members and measure service;
- To stay current with ever-changing Medicare coordination issues and requirements;
- To provide proper response to possible health system reform;
- To identify new initiatives for cost management; and
- To commit to the people, systems, and financial resources necessary to be in the forefront of the pharmacy benefits industry.

1.1.4 Purpose

The SEIB is seeking an experienced PBM that can provide comprehensive administrative services in the following areas:

- Claims Adjudication;
- Pharmacy Network Management;
- Utilization Management; and
- Cost Controls.

The Scope of Work is outlined in detail in the questionnaire.

1.1.5 Terminology

Throughout this RFP, the terms “SEIB” and “Board” shall refer to the State Employees’ Insurance Board.
State of Alabama SEIB Rx RFP

Throughout this RFP, the terms Pharmacy Benefits Manager (PBM), Vendor, Contractor, or Claims Administrator may be used interchangeably.
Throughout this RFP, the terms “SEHIP” and “Plan” shall refer to the State Employees’ Health Insurance Plan. Other Contract Terms and Conditions are described in Section 2.3.27 of the RFP.

The term “employees” as used throughout this RFP is defined as those employees, former employees, and retired employees who are enrolled in the SEIB programs.
The term “Member” as used throughout this RFP is defined as an active/retired employee or eligible dependent who has coverage under a plan.
The term “Subscriber” as used throughout this RFP is defined as an individual whose application for coverage is made and accepted.

1.1.6 Historical Employee and Enrollment Count
Exhibit 1 displays the historical number of covered employees and retirees by month for the State Employees’ Health Insurance Plan. Exhibit 2 displays enrollment by ZIP Codes.

1.1.7 Summary of Benefits
The plan documents for the pharmacy plan to be administered are attached to this RFP as Exhibit 3. The successful PBM will be expected to administer these benefit structures without deviation.

1.1.8 Claims Transaction Volumes
The historical claim counts as provided in Exhibit 4 and Exhibit 5 by the Consultant are provided for information only. The SEIB makes no representation whatsoever that these volumes are indicative of future activity.

1.1.9 Timeline
The following is the proposed timetable. You will be notified in advance of any significant changes in timing:

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Request for Proposal Released</td>
<td>March 24, 2016</td>
</tr>
<tr>
<td>Intent to Quote</td>
<td>March 31, 2016</td>
</tr>
<tr>
<td>Last Date to Submit Written Questions</td>
<td>April 5, 2016</td>
</tr>
<tr>
<td>Proposal Deadline</td>
<td>April 29, 2016</td>
</tr>
<tr>
<td>Notification of Finalist(s)</td>
<td>Month of May, 2016</td>
</tr>
<tr>
<td>On-site Review of Finalists (If necessary)</td>
<td>Month of June, 2016</td>
</tr>
<tr>
<td>Award Contract</td>
<td>Summer, 2016</td>
</tr>
<tr>
<td>Contract Effective Date</td>
<td>January 1, 2017</td>
</tr>
</tbody>
</table>

Note: The Board reserves the right to adjust this schedule as it deems necessary.

1.1.10 Proposal Submission
The PBMs interested in submitting a proposal must follow the “Instructions to Vendors” in Section 1.2 and submit the proposal according to the “Proposal Format and Content” in Section 1.3 of the RFP.
1.1.11 **Proposal Evaluation**

The PBMs, whose proposals are received by the deadline and meet the PBM Minimum Qualifications listed in Section 2.1, will be evaluated further. Each proposal may receive up to 100 maximum points (45 possible technical points, 40 possible price points, 10 possible finalist presentation points, and 5 possible onsite points). The evaluation will be conducted in up to three phases for those bidders meeting minimum qualifications:

**Phase I - Evaluation of Technical Proposal.** The following criteria will be used in the technical evaluation:

a. Response to Questionnaire in Section 2;

b. Analysis of Network Access and Disruption; and

c. Analysis of Formulary Disruption.

**Phase II - Evaluation of Price Proposal.** Points will be based on an analysis of expected claims costs and administrative fees. The lowest cost proposal will receive the maximum allowable 40 points. Points will be awarded to higher cost proposals based on the percentage difference in the three year Cost for the lowest bidder and each higher bidder.

**Phase III – Onsite/Presentations of the Successful Proposal(s).** At any time during the evaluation phases, the SEIB and/or Mercer may, at the SEIB’s discretion, contact a PBM to: (1) provide further or missing information or clarification of their Proposal, (2) provide an oral presentation of their Proposal, (3) obtain the opportunity to interview the proposed key personnel, or (4) conduct an onsite visit of the PBM’s facilities. Reference checks may also be made at this time. However, there is no guarantee that the SEIB will look for information or clarification outside of the submitted written Proposal. Therefore, it is important that the PBM ensure that all sections of the Proposal have been completed to avoid the possibility of failing an evaluation phase or having their score reduced for lack of information.

The evaluation team will review the Proposal scores in making its recommendations of the successful Proposal(s). A PBM's total score will be the sum of the scores received for the Technical Proposal, Price Proposal and Onsite Visit/Presentation.

The SEIB may submit a list of detailed comments, questions, and concerns to one or more PBMs after the initial evaluation. This may include requesting one or more PBMs’ “Best and Final” offers on price or technical requirements, or both. The total scores for those PBMs selected to submit additional information may be revised as a result of the new information.

The evaluation team will make its recommendation based on the above-described evaluation process. The final award decision will be made by the SEIB.

1.2 **Instructions to Vendors**

1.2.1 **RFP Documentation**

All documents and updates to the RFP including, but not limited to, the actual RFP, questions and answers, addenda, etc., will be posted to the SEIB website at [www.alseib.org](http://www.alseib.org).

1.2.2 **Single Point of Contact**

From the date this RFP is released until a PBM is selected and announced by the SEIB, all communication must be directed to:

Debbie Doolittle (Consultant)

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Subsequent to the opening of the sealed proposals, discussions for the purpose of clarification to assure full understanding of and responsiveness to the solicitation requirements may be conducted by the Consultant on behalf of the SEIB with responsible Vendors who submit proposals determined to have reasonable expectations of being selected for an award.

In conducting any such discussion, there shall be no disclosure of any information derived from proposals submitted by competing PBMs, including the name of a potential PBM.

All documents and updates to the RFP including, but not limited to, the actual RFP, questions and answers, addenda, etc., will be posted to the Proposal Tech website and at www.alseib.org. Sections which PBMs consider proprietary or trade secrets that are to be redacted can be marked confidential within the response tool in the Proposal Tech website. Please note, all responses to section 2.4 cannot be marked confidential and are required to be posted at www.alseib.org.

1.2.3 Restrictions on Communication with Staff

From the issue date of this RFP until a PBM is selected and the selection is announced, the PBMs who submit a proposal are not allowed to communicate concerning this RFP with any SEIB Board members or employees except as provided by existing work agreements. For violation of this provision, the State reserves the right to reject the proposal of the violator.

1.2.4 Intent to Quote

All potential proposers must submit their intention to quote in writing by March 31, 2016 at 5:00 PM Central Time. Regardless of cause, late submissions will not be accepted and the PBM will automatically be disqualified from further consideration. It shall be the PBM’s sole responsibility to assure delivery to the Consultant by the designated deadline.

Only those PBMs that submit an “Intent to Quote” form (Appendix A) will receive copies of responses to questions, changes and updates. Your intent to quote must indicate your organization’s primary contact, direct telephone number of contact, and e-mail address. The “Intent to Quote” notification must be sent to the Consultant.

1.2.5 RFP Amendments

The SEIB reserves the right to amend the RFP prior to the date the proposals are due to be submitted. Amendments will be sent to all PBMs who return an “Intent to Quote” form located in Appendix A.

1.2.6 Submitting Questions

The PBMs with questions regarding clarification or interpretation of any section within this RFP must submit them to the Consultant via the Proposal Tech system by April 5, 2016 at 5:00 P.M. Central Time. All questions and answers will be posted on the SEIB website.
1.2.7 Proposal Submission
All proposals must be submitted online via the Proposal Tech website by April 29, 2016 at 5:00 P.M. Central Time. Proposals received after the 5:00 P.M. deadline will be rejected.
Hard copies of the proposal submitted online must be sent via “overnight” mail to the Consultant at the address stated in section 1.2.2.

1.2.8 Copies Required
The PBM must submit copies of the proposal as follows:
• three hard copies of the Price Proposal;
• three hard copies of the Technical Proposal in binder form; and
• two electronic (Word) copies of the Technical Proposal:
  o one complete version of the PBM’s response; and
  o one version that redacts any information asserted as confidential or proprietary.

1.2.9 Late Proposals
Regardless of cause, late proposals will not be accepted and will automatically be disqualified from further consideration. It shall be the PBM’s sole responsibility to assure delivery to the Consultant by the designated deadline.

1.2.10 Proposal Offer and Withdrawal
A proposal may not be modified, withdrawn or canceled by the PBM for a 180-day period following the deadline for proposal submission as defined in the Procurement Timetable, or receipt of best and final offer, if required, and the PBM so agrees in submitting the proposal.
Prior to the proposal deadline, a submitted proposal may be withdrawn by submitting to the Consultant a written request for withdrawal which is signed by the PBM.

1.2.11 Cost of Preparing Proposal
Cost for developing the proposal is solely the responsibility of the PBM. The SEIB will not provide reimbursement for such cost.

1.2.12 Right of Negotiation
Discussions, negotiations and requests for additional information regarding price and other matters may be conducted with the PBM(s) who submit proposal(s) determined to be reasonably susceptible of being selected for award, but proposal(s) may be accepted without such discussions.
The Board reserves the right to further clarify and/or negotiate with the PBM(s) on any matter submitted. The Board may ask for best and final offers. The Board also reserves the right to move to the next best PBM(s) if negotiations do not lead to a final contract with the best PBM(s).

1.2.13 Order of Precedence
In the event of inconsistencies or contradictions between language contained in the RFP and a PBM’s response, the language contained in the RFP will prevail. Should the SEIB issue addenda to the original RFP, then said addenda, being more recently issued, would prevail against both the original RFP and the PBM’s proposal in the event of an inconsistency, ambiguity, or conflict.
1.2.14 SEIB’s Rights Reserved

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

- Cancel or terminate this RFP;
- Reject any or all of the proposals submitted in response to this RFP;
- Change its decision with respect to the selection and to select another proposal;
- Waive any minor irregularity in an otherwise valid proposal which would not jeopardize the overall program and to award a contract on the basis of such a waiver (minor irregularities are those which will not have a significant adverse effect on overall project cost or performance);
- Negotiate with any PBM whose proposal is within the competitive range with respect to technical plan and cost;
- Adopt to its use all, or any part, of a PBM’s proposal and to use any idea or all ideas presented in a proposal;
- Amend the RFP (amendments to the RFP will be made by written addendum issued by the SEIB and will be posted on the SEIB website);
- Release a new RFP for the same or revised services; and
- Not award any contract.

1.2.15 Use of Subcontractors/Joint Proposal/Separate Proposals

In the event a proposal is jointly submitted by more than one (1) organization, one (1) of the organizations must be designated as the prime Contractor. This prime Contractor must perform not less than eighty percent (80%) of the work to be proposed (as measured by price). All other participants in such proposal shall be designated as subcontractors.

1.2.16 Disclosure of Proposal Contents

Proposals and supporting documents are kept confidential until the evaluation process is complete and a PBM has been selected. The PBM should be aware that any information in a proposal may be subject to disclosure and/or reproduction under Alabama law. Designation as proprietary or confidential may not protect any materials included within the proposal from disclosure if required by law. The PBM should mark or otherwise designate any material that it feels is proprietary or otherwise confidential by labeling the page as “CONFIDENTIAL” on the bottom of the page. The PBM must also state any legal authority as to why that material should not be subject to public disclosure under Alabama open records law and is marked as Proprietary Information. By way of illustration but not limitation, “Proprietary Information" may include trade secrets, inventions, mask works, ideas, processes, formulas, source and object codes, data, programs, other works of authorship, know-how, improvements, discoveries, developments, designs and techniques.

Information contained in the Pricing Section may not be marked confidential. It is the sole responsibility of the PBM to indicate information that is to remain confidential. The SEIB assumes no liability for the disclosure of information not identified by the PBM as confidential. If the PBM identifies its entire proposal as confidential, the SEIB may deem the proposal as non-compliant and may reject it.

1.2.17 RFP Response

The information contained in your response to this RFP will be used by the Board in determining whether or not you will be selected. “Will discuss” and “will consider” are not preferred answers. If the PBM is unable to answer a question, please indicate why it cannot. If a particular question is not applicable please so indicate.
for each question. If the PBM is unwilling to disclose particular information asked in a question, please indicate why not. If you cannot provide a direct response for some reason (e.g., your company does not collect or furnish certain information), please indicate the reason rather than providing general information which fails to answer the question.

The proposal the Board selects will be a working document. As such, the Board will consider the technical proposal an integral part of the contract and will expect that all representations made in the proposal will be honored. Please provide complete answers and explain all issues in a concise, direct manner. If you have additional information you would like to provide, include it as an appendix to your response. You must indicate in your written response to the questions the location of any additional material referenced in your response. All documentation submitted in response to this RFP and any subsequent requests for information pertaining to this RFP, shall become the property of the Board and will not be returned to the PBM.

FAILURE TO PROVIDE ALL REQUESTED INFORMATION MAY RESULT IN DISQUALIFICATION OF YOUR PROPOSAL.

1.3 Proposal Format and Content

Proposal responses are required for each question in this RFP via the Proposal Tech online submission process. Responses to each question presented in this RFP are due by April 29, 2016 at 5:00 P.M. Central Time. After this time the online submission will be closed and no further modifications to the proposal responses can be made. Failure to respond to each question noted in the RFP may be grounds for dismissal of your bid.

Hard copy submissions of the online responses must be sealed and labeled on the outside of the package to clearly indicate that they are in response to “RFP 2016 SEHIP Pharmacy Benefit Services”. This section describes the format and requirements for hard copy submission of the proposal. Proposals that do not meet requirements listed below will be rejected. Each PBM shall submit hard copies of the proposal content as follows:

1.3.1 Price Proposal

The first part must contain the documents as described below and be marked “Price Proposal” on the outside cover. Three (3) bound copies must be submitted.

Note: The PBM’s proposal document will become the property of the SEIB and will not be returned to the PBM.

1.3.2 Proposal Certification

Complete the attached and upload with your response.

PLEASE ENSURE THAT ALL REQUIRED SIGNATURE BLOCKS ARE COMPLETE. FAILURE TO SIGN THIS FORM WILL RENDER YOUR PROPOSAL INVALID.

Single, Pull-down list.
1: Attached, 2: Not provided

Attached Document: Proposal Certification_SEIB.docx
1.3.3 Transmittal Letter

The PBM is required to submit a transmittal letter, which shall be in the form of a standard business letter on the PBM’s letterhead and shall be signed by an individual authorized to legally bind the PBM. It shall include:

A. A statement indicating that the PBM has been licensed to transact business as a pharmacy benefit Claims Administrator for at least five (5) years and is licensed in the State of Alabama as a corporation to conduct pharmacy benefits claims management or is licensed as a non-profit corporation to conduct pharmacy benefit management or is licensed to conduct the business of paying pharmacy benefit claims on behalf of a self-insured health plan in Alabama. All Sub-vendors should be identified, and a statement included indicating the exact amount of work to be done by the prime PBM (not less than 80%) and each Sub-vendor, as measured by price.

B. A statement that the PBM does not discriminate in its employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin, or disability.

C. A statement that the person signing the proposal certifies that he/she is the person in the PBM’s organization responsible for, or authorized to make, decisions as to the prices quoted and that he/she has not participated, and will not participate, in any action contrary to the above.

D. The name and phone number of the individual(s) who can be contacted from 8:00 a.m. to 5:00 p.m. during business days for questions regarding your proposal.

E. If the use of Sub-vendor(s) is proposed, a statement from each Sub-vendor must be appended to the transmittal letter signed by an individual authorized to legally bind the Sub-vendor and stating:
   1. The general scope of work to be performed by the Sub-vendor;
   2. The Sub-vendor’s willingness to perform the work indicated; and
   3. That they do not discriminate in their employment practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin, or disability.

If the proposal deviates from the detailed requirements of this RFP, the transmittal letter must identify and explain these deviations, including deviations from current plan design. The SEIB reserves the right to reject any proposal containing such deviations or to require modifications before acceptance.

2 Questionnaire

Important: Please make sure you have read and completed the separate document entitled “Instructions for Rx RFP Questionnaire.pdf” prior to preparing your responses.

Questions outlined in this Section are asked in terms of the proposed implementation for the SEIB account. In responding to the questions, please indicate whether or not the PBM can and is currently performing in the manner described, to what extent any development activity is required to meet the requirement, or if the PBM cannot meet the requirement.

Make sure that:

- All appendices, exhibits, attachments, or enclosures are numbered;
- The exhibits show cross-references to the printed material; and
- The page number where the response is contained is shown on the exhibit.
2.1 PBM Minimum Qualifications

The minimum qualifications below must be met by the PBM prior to release of the full RFP. Failure to meet any of the standards below will result in the PBM’s removal from this bid process.

2.1.1 The SEIB account must not result in more than a (25%) twenty-five percent increase in total business or forty percent (40%) increase in the PBM’s current Alabama business, as measured by the number of covered contracts in existing prescription claims administration accounts for services similar to those required in this RFP. Provide the SEIB your organization's current, as of December, 2015, number of covered contracts in existing pharmacy benefits claims administration accounts.

Single, Radio group.
1: Agrees, exhibit attached,
2: Disagrees

2.1.2 The PBM must have experience adjudicating and paying pharmacy benefit claims for Alabama-based companies with 1,500 or more Plan participating subscribers. For your organization's book of business, attach an exhibit identifying all Alabama-based companies, corresponding number of participating subscribers, and date the account was effective.

Single, Radio group.
1: Agrees, exhibit attached,
2: Disagrees

2.1.3 The PBM must have experience adjudicating and paying pharmacy benefit claims for at least three clients (Alabama or National) with 10,000 or more Plan participating subscribers for a minimum of five (5) years. For your organization's book of business, attach an exhibit identifying all companies, corresponding number of participating subscribers, and date the account was effective.

Single, Radio group.
1: Agrees, exhibit attached,
2: Disagrees

2.1.4 The PBM must have been licensed to conduct business for at least the past five (5) years in the state of Alabama. Provide the SEIB the date your organization was licensed to transact business in the state of Alabama.

Single, Radio group.
1: Agrees, exhibit attached,
2: Disagrees

2.1.5 Respondents must confirm they have current URAC accreditation. (URAC, formerly known as the Utilization Review Accreditation Commission, is the independent, non-profit organization that provides accreditation and certification for pharmacy benefit managers.)

Single, Radio group.
1: Agrees,
2: Disagrees

2.1.6 PBM Minimum Qualifications Form

PLEASE ENSURE THAT ALL REQUIRED SIGNATURE BLOCKS ARE COMPLETE. FAILURE TO SIGN THIS FORM WILL RENDER YOUR CERTIFICATION INVALID.
State of Alabama SEIB Rx RFP

Single, Pull-down list.
1: Attached,  
2: Not provided

Attached Document: PBM Minimum Qualifications Certification_SEIB.docx