

REQUEST FOR PROPOSALS

STATE SUPPLEMENTAL REBATE/ PREFERRED DRUG LIST (PDL)

**PHARMACY BENEFITS MANAGEMENT
MEDICAL VENDOR ADMINISTRATION
DEPARTMENT OF HEALTH AND HOSPITALS**

RFP # 305PUR-DHHRFP-PHARMACYPDL-MVA

**Proposal Due Date/Time: May 24, 2012
4:00 P.M. CDT**

Release Date: April 23, 2012

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Glossary

Clinical Monograph – A review of all the medications available in a therapeutic class comparing efficacy, side effects, dosing, and prescribing trends.

CMS- Centers for Medicare and Medicaid Services - The Centers for Medicare and Medicaid Services (formerly known as the Health Care Financing Administration) of the United States Department of Health and Human Services, or any successor or renamed agency carrying out the functions and duties heretofore carried out by such office.

DHH: Department of Health and Hospitals - The agency established to protect and promote health and to ensure access to medical, preventive, and rehabilitative services for all citizens of the State of Louisiana.

FDA- Food and Drug Administration; The agency of the United States Department of Health and Human Services responsible for the safety regulation of most types of foods, dietary supplements, drugs, vaccines, biological medical products, blood products, medical devices, radiation-emitting devices, veterinary products, and cosmetics

LDHH- See “DHH”

LMPBM or PBM- Louisiana Medicaid Pharmacy Benefits Management Program; The unit within Medicaid responsible for the management and distribution of Medicaid pharmacy benefits within the State of Louisiana.

May - The term “may” denotes an advisory or permissible action.

MITA- Medicaid Information Technology Architecture

MMIS- Medicaid Management Information System; An integrated group of procedures and computer processing operations (subsystems) developed at the general design level to meet principal objectives. The objectives of this system and its enhancements include the Title XIX program control and administrative costs; service to recipients, providers and inquiries; operations of claims control and computer capabilities; and management reporting for planning and control.

Must: Denotes a mandatory requirement

NDC- National Drug Code; The identifying drug number maintained by the Food and Drug Administration (FDA). For the purposes of this Contract, the complete eleven (11) digit NDC number will be used including labeler code (which is assigned by the FDA and identifies the manufacturer), product code (which identifies the specific product or formulation), and package size code.

OBRA- Omnibus Budget Reconciliation Act of 1990; A United States statute enacted pursuant to the budget reconciliation process to reduce the United States federal budget

deficit. The tax limit cap on Medicare taxes was raised from a \$53,400 income to \$125,000 in income. Itemized deductions were temporarily limited through 1995.

Original: Denotes must be signed in ink

P&T- Louisiana Medicaid Pharmaceutical and Therapeutics Committee; Established pursuant to **R.S.46:153.3 (B)(2)(a)** for the purpose of consulting with the state agency or department responsible for administering the Participating Medicaid Program toward adoption of a Preferred Drug List for the Participating Medicaid Program.

PA- Prior Authorization: A prescriber initiated request for prior approval on a selected number of drugs (non-preferred) within specific therapeutic classes. This request is made to the RxPA operational desk of the University of Louisiana at Monroe (ULM) College of Pharmacy.

PBM- See LMPBM

PDL- Preferred Drug List; The list of medications adopted by the Louisiana Medicaid Program, in consultation with the Louisiana P&T Committee that may be filled in the Louisiana Medicaid Program without prior authorization.

Redacted Proposal: The removal of confidential and/or proprietary information from one copy of the proposal for public records purposes.

RFP – Request for Proposal

Shall: Denotes a mandatory requirement

SFY- State Fiscal Year: The twelve month period beginning July 1 and ending June 30.

Should, May, Can: Denotes a preference, but not a mandatory requirement

SURA- Supplemental Unit Rebate Amount; Any cash rebate or other program that offsets Louisiana Medicaid expenditure and supplements a CMS National Rebate.

WAN- Wide Area Network

Will: Denotes a mandatory requirement

I. GENERAL INFORMATION

A. Background

- I.A.1. The mission of the Department of Health and Hospitals (DHH) is to protect and promote health and to ensure access to medical, preventive, and rehabilitative services for all citizens of the State of Louisiana. The Department of Health and Hospitals is dedicated to fulfilling its mission through direct provision of quality services, the development and stimulation of services of others, and the utilization of available resources in the most effective manner.
- I.A.2. DHH is comprised of Medical Vendor Administration (Medicaid), Office for Citizens with Developmental Disabilities, Office of Behavioral Health, Office of Aging and Adult Services, and the Office of Public Health.
- I.A.3. DHH, in addition to encompassing the program offices, has an administrative office known as the Office of the Secretary, a financial office known as the Office of Management and Finance, and various bureaus and boards. The Office of the Secretary is responsible for establishing policy and administering operations, programs, and affairs.
- I.A.4. Within the Office of Management and Finance is the Medical Vendor Administration (MVA), Bureau of Health Services Financing (hereinafter called MVA). The MVA is the administrative operation with responsibility for the Medicaid Program. Medicaid is the public health program which provides payment for health care services provided by qualified health care providers to elderly, disabled and low-income Medicaid recipients. Funded by both federal and state governments, Medicaid provides medical benefits such as physician, hospital, laboratory, x-ray, and nursing home services. The Louisiana Medicaid Pharmacy Benefits Management (LMPBM) section is responsible for the development, implementation and administration of the Supplemental Rebate program within the Medical Vendor Administration. The LMPBM is the first state-owned and administered Pharmacy Benefit Management (PBM) System in the nation. The LMPBM Section is charged with the responsibility of assuring quality Medicaid pharmacy services while developing efficiencies in operation, service and cost. The LMPBM currently achieves over \$543 million annually in cost containment through the various initiatives that have been implemented in the LMPBM System. The LMPBM Section is responsible for the daily operational activities of pharmacy prescription services, one of the largest service areas under the Medicaid program with annual expenditures in excess of \$892 million for payment of approximately 13 million prescription claims.
- I.A.5. In addition, the LMPBM, through its federally mandated rebate system and provider fees, generates the largest amount of revenues (*Nearly \$415*

million has been generated annually from over 400 drug manufacturers through the federal rebate system and additional savings are projected to be generated through the prior authorization (PA) and state supplemental rebate system.) within the MVA. The pharmacy program covers all Food and Drug Administration (FDA) approved legend drugs that meet the Omnibus Budget Reconciliation Act of 1990 (OBRA '90) and OBRA '93 criteria with a few exceptions (Title 42USCA 1396r-8). The drug file contains over 196,462 drug products (brand, generic and some over-the-counter) of which over 66,797 are payable. The LMPBM Section determines the reimbursement methodology for both the drug ingredient cost and the dispensing fee for covered drugs.

I.A.6. The State Supplemental Rebate program is administered by the Medicaid Pharmacy Benefits Management section of the Department of Health and Hospitals, which utilizes the services of four contractors: Molina Information Systems, LLC; the University of Louisiana at Monroe (ULM), School of Pharmacy; University of New Orleans (UNO); and the Preferred Drug List (PDL) contractor. Services provided by the contractors include:

I.A.6.1. Molina, the Medicaid Fiscal Intermediary

- Technology equipment purchase/installation (with ULM) to support the program
- Application modifications to the current Medicaid Management Information System (MMIS)
- Design and implement Wide Area Network (WAN) for ULM
- Creation and support of new web-based pharmacy PA software
- Implementation of data research applications
- Design, install and support a data warehouse
- Statistical Analysis System training for ULM research analysts
- Training on Pharmacy PA System (DHH and ULM staff)
- Training prescribers and providers on the PA process
- Maintain and support PDL/PA and supplemental rebate systems and operations.

I.A.6.2 University of Louisiana at Monroe (ULM), School of Pharmacy

- Provide space, staff, and computers
- Operate pharmacist-staffed PA desk
- Provide physician consultations
- Serve as consultants on the Preferred Drug List and Prior Authorization program.
- Perform DHH directed data analysis and outcome studies.

I.A.6.3 University of New Orleans (UNO)

- Provide network administration for the federally mandated and optional state supplemental Drug Rebate Program.

- Provide accounting/audit support for Drug Rebate Program functions which include reconciliation of over 52,144 drug records invoiced to over 564 drug manufacturers quarterly (\$415 million annually in federally mandated rebate program and \$41 million annually in the state supplemental rebate program).

I.A.6.4 PDL Contractor

- Secure clinical and costing data for drugs in selected therapeutic classes.
- Perform clinical and economic analysis of manufacturer data
- Negotiate state supplemental rebates with manufacturers
- Prepare therapeutic class monographs for Pharmaceutical and Therapeutics Committee deliberations.
- Present clinical and costing data to the Pharmaceutical and Therapeutics Committee.
- Prepares clinical and cost data for performance indicators for Performance Based Budgeting

I.A.7. Pharmaceutical and Therapeutics Committee/Supplemental Rebates

I.A.7.1. Act 395 of the 2001 Regular Session of the Louisiana Legislature amended R.S.46:153.3 (B)(2)(a) and authorized the Department of Health and Hospitals (DHH) to establish a drug formulary utilizing a Prior Authorization (PA) process or any other process or combination of processes that prove to be cost-effective in the medical assistance program. The Act also created a Pharmaceutical and Therapeutics (P&T) Committee comprised of twenty-one (21) members, including physicians and pharmacists. The Committee began meeting in August 2001. The P&T Committee currently meets twice a year and is responsible for developing the Preferred Drug List (PDL) in conjunction with the PA process. The Committee reviews clinical and cost data on various therapeutic classes of drugs for recommendation to DHH for inclusion on the PDL or for review through the prior authorization process.

I.A.7.2. On June 10, 2002, the Department implemented a Preferred Drug List (PDL) with a Prior Authorization (PA) process and a Supplemental Drug Rebate program through a phased-in approach. The PDL/PA and supplemental rebate features were implemented meeting all applicable federal and state statutes. Louisiana's Medicaid Preferred Drug List/Prior Authorization (PDL/PA) program does not limit a recipient's access to any drugs that are payable under the Louisiana Medicaid program. Louisiana's PDL/PA program has been designed with the recipient's health care needs in mind. The PDL/PA program allows for continuity of care for prescription drug services, ensures access to needed medications

with immediate PA, and provides the safeguards, consistency and simplicity of administration and the best interests of the patient in accordance with 1902(a)(19) of the Social Security Act.

I.A.7.3.The PDL is currently updated twice a year upon DHH's approval of the Committee's recommendations. The PDL is mailed to prescribers and pharmacists and is also available on the web at www.lamedicaid.com. Currently, approximately seventy-three (73) therapeutics classes are reviewed by the P&T Committee.

I.A.7.4.The Louisiana Department of Health and Hospitals currently contracts with Provider Synergies to negotiate state supplemental rebates with drug manufacturers for the state. Based on these negotiations, the state received \$42,740,235 in supplemental rebates in SFY 2010 and \$41,112,077 in SFY 2011.

I.A.7.5.The Medicaid Pharmacy Benefits Management program currently utilizes the services of the University of Louisiana at Monroe (ULM), School of Pharmacy for PA operations. ULM receives and processes all prior authorization requests. Each prior authorization is given for a specific drug for a specific recipient for a specific period of time. In accordance with state and federal statutes, requests must be acted upon within 24-hours. Provisions are in place whereby an emergency override is allowed for a minimum of a 72-hour supply of medicine.

B. Purpose of RFP

B.1.The purpose of this RFP is to solicit proposals from qualified proposers that provide technical support for the State Supplemental Rebate Program and Preferred Drug List Management Services and Supplies, including but not limited to research into the relative safety, clinical efficacy and cost of products within defined therapeutic drug classes.

B.2.A contract is necessary to meet the Louisiana Medicaid Pharmacy Benefits Management Program's needs in regards to developing and maintaining a Preferred Drug List (PDL) for the Louisiana Medicaid Program; negotiating supplemental rebate agreements with pharmaceutical manufacturers through a multi-state pooling initiative; and utilizing the contractor's services to assist in billing pharmaceutical manufacturers for supplemental rebates pursuant to agreements entered into between such manufacturers and the Department.

B.3.The contract involves managing all aspects of the supplemental rebate negotiation process, providing information and data management of the Preferred Drug List technical support to the Pharmaceutical and Therapeutics Committee (P&T), and providing the Department with expertise in the financial and clinical analysis of P&T recommendations both before and after implementation.

C. Invitation to Propose

DHH Office of Medical Vendor Administration, Pharmacy Benefits Management Program is inviting qualified proposers to submit proposals for services to provide expertise to assist the Department in developing, implementing, and providing continuing support for the Medicaid Pharmacy Program, State Supplemental Rebate/Preferred Drug List (PDL) in accordance with the specifications and conditions set forth herein.

D. RFP Coordinator

1. Requests for copies of the RFP and written questions or inquiries must be directed to the RFP coordinator listed below:

Germaine Becks-Moody
Program Manager 2
Medical Vendor Administration
Pharmacy Benefits Management
Department of Health and Hospitals
628 North 4th Street, 7th Floor 70802
Telephone: 225.342.9768
Facsimile Number: 225.376.4715
Email: Germaine.Becks-Moody@LA.GOV

2. This RFP is available in pdf at the following weblinks:
<http://new.dhh.louisiana.gov/index.cfm/newsroom/category/47> and
<http://wwwprd.doa.louisiana.gov/OSP/LaPAC/bidlist.asp?department=4>
3. All communications relating to this RFP must be directed to the DHH RFP contact person named above. All communications between Proposers and other DHH staff members concerning this RFP shall be strictly prohibited. Failure to comply with these requirements shall result in proposal disqualification.

E. Proposer Inquiries

1. The Department will consider written inquiries regarding the requirements of the RFP or Scope of Services to be provided before the date specified in the Schedule of Events. To be considered, written inquiries and requests for clarification of the content of this RFP must be received at the above address or via the above fax number or email address by the date specified in the Schedule of Events. Any and all questions directed to the RFP coordinator will be deemed to require an official response and a copy of all questions and answers will be posted by the date specified in the Schedule of Events to the following web link:

<http://wwwprd.doa.louisiana.gov/OSP/LaPAC/bidlist.asp?department=4>
and may also be posted at:
<http://new.dhh.louisiana.gov/index.cfm/newsroom/category/47>

2. Action taken as a result of verbal discussion shall not be binding on the Department. Only written communication and clarification from the RFP Coordinator shall be considered binding.

F. Pre-Proposal Conference

Not required for this RFP

G. Schedule of Events

DHH reserves the right to deviate from this Schedule of Events

Schedule of Events	
Public Notice of RFP	April 23, 2012
Deadline for Receipt of Written Questions	April 30, 2012
Response to Written Questions	May 7, 2012
Deadline for Receipt of Written Proposals	May 24, 2012 4:00 PM CDT
Proposal Evaluation Begins	May 28, 2012
Contract Award Announced	May 31, 2012
Contract Negotiations Begin	June 1, 2012
Contract Begins	July 1, 2012

H. RFP Addenda

In the event it becomes necessary to revise any portion of the RFP for any reason, the Department shall post addenda, supplements, and/or amendments to all potential proposers known to have received the RFP. Additionally, all such supplements shall be posted at the following web address:

<http://wwwprd.doa.louisiana.gov/OSP/LaPAC/bidlist.asp?department=4>

and may also be posted at:

<http://new.dhh.louisiana.gov/index.cfm/newsroom/category/47>

It is the responsibility of the proposer to check the DOA website for addenda to the RFP, if any.

II. SCOPE OF WORK

A. Project Overview

- II.A.1** The result of this contract will be the service of a qualified contractor that has Medicaid experience and expertise to assist the Department in developing, implementing, and providing continuing support for the Medicaid Pharmacy Program, State Supplemental Rebate/Preferred Drug List (PDL).

II.A.2 The Contractor selected for this project shall:

- II.A.2.1** Manage all aspects of the supplemental rebate negotiation process;
- II.A.2.2** Provide information and data management of the Preferred Drug List (PDL);
- II.A.2.3** Provide technical support to the Pharmaceutical and Therapeutics Committee (P&T);
- II.A.2.4** Provide clinical review of drugs/classes of drugs;
- II.A.2.5** Provide the Department with the financial and clinical analysis of P&T recommendations both before and after implementation;
- II.A.2.6** Assist in the process of billing pharmaceutical manufacturers for supplemental rebates pursuant to agreements entered into between such manufacturers and the Department; and
- II.A.2.7** Negotiate supplemental rebates agreements with pharmaceutical manufacturers through multi-state pooling contracts. In these negotiations, the preferred drug list may be adjusted to include limited brand name drug products in each therapeutic category.
- II.A.2.8.** Prepare clinical and cost data for performance indicators for performance based budgeting.

II.A.3 Tasks and Services

II.A.3.1. Pharmaceutical and Therapeutics (P&T) Committee

Contractor shall provide the following support for the Medicaid P&T Committee including but not limited to:

- II.A.3.1.** Supply therapeutic class reviews for the Louisiana Medicaid Pharmaceutical and Therapeutics (P&T) Committee. All medications available in a therapeutic class will be reviewed for comparative efficacy, side effects, dosing, prescribing trends and indications.
- II.A.3.2.** Provide cost analysis of the therapeutic class to the Committee under guidelines specified by the Department to allow the P&T Committee to make

informed recommendations from both a clinical and cost perspective.

- II.A.3.3.** Review therapeutic classes no less than annually.
- II.A.3.4.** Provide clinical pharmacists to review therapeutic classes including new medications or indications as approved by the Food and Drug Administration (FDA) and provide recommendations to the P&T Committee and the Department for appropriate changes to the PDL.
- II.A.3.5.** Support, attend in person, and present clinical and cost information for all P&T Committee meetings each year.
- II.A.3.6.** Assist the Department in developing the P & T Committee recommendations following the meeting to the Secretary of DHH.
- II.A.3.7** Assist the Department in developing the P & T Committee minutes following the meeting.
- II.A.3.8.** Develop clinically sound and cost-effective recommendations at the request of the Department to help the Department develop and manage the Preferred Drug List (PDL).
- II.A.3.9** Provide consultation including P&T Committee support as directed by the Department.

II.A.3.2. Preferred Drug List (PDL)

The Contractor shall assist in the development and management of a Preferred Drug List (PDL) by providing the following including, but not limited to:

- II.A.3.2.1.** Working in conjunction with the Department to develop a PDL that is clinically sound, cost-effective, and minimally disruptive to Louisiana's Medicaid recipients and their providers.
- II.A.3.2.2.** Reviewing all medications available in a therapeutic class for efficacy, side effects, dosing, prescribing trends and indications, no less than annually. In addition, contractor shall provide cost analysis of the therapeutic class to the P&T Committee as directed

by the Department to allow the P&T Committee to make informed recommendations from both a clinical and cost perspective. The P&T Committee will be provided relative cost information pursuant to guidelines approved by the Department.

- II.A.3.2.3.** Providing cost analysis for all drugs which the Contractor provides a clinical monograph, in addition to any additional drug reviews from other evidence based services.
- II.A.3.2.4.** The Contractor's staff shall be available to present its proposal to the P&T Committee, in person, during the regular meetings as directed by the Department.
- II.A.3.2.5.** Providing clinical and cost support for all P&T Committee meetings. The Contractor will prepare informational packets for the P&T Committee members and Department staff prior to any scheduled meetings.
- II.A.3.2.6.** Presenting clinical monographs to DHH at least thirty (30) days prior to the meeting date.
- II.A.3.2.7.** Cost analysis must contain cost, rebate information, utilization data, projected market share shifts and savings for each therapeutic class or specific drugs to be reviewed.
- II.A.3.2.8.** The cost sheets shall provide current utilization data and cost data in a format that will ensure rebate confidentiality.
- II.A.3.2.9.** The list of drugs included in the cost analysis must be pre-approved by the Department.
- II.A.3.2.10.** Presenting cost sheets (orally and in written format) to DHH at least thirty (30) days prior to the P&T meeting date.
- II.A.3.2.11.** Providing to the Department all relevant documentation and data necessary to allow the Department's P&T Committee to conduct a minimum of forty (40) therapeutic class reviews per calendar year as agreed upon by both parties for two (2) or more P&T committee meetings as requested by the Department per calendar year.

- II.A.3.2.12.** Reviewing new medications in therapeutic classes affected by the PDL as these new medications are approved by the FDA.

II.A.3.3. Supplemental Rebates

The Contractor shall manage all identified aspects of the supplemental rebate process, including, but not limited to the following:

- II.A.3.3.1.** Maintaining existing supplemental rebate agreements and negotiating new or renegotiating renewed supplemental rebate agreements with pharmaceutical manufacturers.
- II.A.3.3.2.** Negotiating supplemental rebate agreements with pharmaceutical manufacturers on behalf of the Department. The parties will mutually develop a time frame for negotiating State Supplemental Rebates with manufacturers within therapeutic classes.
- II.A.3.3.3.** Determining the best methodology for calculating state supplemental rebates paid by pharmaceutical manufacturers and developing a template to be used in contract negotiations that will meet CMS approval. The contractor's methodology shall be subject to the Department's approval and ongoing adaptation to the Department's needs.
- II.A.3.3.4.** Negotiating State Supplemental Rebate Agreements for each Therapeutic Class selected for the PDL. In these negotiations, the preferred drug list may be adjusted to limit brand name drug products in each therapeutic category. Contractor shall renegotiate the agreements as necessary at such time as the Department prepares to review such Therapeutic Class, and in response to changes in market conditions (e.g. when the Food and Drug Administration approves a new agent within a Therapeutic Class).
- II.A.3.3.5.** Obtaining bids from pharmaceutical manufacturers in the form of executable supplemental rebate agreements. (Contractor and manufacturers are required to use the rebate agreement agreed on by the Department).

- II.A.3.3.6.** Assisting the Department in obtaining CMS approval of the State Supplemental Rebate Agreements. Contractor must submit all State Supplemental Rebate Agreements and the Preferred Drug List for each Therapeutic Class to the Department for approval.
- II.A.3.3.7.** Presenting supplemental rebate agreement signed by the manufacturer to the Department no later than thirty (30) calendar days after the P&T committee meeting
- II.A.3.3.8.** As directed by the Department, supplemental rebate agreements shall be made between the State of Louisiana Department of Health and Hospitals and the pharmaceutical manufacturers in a format approved by the Department. One original copy of the supplemental rebate agreement with the original signatures shall be returned to the manufacturer.
- II.A.3.3.9.** Maintaining existing supplemental rebate agreements and/or negotiating new supplemental rebate agreements with pharmaceutical manufacturers, as directed by the Department.
- II.A.3.3.10.** Negotiating supplemental rebate agreements for each therapeutic class of drugs as the P&T Committee prepares to review the class. Supplemental rebate agreements shall also be renegotiated at the request of the Department.
- II.A.3.3.11.** Notifying the Department before conducting a supplemental rebate agreement negotiation.
- II.A.3.3.12.** Facilitating supplemental rebate agreement discussions and inquiries from manufacturers. The Contractor shall provide the Department with a Supplemental Rebate Bid Solicitation Report, when requested by the Department.
- II.A.3.3.13** Maintaining the Department's State Supplemental Rebate Agreements separately from those of Contractor's other clients pursuant to LA R.S. 44:4(36).
- II.A.3.3.14** All negotiations with manufacturers and inquiries including but not limited to meetings, telephone calls, and mailings from manufacturers regarding State

Supplemental Rebate Agreements may be handled by the Contractor in its home office(s).

II.A.3.4. Supplemental Rebate Administration

The Contractor shall assist the State in supplemental rebate administration in the following manner, including but not limited to:

- II.A.3.4.1.** Providing the capability to negotiate in a multi-state purchasing pool.
- II.A.3.4.2.** Implementing multi-state pooling initiatives in accordance to guidelines established by CMS in SMDL #04-006. In addition, the contractor must have clear understanding of federal and state statutes and regulations governing the Medicaid Program, Medicare Part D and state supplemental rebates.
- II.A.3.4.3.** Providing a detailed work plan for incorporating Louisiana into the purchasing pool including time frames, Department/Contractor responsibilities, limitations and next steps.
- II.A.3.4.4.** Providing the SURA data in a Department approved text file format.
- II.A.3.4.5.** Coordinating the supplemental rebate submission with submission of traditional Federal rebates, unless covered by a CCN. Contractor will provide the necessary documentation to the Department to support the supplemental rebate billings along with amounts to submit to the manufacturers at the NDC level in a format as specified by the Department and the rebate agreements.
- II.A.3.4.6.** Assisting the Department in dispute resolution activities with pharmaceutical manufacturers as they pertain to SURA calculations.
- II.A.3.4.7.** Providing the Department with a quarterly report listing all NDCs with zero ("0") SURAs.

II.A.3.5. Other Tasks

- II.A.3.5.1.** Analyzing current PDL and PA processes and providing recommendations for the implementation and transition to a comprehensive PDL within ten (10) days following the selection as the Department's contractor. The Department shall have autonomy over its PDL.
- II.A.3.5.2.** Upon reasonable notice, Contractor shall be available for appearances before the Louisiana Legislature or other interested parties, as requested by the Department.
- II.A.3.5.3.** Developing recommendations and providing detailed strategies for maximizing the Department's annual savings resulting from the implementation of the PDL. These recommendations shall provide specific written suggestions for enhancing rebates and lowering net pharmacy costs through PDL products and other areas as requested by the Department.
- II.A.3.5.4.** Preparing a formal annual report outlining Louisiana Medicaid PDL Program Overview and Results.
- II.A.3.5.5.** Preparing clinical and cost data for performance indicators (amount of cost avoidance, % of total scripts PDL, and number of classes of therapeutic drugs established) compliance for performance based budgeting on a quarterly basis.

B. Deliverables

- II.B.1.** The Contractor shall provide clinical and contracting services required by the Department to develop, implement and operate the Department's Medicaid Pharmacy Program preferred drug list (PDL) and supplemental rebate programs. The therapeutic classes to be managed will be the administrative decision of the Department in consultation with the Contractor.
- II.B.2.** All reports shall be delivered to the Department of Health and Hospitals, Medical Vendors Administration, Pharmacy Benefits Management, Bin #24, Post Office Box 91030, Baton Rouge, LA 70821-9030. Unless otherwise designated, all deliverables and correspondence from the successful Contractor must go through the designated point of contact (M. J. Terrebonne, Pharmacy Director). The Department may also request that reports be sent via email. The following are the minimum reports required:

II.B.2.1 Pharmaceutical and Therapeutics (P&T) Committee

The Contractor shall perform the following:

- II.B.2.1.1.** Produce monographs, supplemental rebate negotiations, and savings analysis for each Therapeutic Class under review by the committee no later than thirty (30) days prior to each P&T Committee meeting. Such reviews shall include summaries of the relative safety and efficacy of each drug within the therapeutic class and recommendations for the inclusion or exclusion of medications on the PDL within each class and relative cost sheets for each drug within the therapeutic class. Savings estimations shall be coded to protect the confidentiality of rebate information, in a format agreed to by the department and the contractor. New drugs or drug indications will be reviewed when appropriate.
- II.B.2.1.2.** Provide the P & T Committee recommendations report no later than three (3) days following the meeting. Report shall consist of listing of preferred drugs and those requiring prior authorization.
- II.B.2.3.** Provide assistance in developing the minutes of the P & T Committee during and following the meeting, which is not limited to record keeping during the meeting and assistance in writing the minutes 30 days or more after the meeting.
- II.B.2.4.** Provide any additional reports as necessary in a format agreed upon by the Department and the Contractor.

II.B.2.2. Preferred Drug List (PDL)

The Contractor shall perform the following:

- II.B.2.2.1** Provide electronic files containing updates for the PDL to the Department within five (5) working days after each P&T committee meeting. Such files will be in a format agreed upon by the involved parties.
- II.B.2.2.2** Provide a progress report which includes meetings, classes reviewed, contracts with pharmaceutical manufacturers, etc. with accompanying timelines.

II.B.2.3 Supplemental Rebates

The Contractor shall:

- II.B.2.3.1.** Produce a Monthly Contract Status Report showing the status of the State Supplemental Rebate Agreements with each manufacturer along with the therapeutic class, and national drug code (NDC) information effective dates and covered products, no later than fifteen (15) days after the end of each calendar month.
- II.B.2.3.2.** Produce and facilitate the signing of supplemental rebate contracts with pharmaceutical manufacturers in a format agreed to by the Department and CMS. These contracts will be forwarded to the Department.
- II.B.2.3.3.** Provide annual reports that detail the compliance of Medicaid providers to the PDL.
- II.B.2.3.4.** Track the effective dates of all Supplemental Rebate Agreements and provide the Department with a Monthly Supplemental Rebate Agreement report.
- II.B.2.3.5.** Produce an analysis of savings realized by the Pharmacy program as a result of the implementation of the PDL, in a format agreed to by the Department and the Contractor. The report shall detail the impact of the supplemental rebates on the Medicaid Pharmacy Benefits Management program in cost avoidance, supplemental rebate amounts, utilization variances and other agreed upon data within 60 days after the calendar quarter end.
- II.B.2.3.6.** Provide any additional reports as necessary in a format agreed upon by the Department and the Contractor.
- II.B.2.3.7** Provide assurances that the Department's supplemental rebate agreements are kept confidential and held separately from its other clients.

II.B.2.4. Supplemental Rebate Administration

The Contractor shall:

- II.B.2.4.1.** Provide an electronic file containing calculated supplemental unit rebate amounts (SURA) to the

Department within ten (10) calendar days after receipt of the CMS National Rebate file. The parties will agree upon the format for submission of each SURA data.

- II.B.2.4.2.** Submit a written report detailing the status of any disputes regarding SURA with each manufacturer no later than fifteen (15) days after the end of each month during the Term of this Agreement.

II.B.2.5. Annual Analysis and Recommendation Report

The Contractor shall:

- II.B.2.5.1.** Prepare a formal annual report outlining Louisiana Medicaid PDL Program Overview and Results.

- II.B.2.5.2.** Provide a summary of the activities of the LDHH PDL for the State Fiscal Year.

- II.B.2.5.3.** Assess and report the strengths and weaknesses of the PDL program complete with opportunities for future cost saving initiatives. All data in the report shall be referenced and include current trends and best practices in the pharmacy arena.

- II.B.2.5.4.** Prepare a draft report to be submitted to the Department for review by January 15 and final report by February 15, annually.

II.B.2.6. Ad Hoc Reports

The Contractor shall:

- II.B.2.6.1.** Develop and deliver ad hoc reports as mutually agreed upon by the Contractor and the Department.

- II.B.2.6.2.** Establish and maintain a database that has the capacity for data analysis, generation of ad hoc reports, both electronic and hard copy, and secure storage of supplemental drug rebate information as required under this contract.

- II.B.2.6.3.** Provide sample reports as requested.

II.B.2.7 Quality Assurance

The Contractor shall:

- II.B.2.7.1.** Develop a Quality Assurance Plan that documents the process to be used in assuring the quality of services provided for each requirement. The plan shall be developed with the Department's Strategic Plan outcomes in mind.
- II.B.2.7.2.** The Quality Assurance Plan shall be due ninety (90) days from the execution of the contract.
- II.B.2.7.3.** The Quality Assurance Plan will be used to monitor the quality, impact, and effectiveness of services provided under the contract.
- II.B.2.7.4.** The Quality Assurance Plan will be reviewed annually to: a) see if the Contractor has met its goal for the year, b) update and/or set goals and milestones for the next year, c) analyze outcomes and effectiveness of services, and d) identify areas and opportunities for improvements.

II.B.2.8 Transition Plan

The contractor shall:

- II.B.2.8.1.** Develop a Transition Plan to facilitate a smooth transition of the contracted functions from the contractor at the end of the contract period, back to the Department and to another Contractor designated by the State. The plan shall include, but not be limited to the following: 1) Supplemental Rebate Information, 2) P & T Committee Meeting related information, 3) Invoicing Information, and 4) Savings. The final Department approved plan shall be due no later than 10 calendar days from execution of the new contract, or 30 calendar days prior to termination of this contract, whichever comes first.
- II.B.2.8.2** Develop a Transition Plan to take over the duties of the prior contractor. The plan shall include, but not be limited to the following: 1) Supplemental Rebate Information, 2) P & T Committee Meeting related information, 3) Invoicing Information, and 4) Savings. The final Department approved plan shall be due no later than 10 calendar days from contract award

announcement.

C. Liquidated Damages

II.C.1. In the event the Contractor fails to meet the performance standards specified within the contract, the liquidated damages defined below may be assessed. If assessed, the liquidated damages will be used to reduce the Department's payments to the Contractor or if the liquidated damages exceed amounts due from the Department, the Contractor will be required to make cash payments for the amount in excess.

II.C.1.a. Late submission of any required report - \$50 per working day, per report.

II.C.1.b. Failure to fill vacant contractually required key staff positions within 90 days - \$500 per working day from 91st day of vacancy until filled with an employee approved by the Department.

II.C.1.c. Failure to maintain all files and perform all file updates according to the requirements in the contract, as evidenced in files when reviewed or requested - \$100 per file/occurrence.

II.C.1.d. Late submission of invoices beginning 10 business days after the stated due date - \$50 per working day per invoice.

II.C.2. The decision to impose liquidated damages shall include consideration of some or all of the following factors:

II.C.2.a. The duration of the violation;

II.C.2.b. Whether the violation (or one that is substantially similar) has previously occurred;

II.C.2.c. The Contractor's history of compliance;

II.C.2.d. The severity of the violation and whether it imposes an immediate threat to the health or safety of the consumers;

II.C.2.e. The "good faith" exercised by the Contractor in attempting to stay in compliance.

D. Fraud and Abuse

II.D.1. The Contractor shall have internal controls and policies and procedures in place that are designed to prevent, detect, and report known or suspected fraud and abuse activities.

II.D.2. Such policies and procedures must be in accordance with state and federal regulations. Contractor shall have adequate staffing and resources

to investigate unusual incidents and develop and implement corrective action plans to assist the Contractor in preventing and detecting potential fraud and abuse activities.

E. Technical Requirements

II.E.1 The Contractor must maintain hardware and software compatible with current DHH requirements which are as follows:

II.E.1.1 Desktop Workstation Hardware:

- IBM compatible PC,
- Intel Core i5 or equivalent (or compatible successors)
- 4 Gig of RAM memory (minimum)
- Enough spare USB ports to accommodate thumb drives, etc.
- 250GB Hard Drive (minimum)
- Ethernet LAN interface for laptop and desktop PCs
- 19" WXGA Digital Flat Panel LCD monitor with DVI (minimum)
- Printer compatible with hardware and software required;
- High speed internet with email;
- DVD\CD ROM

II.E.1.2 Desktop Workstation Software:

- Windows XP, SP3 or later version of operating system (minimum);
- Windows Internet Explorer 8.0 (or later)
- Microsoft Office 2007 or later
- Appropriate firewalls for internet security.

II.E.1.3 Network Hardware and Software:

- Compliant with industry-standard physical and procedural safeguards for confidential information (NIST 800-53A, ISO 17788, etc.).
 - A local area network (LAN) conforming to the IEEE 802.3 standard Ethernet topology using RJ-45 unshielded twisted pair (UTP) cabling, 10/100/1000 Mbps Ethernet Network Interface Card (NIC) that allows basic Broadband network connection (min 768Kbps – 1.5Mbps)
- A LAN operating system that supports the Internet Protocol (IP) transmission services. The Contractor shall obtain a block of IP addresses from the InterNIC regulatory agency.
- An electronic mail software package that is compatible with Microsoft Exchange 2007 equivalent and also supports the standard Simple Mail

Transport Protocol (SMTP) for Internet based email exchange or its equivalent and is FIPS 140-2 compliant.

- A terminal emulation software package installed on each personal computer workstation that provides IBM 3270 terminal emulation capability or its equivalent.
- A file transfer software package installed on the network server which provides an appropriate means to transfer secure and/or encrypted documents using an industry accepted SFPT or other secure transfer protocol over the TCP/IP based WAN or its equivalent (PGP, CoreFTP or CuteFTP clients are recommended).
- A workstation and network-based anti-virus software package that provides protection from most computer software virus programs or its equivalent. (Recommendations are Symantec Antivirus, McAfee Antivirus or Trend-Micro Antivirus or other state approved product).
- Access to all systems shall be secured through the use of complex User ID's and passwords and all systems shall be configured based on industry standards and best practices and in tandem with the Office of Information Technology (OIT) Technical Standard/Procedure.
- DHH is transitioning to NSA-recommended password settings as an in-between step before migrating to the even stricter OIT standards. The transition shall include, and the contractor shall provide, the following password settings:
 - Minimum Password Age: 1 day;
 - Minimum Password length: 12 characters;
 - Account Lockout Duration: 15 minutes; and
 - Account Lockout Threshold: 50
- Regular and frequent updates of the virus definitions and security parameters of these software applications shall be established and administered.
- A web browser that is equal to or surpasses Microsoft Internet Explorer v7.0 and is capable of resolving JavaScript and ActiveX scripts.
- Each workstation shall have a desktop compression/encryption application that is FIPS 140-2 compliant.
- All workstations, laptops and portable communication devices shall be installed with full disk encryption software.

- The State will provide no in-house resources other than telecommunication link to mainframe. Any long distance cost for this link will be the responsibility of the Contractor.
- The Contractor shall be responsible for procuring, supplying, installing, configuring, and maintaining the local area network (LAN), computers, computer hardware, and computer software located at the processing site. In addition, should the Contractor decide to have more than one processing site, the Contractor shall be responsible for procuring, supplying, installing, configuring, and maintaining the wide area network (WAN) connecting the additional processing sites according to the recommended telecommunications specifications. Either point-to-point dedicated network connections, frame-relay connections or other high speed data line supporting the TCP/IP telecommunications protocol are recommended.

II.E.1.4 Disaster Recovery and Business Continuity Plans

The Contractor shall develop, test and maintain a Disaster Recovery and Business Continuity Plan (DR/BCP) and procedures to allow the contractor to continue to deliver essential business functions despite damage, loss or disruption of information technology due to the unexpected occurrence of a natural or man-made emergency or disaster.

The DR/BCP must be submitted to DHH for approval at time of proposal. The plans shall include: Risk Assessment, Business Impact Analysis, Alignment to Business Strategy, Alignment to Business Continuity Strategy, and Testing and Updating Plans.

F. Subcontracting

The contractor shall not contract with any other party for furnishing any of the work and professional services required by the contract without the express prior written approval of the Department. The contractor shall not substitute any subcontractor without the prior written approval of the Department. For subcontractor(s), before commencing work, the contractor will provide letters of agreement, contracts or other forms of commitment which demonstrate that all requirements pertaining to the contractor will be satisfied by all subcontractors through the following:

1. The subcontractor(s) will provide a written commitment to accept all contract provisions.
2. The subcontractor(s) will provide a written commitment to adhere to an established system of accounting and financial controls adequate to permit the effective administration of the contract.

G. Insurance Requirements

Insurance shall be placed with insurers with an A.M. Best's rating of no less than A-: VI. This rating requirement shall be waived for Worker's Compensation coverage only.

1. Contractor's Insurance

The Contractor shall not commence work under this contract until it has obtained all insurance required herein. Certificates of Insurance, fully executed by officers of the Insurance Company shall be filed with the Department for approval. The Contractor shall not allow any subcontractor to commence work on subcontract until all similar insurance required for the subcontractor has been obtained and approved. If so requested, the Contractor shall also submit copies of insurance policies for inspection and approval of the Department before work is commenced. Said policies shall not be canceled, permitted to expire, or be changed without thirty (30) days notice in advance to the Department and consented to by the Department in writing and the policies shall so provide.

2. Compensation Insurance

Before any work is commenced, the Contractor shall obtain and maintain during the life of the contract, Workers' Compensation Insurance for all of the Contractor's employees employed to provide services under the contract. In case any work is sublet, the Contractor shall require the subcontractor similarly to provide Workers' Compensation Insurance for all the latter's employees, unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in work under the contract at the site of the project is not protected under the Workers' Compensation Statute, the Contractor shall provide for any such employees, and shall further provide or cause any and all subcontractors to provide Employer's Liability Insurance for the protection of such employees not protected by the Workers' Compensation Statute.

3. Commercial General Liability Insurance

The Contractor shall maintain during the life of the contract such Commercial General Liability Insurance which shall protect Contractor, the Department, and any subcontractor during the performance of work covered by the contract from claims or damages for personal injury, including accidental death, as well as for claims for property damages, which may arise from operations under the contract, whether such operations be by the Contractor or by a subcontractor, or by anyone directly or indirectly employed by either of them, or in such a manner as to impose liability to the Department. Such insurance shall name the Department as additional insured for claims arising from or as the result of the operations of the Contractor or its subcontractors. In the absence of specific regulations, the amount of coverage shall be as follows: Commercial General Liability Insurance, including bodily injury, property damage and contractual liability, with combined single limits of \$1,000,000.

4. Insurance Covering Special Hazards

Special hazards as determined by the Department shall be covered by rider or riders in the Commercial General Liability Insurance Policy or policies herein elsewhere required to be furnished by the Contractor, or by separate policies of insurance in the amounts as defined in any Special Conditions of the contract included therewith.

5. Licensed and Non-Licensed Motor Vehicles

The Contractor shall maintain during the life of the contract, Automobile Liability Insurance in an amount not less than combined single limits of \$1,000,000 per occurrence for bodily injury/property damage. Such insurance shall cover the use of any non-licensed motor vehicles engaged in operations within the terms of the contract on the site of the work to be performed thereunder, unless such coverage is included in insurance elsewhere specified.

6. Subcontractor's Insurance

The Contractor shall require that any and all subcontractors, which are not protected under the Contractor's own insurance policies, take and maintain insurance of the same nature and in the same amounts as required of the Contractor.

H. Resources Available to Contractor

The DHH Medical Vendor Administration, Pharmacy Benefits Management Program will have an assigned staff member who will be responsible for primary oversight of the contract. This individual will schedule meetings to discuss progress of activities and problems identified.

I. Contact Personnel

All work performed by the contractor will be monitored by the contract monitor:

Germaine Becks-Moody
Department of Health and Hospitals
Medical Vendor Administration
Pharmacy Benefits Management Program
628 North 4th Street
Baton Rouge, LA 70802
Telephone: 225.342.9768
Email: Germaine.Becks-Moody@LA.GOV

J. Term of Contract

The contract shall commence on or near the date approximated in the Schedule of Events. The term of this contract shall be for a period of 36 months. Under no circumstances will the contract exceed 36 months. The continuation of this contract is contingent upon the appropriation of funds by the legislature to fulfill the requirements of the contract.

K. Payment

The contractor shall submit deliverables in accordance with established timelines and shall submit itemized invoices monthly or as defined in the contract terms. Payment of invoices is subject to approval of M. J. Terrebonne.

III. PROPOSALS

A. General Information

III.A.1 This section outlines the provisions which govern determination of compliance of each proposer's response to the RFP. The Department shall determine, at its sole discretion, whether or not the requirements have been reasonably met. Omissions of required information shall be grounds for rejection of the proposal by the Department.

III.A.2 Proposals should address how the proposer intends to assume complete responsibility for timely performance of all contractual responsibilities in accordance with federal and state laws, regulations, policies, and procedures.

III.A.3. Minimum Qualifications of Proposer

III.A.3.1 Proposers must meet the following minimum qualifications:

III.A.3.1.1 The Proposer shall have at least six (6) years of state Medicaid Pharmacy Program experience with PDL and State Supplemental Rebates and at least five (5) years of multi-state pooling experience prior to the deadline for receipt of proposals;

III.A.3.1.2 The Proposer shall have, within the last thirty six (36) months prior to the deadline for receipt of proposals completed a similar type project;

III.A.3.1.3 The Proposer shall have the capacity_ to implement multi-state pooling initiatives in accordance with guidelines established by CMS in SMDL #04-006;

PROPOSALS NOT CONTAINING THE INFORMATION REQUIRED IN THIS SECTION SHALL BE CONSIDERED UNACCEPTABLE BY THE DEPARTMENT.

B. Contact After Solicitation Deadline

After the date for receipt of proposals, no proposer-initiated contact relative to the solicitation will be allowed between the proposers and DHH until an award is made.

C. Code of Ethics

Proposers are responsible for determining that there will be no conflict or violation of the Ethics Code if their company is awarded the contract. The Louisiana Board of Ethics is the only entity which can officially rule on ethics issues.

D. Rejection and Cancellation

Issuance of this solicitation does not constitute a commitment by DHH to award a contract or contracts. The Department reserves the right to reject all proposals received in response to this solicitation.

In accordance with the provisions of R.S. 39:2182, in awarding contracts after August 15, 2010, any public entity is authorized to reject a proposal or bid from, or not award the contract to, a business in which any individual with an ownership interest of five percent or more, has been convicted of, or has entered a plea of guilty or nolo contendere to any state felony or equivalent federal felony crime committed in the solicitation or execution of a contract or bid awarded under the laws governing public contracts under the provisions of Chapter 10 of Title 38 of the Louisiana Revised Statutes of 1950, professional, personal, consulting, and social services procurement under the provisions of Chapter 16 of this Title, or the Louisiana Procurement Code under the provisions of Chapter 17 of this Title.

E. Award Without Discussion

The Secretary of DHH reserves the right to make an award without presentations by proposers or further discussion of proposals received.

F. Assignments

Any assignment, pledge, joint venture, hypothecation of right or responsibility to any person, firm or corporation should be fully explained and detailed in the proposal. Information as to the experience and qualifications of proposed subcontractors or joint ventures should be included in the proposal. In addition, written commitments from any subcontractors or joint ventures should be included as part of the proposal.

G. Proposal Cost

The proposer assumes sole responsibility for any and all costs associated with the preparation and reproduction of any proposal submitted in response to this RFP, and shall not include this cost or any portion thereof in the proposed contract price.

H. Errors and Omissions

The State reserves the right to make corrections due to minor errors of proposer identified in proposals by State or the proposer. The State, at its option, has the right to request clarification or additional information from proposer.

I. Ownership of Proposal

All proposals become the property of the Department and will not be returned to the proposer. The Department retains the right to use any and all ideas or adaptations of ideas contained in any proposal received in response to this solicitation. Selection or rejection of the offer will not affect this right. Once a contract is awarded, all proposals will become subject to the Louisiana Public Records Act.

J. Procurement Library/Resources Available To Proposer

Department program manuals and pertinent Federal and State regulations, as well as other materials, are available for review upon request in the Procurement Library. The library is located at: at 628 N. 4th Street, Baton Rouge, LA 70802 on the 7th floor. Arrangements may be made through the RFP coordinator for access to the library. The library will be open by appointment only during the hours of 8:30am to 3:30pm on Monday through Friday beginning the day after release of the RFP and closing at 3:30pm the day before proposals must be submitted. No items or materials may be removed from the library, but DHH personnel will be available to make copies of requested materials, unless protected by Federal copyright, at a charge of 25 cents per page. Federal protected copyright material will be available for review only. Cash is not acceptable. Checks and/or money orders are to be made payable to the Department of Health and Hospitals

K. Proposal Submission

III.K.1. All proposals must be received by the due date and time indicated on the Schedule of Events. Proposals received after the due date and time will not be considered. It is the sole responsibility of each proposer to assure that its proposal is delivered at the specified location prior to the deadline. Proposals which, for any reason, are not so delivered will not be considered.

III.K.2. Proposer **shall** submit one (1) original hard copy (The Certification Statement must have original signature signed in ink) and should submit one (1) electronic copy (cd or flash drive) of the entire proposal and eight (8) hard copies of the proposal. Proposer may provide one electronic copy of the Redacted proposal (cd or flash drive). No facsimile or emailed proposals will be accepted. The cost proposal and financial statements should be submitted separately from the technical proposal; however, for mailing purposes, all packages may be shipped in one container.

III.K.3. Proposals must be submitted via U.S. mail, courier or hand delivered to:

If courier mail or hand delivered:

Mary Fuentes
Department of Health and Hospitals
Division of Contracts and Procurement Support
628 N 4th Street, 5th Floor
Baton Rouge, LA 70802

If delivered via US Mail:

Mary Fuentes
Department of Health and Hospitals
Division of Contracts and Procurement Support
P.O. Box 1526
Baton Rouge, LA 70821-1526

L. Proprietary and/or Confidential Information

III.L.1. Pursuant to the Louisiana Public Records Act (La. R.S. 44.1 et. seq.), all public proceedings, records, contracts, and other public documents relating to this RFP shall be open to public inspection. Proposers should refer to the Louisiana Public Records Act for further clarification.

M. Proposal Format

III.M.1. An item-by-item response to the Request for Proposals is requested.

III.M.2. There is no intent to limit the content of the proposals, and proposers may include any additional information deemed pertinent. Emphasis should be on simple, straightforward and concise statements of the proposer's ability to satisfy the requirements of the RFP.

N. Requested Proposal Outline:

- Introduction/Administrative Data
- Work Plan/Project Execution
- Relevant Corporate Experience
- Personnel Qualifications
- Additional Information
- Corporate Financial Condition
- Cost and Pricing Analysis

O. Proposal Content

III.O.1. Proposals should include information that will assist the Department in determining the level of quality and timeliness that may be expected. The agency shall determine, at its sole discretion, whether or not the

RFP provisions have been reasonably met. The proposal should describe the background and capabilities of the proposer, give details on how the services will be provided, and shall include a breakdown of proposed costs. Work samples may be included as part of the proposal.

III.O.2.Proposals should address how the proposer intends to assume complete responsibility for timely performance of all contractual responsibilities in accordance with federal and state laws, regulations, policies, and procedures.

III.O.3.Proposals should define proposer's functional approach in providing services and identify the tasks necessary to meet the RFP requirements of the provision of services, as outlined in Section II.

1. Introduction/Administrative Data

- a. The introductory section should contain summary information about the proposer's organization. This section should state proposer's knowledge and understanding of the needs and objectives of DHH Medical Vendor Administration, Pharmacy Benefits Management Program as related to the scope of this RFP. It should further cite its ability to satisfy provisions of the Request for Proposal.
- b. This introductory section should include a description of how the proposer's organizational components communicate and work together in both an administrative and functional capacity from the top down. This section should contain a brief summary setting out the proposer's management philosophy including, but not limited to, the role of Quality Control, Professional Practices, Supervision, Distribution of Work and Communication Systems. This section should include an organizational chart displaying the proposer's overall structure.
- c. This section should also include the following information:
 - i. Location of Administrative Office with Full Time Personnel, include all office locations (address) with full time personnel.
 - ii. Name and address of principal officer;
 - iii. Name and address for purpose of issuing checks and/or drafts;
 - iv. For corporations, a statement listing name(s) and address(es) of principal owners who hold five percent interest or more in the corporation.
 - v. If out-of-state proposer, give name and address of local representative; if none, so state;
 - vi. If any of the proposer's personnel named is a current or former Louisiana state employee, indicate the Agency where employed, position, title, termination date, and social security number;
 - vii. If the proposer was engaged by DHH within the past twenty-four (24) months, indicate the contract number and/or any other

- information available to identify the engagement; if not, so state;
and
 - viii. Proposer's state and federal tax identification numbers.
 - ix. **Veteran/Hudson Initiative:** Proposer should demonstrate participation in Veteran Initiative and Hudson Initiative Small Entrepreneurships or explanation if not applicable. (See Attachment I).
- d. The following information **must** be included in the proposal:
- i. **Certification Statement:** The proposer must sign and submit an original Certification Statement (See Attachment II).

2. Work Plan/Project Execution

The proposer should articulate an understanding of, and ability to effectively implement services as outlined within Section II of the RFP. In this section the proposer should state the approach it intends to use in achieving each objective of the project as outlined, including a project work plan and schedule for implementation. In particular, the proposer should:

- a. Demonstrate a clear understanding of federal and state statutes and supplemental rebates.
- b. Provide a written explanation of the organizational structures of both operations and program administration, and how those structures will support service implementation. Individual components should include plans for supervision, training, technical assistance, as well as collaboration as appropriate.
- c. Provide a strategic overview including all elements to be provided.
- d. Breakdown into logical tasks and time frames all work to be performed, accompanied by an assessment of relative difficulty for each task.
- e. Identify critical tasks;
- f. Estimate time involved in completion of tasks;
- g. Identify all assumptions or constraints on tasks;
- h. Demonstrate an ability to hire staff with the necessary experience and skill set that will enable them to effectively meet the needs of consumers served.
- i. Demonstrate an understanding of, and ability to implement, the various types of organizational strategies to be integrated within the day to day operations, which are critical in organizing their functioning and maximizing productivity.

- j. Demonstrate knowledge of services to be provided and effective strategies to achieve objectives and effective service delivery.
- k. Describe approach and strategy for project oversight and management.
- l. Articulate the need for, and the ability to implement, a plan for continuous quality improvement; this includes (but is not limited to) reviewing the quality of services provided and staff productivity.
- m. Demonstrate an understanding of and ability to implement data collection as needed.
- n. Explain processes that will be implemented in order to complete all tasks and phases of the project in a timely manner, as outlined within Section II.
- o. Articulate the ability to develop and implement an All Hazards Response plan in the event of an emergency event.
- p. Refer to specific documents and reports that can be produced as a result of completing tasks, to achieve the requested deliverables.
- q. Identify all assumptions or constraints on tasks.
- r. Discuss what flexibility exists within the work plan to address unanticipated problems which might develop during the contract period.
- s. If the proposer intends to subcontract for portions of the work, include specific designations of the tasks to be performed by the subcontractor.
- t. Document procedures to protect the confidentiality of records in DHH databases, including records in databases that may be transmitted electronically via e-mail or the Internet.

3. Relevant Corporate Experience

- a. Relevant corporate experience will be scored based upon the proposer's ability to provide qualifications that exceed the minimum qualifications required in Section III. A. 3 of the RFP. The proposal should indicate the proposer's firm has a record of prior successful experience in the implementation of the services sought through this RFP. Proposers should clearly address their ability to meet or exceed the minimum qualifications outlined in Section III.A.3 of the RFP. Proposers should include statements specifying the extent of responsibility on prior projects and a description of the projects scope and similarity to the projects outlined in this RFP. All experience under this section should be in sufficient detail to allow an adequate evaluation by the Department. The proposer shall have, within the last 36 months implemented a similar type.

Proposers should give at least two customer references for projects implemented in at least the last 36 months. References shall include the name, email address and telephone number of each contact person.

- b. In this section, a statement of the proposer's involvement in litigation that could affect this work should be included. If no such litigation exists, proposer should so state.

4. Personnel Qualifications

- a. The purpose of this section is to evaluate the relevant experience, resources, and qualifications of the proposed staff to be assigned to this project. The experience of proposer's personnel in implementing similar services to those to be provided under this RFP will be evaluated. The adequacy of personnel for the proposed project team will be evaluated on the basis of project tasks assigned, allocation of staff, professional skill mix, and level of involvement of personnel.
- b. Proposers should state job responsibilities, workload and lines of supervision. An organizational chart identifying individuals and their job titles and major job duties should be included. The organizational chart should show lines of responsibility and authority.
- c. Job descriptions, including the percentage of time allocated to the project and the number of personnel should be included and should indicate minimum education, training, experience, special skills and other qualifications for each staff position as well as specific job duties identified in the proposal. Job descriptions should indicate if the position will be filled by a sub-contractor.
- d. Key personnel and the percentage of time directly assigned to the project should be identified.
- e. Résumés of all known personnel should be included. Resumes of proposed personnel should include, but not be limited to:
 - Experience with proposer,
 - Previous experience in projects of similar scope and size.
 - Educational background, certifications, licenses, special skills, etc.
- f. If subcontractor personnel will be used, the proposer should clearly identify these persons, if known, and provide the same information requested for the proposer's personnel.

5. Additional Information

As an appendix to its proposal, if available, proposers should provide copies of any policies and procedures manuals applicable to this contract, inclusive

of organizational standards or ethical standards. This appendix should also include a copy of proposer's All Hazards Response Plan, if available.

6. Corporate Financial Condition

- a. The organization's financial solvency will be evaluated. The proposer's ability to demonstrate adequate financial resources for performance of the contract or the ability to obtain such resources as required during performance under this contract will be considered.
- b. Proposal should include for each of the last three (3) years, copies of financial statements, preferably audited, including at least a balance sheet and profit and loss statement, or other appropriate documentation which would demonstrate to the Department the proposer's financial resources sufficient to conduct the project.

7. Cost and Pricing Analysis

- a. Proposer shall specify costs for performance of tasks. Proposal shall include all anticipated costs of successful implementation of all deliverables outlined. An item by item breakdown of costs shall be included in the proposal.
- b. Proposers shall submit the breakdown in a similar format to the attached sample cost template form (See Attachment V) for each year of the contract to demonstrate how cost was determined.

P. Evaluation Criteria

The following criteria will be used to evaluate proposals:

1. Evaluations will be conducted by a Proposal Review Committee.
2. Evaluations of the financial statements will be conducted by a member of the DHH Fiscal Division.
3. Scoring will be based on a possible total of 100 points and the proposal with the highest total score will be recommended for award.

4. Cost Evaluation:

- a. The proposer with the lowest total cost for all three years shall receive 25 points. Other proposers shall receive points for cost based upon the following formula:

$$\text{CPS} = (\text{LPC}/\text{PC}) * 25$$

CPS = Cost Proposal Score

LPC = Lowest Proposal Cost of all proposers

PC = Individual Proposal Cost

- b. The assignment of the 25 points based on the above formula will be calculated by a member of the DHH Contracts Office staff.

5. Evaluation Criteria and Assigned Weights:

Evaluation Criteria	Assigned Weight
Introduction/Understanding of RFP	5
Work Plan/Project Execution	20
Corporate Experience	20
Qualification of Personnel	15
Financial Statements	5
Cost	25
Veteran and Hudson Initiatives	10
Total	100

Q. Announcement of Award

The Department will award the contract to the proposer with the highest graded proposal and deemed to be in the best interest of the Department. All proposers will be notified of the contract award. The Department will notify the successful proposer and proceed to negotiate contract terms.

IV. CONTRACTUAL INFORMATION

- A. The contract between DHH and the Contractor shall include the standard DHH contract form (CF-1/attached) including a negotiated scope of work, the RFP and its amendments and addenda, and the Contractor's proposal. The attached CF-1 contains basic information and general terms and conditions of the contract to be awarded.
- B. **Mutual Obligations and Responsibilities:** The state requires that the mutual obligations and responsibilities of DHH and the successful proposer be recorded in a written contract. While final wording will be resolved at contract time, the intent of the provisions will not be altered and will include all provisions as specified in the attached CF-1 (Attachment III).
- C. **Retainage** - the Department shall secure a retainage of 10% from all billings under the contract as surety for performance. On successful completion of contract deliverables, the retainage amount may be released on an annual basis. Within ninety (90) days of the termination of the contract, if the contractor has performed the contract services to the satisfaction of the Department and all invoices appear to be correct, DHH shall release all retained amounts to the contractor.

D. In addition, to terms of the CF-1 and supplements, the following will be incorporated into the contract awarded through this RFP:

1. **Personnel Assignments:** The Contractor's key personnel assigned to this contract may not be replaced without the written consent of the Department. Such consent shall not be unreasonably withheld or delayed provided an equally qualified replacement is offered. Key personnel for these purposes will be determined during contract negotiation.
2. **Force Majeure:** The contractor and the Department are excused from performance under contract for any period they may be prevented from performance by an Act of God, strike, war, civil disturbance, epidemic or court order.
3. **Order of Precedence:** The contract shall, to the extent possible, be construed to give effect to all provisions contained therein; however, where provisions conflict, the intent of the parties shall be determined by giving a first priority to provisions of the contract excluding the RFP and the proposal; second priority to the provisions of the RFP; and third priority to the provisions of the proposal.
4. **Entire Agreement:** This contract, together with the RFP and addenda issued thereto by the Department, the proposal submitted by the contractor in response to the Department's RFP, and any exhibits specifically incorporated herein by reference constitute the entire agreement between the parties with respect to the subject matter.
5. **Board Resolution/Signature Authority:** The contractor, if a corporation, shall secure and attach to the contract a formal Board Resolution indicating the signatory to the contract is a corporate representative and authorized to sign said contract.
6. **Warranty to Comply with State and Federal Regulations:** The contractor shall warrant that it shall comply with all state and federal regulations as they exist at the time of the contract or as subsequently amended.
7. **Warranty of Removal of Conflict of Interest:** The contractor shall warrant that it, its officers, and employees have no interest and shall not acquire any interest, direct or indirect, which conflicts in any manner or degree with the performance of services hereunder. The contractor shall periodically inquire of its officers and employees concerning such conflicts, and shall inform the Department promptly of any potential conflict. The contractor shall warrant that it shall remove any conflict of interest prior to signing the contract.
8. If the contractor is a corporation, the following requirement must be met prior to execution of the contract:

- a. If a for-profit corporation whose stock is not publicly traded-the contractor must file a Disclosure of Ownership form with the Louisiana Secretary of State.
- b. If the contractor is a corporation not incorporated under the laws of the State of Louisiana-the contractor must obtain a Certificate of Authority pursuant to R.S. 12:301-302 from the Louisiana Secretary of State.
- c. The contractor must provide written assurance to the agency from contractor's legal counsel that the contractor is not prohibited by its articles of incorporation, bylaws or the laws under which it is incorporated from performing the services required under the contract.

Attachments:

- I. Veteran and Hudson Initiatives
- II. Certification Statement
- III. DHH Standard Contract Form (CF-1)
- IV. HIPAA BAA
- V. Sample Cost Breakdown Template

**Minimum Required Language - Request For Proposal (RFP)
Veteran-Owned and Service-Connected Small Entrepreneurships (Veteran
Initiative) and Louisiana Initiative for Small Entrepreneurships (Hudson
Initiative) Programs**

Participation of Veteran Initiative and Hudson Initiative small entrepreneurships will be scored as part of the technical evaluation.

The State of Louisiana Veteran and Hudson Initiatives are designed to provide additional opportunities for Louisiana-based small entrepreneurships (sometimes referred to as LaVet's and SE's respectively) to participate in contracting and procurement with the state. A certified Veteran-Owned and Service-Connected Disabled Veteran-Owned small entrepreneurship (LaVet) and a Louisiana Initiative for Small Entrepreneurships (Hudson Initiative) small entrepreneurship are businesses that have been certified by the Louisiana Department of Economic Development. All eligible vendors are encouraged to become certified. Qualification requirements and online certification are available at https://smallbiz.louisianaforward.com/index_2.asp.

Ten percent (10%) of the total evaluation points on this RFP are reserved for proposers who are themselves a certified Veteran or Hudson Initiative small entrepreneurship or who will engage the participation of one or more certified Veteran or Hudson Initiatives small entrepreneurships as subcontractors.

Reserved points shall be added to the applicable proposers' evaluation score as follows:

Proposer Status and Reserved Points

- Proposer is a certified small entrepreneurship: Full amount of the reserved points
- Proposer is not a certified small entrepreneurship but has engaged one or more certified small entrepreneurships to participate as subcontractors or distributors. Points will be allocated based on the following criteria:
 - the number of certified small entrepreneurships to be utilized
 - the experience and qualifications of the certified small entrepreneurship(s)
 - the anticipated earnings to accrue to the certified small entrepreneurship(s)

If a proposer is not a certified small entrepreneurship as described herein, but plans to use certified small entrepreneurship(s), proposer shall include in their proposal the names of their certified Veteran Initiative or Hudson Initiative small entrepreneurship subcontractor(s), a description of the work each will perform, and the dollar value of each subcontract.

During the term of the contract and at expiration, the Contractor will also be required to report Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship subcontractor or distributor participation and the dollar amount of each.

The statutes (R.S 39:2171 *et. seq.*) concerning the Veteran Initiative may be viewed at <http://legis.la.gov/lss/lss.asp?doc=671504>; and the statutes (R.S 39:2001 *et. seq.*)

concerning the Hudson Initiative may be viewed <http://legis.la.gov/lss/lss.asp?doc=96265>. The rules for the Veteran Initiative (LAC 19:VII. Chapters 11 and 15) and for the Hudson Initiative (LAC 19:VIII Chapters 11 and 13) may be viewed at <http://www.doa.louisiana.gov/osp/se/se.htm>.

A current list of certified Veteran-Owned and Service-Connected Disabled Veteran-Owned and Hudson Initiative small entrepreneurship may be obtained from the Louisiana Economic Development Certification System at https://smallbiz.louisianaforward.com/index_2.asp. Additionally, a list of Hudson and Veteran Initiative small entrepreneurship, which have been certified by the Louisiana Department of Economic Development and who have opted to register in the State of Louisiana LaGov Supplier Portal https://lagoverpvendor.doa.louisiana.gov/irj/portal/anonymous?quest_user=self_reg may be accessed from the State of Louisiana Procurement and Contract (LaPAC) Network <http://wwwprd.doa.louisiana.gov/osp/lapac/vendor/srchven.asp>. When using this site, determine the search criteria (i.e. alphabetized list of all certified vendors, by commodities, etc.) and select SmallE, VSE, or DVSE.

Rev. 12/1/11

CERTIFICATION STATEMENT**ATTACHMENT II**

The undersigned hereby acknowledges she/he has read and understands all requirements and specifications of the Request for Proposals (RFP), including attachments.

OFFICIAL CONTACT. The State requests that the Proposer designate one person to receive all documents and the method in which the documents are best delivered. Identify the Contact name and fill in the information below: (Print Clearly)

Date	
Official Contact Name	
Email Address	
Fax Number with Area Code	
Telephone Number	
Street Address	
City, State, and Zip	

Proposer certifies that the above information is true and grants permission to the Department to contact the above named person or otherwise verify the information I have provided.

By its submission of this proposal and authorized signature below, proposer certifies that:

1. The information contained in its response to this RFP is accurate;
2. Proposer accepts the procedures, evaluation criteria, contract terms and conditions, and all other administrative requirements set forth in this RFP.
3. Proposer accepts the procedures, evaluation criteria, mandatory contract terms and conditions, and all other administrative requirements set forth in this RFP.
4. Proposer's technical and cost proposals are valid for at least 120 days from the date of proposer's signature below;
5. Proposer understands that if selected as the successful Proposer, he/she will have five (5) business days from the date of delivery of initial contract in which to complete contract negotiations, if any, and execute the final contract document. The Department has the option to waive this deadline if actions or inactions by the Department cause the delay.
6. Proposer certifies, by signing and submitting a proposal for \$25,000 or more, that their company, any subcontractors, or principals are not suspended or debarred by the General Services Administration (GSA) in accordance with the requirements in OMB Circular A-133. (A list of parties who have been suspended or debarred can be viewed via the internet at www.epls.gov).

Authorized Signature: _____
(Original signature only. No electronic or photocopy accepted.)

Typed or Printed Name: _____

Title: _____

Company Name: _____

**CFMS:
DHH:
AGENCY #**

**CONTRACT BETWEEN STATE OF LOUISIANA
DEPARTMENT OF HEALTH AND HOSPITALS**

Attachment III
DHH - CF - 1

AND

FOR

☐ Personal Services ☐ Professional Services ☐ Consulting Services ☐ Social Services

1) Contractor (Legal Name if Corporation)	5) Federal Employer Tax ID# or Social Security # (11 digits)
2) Street Address	6) Parish(es) Served
City and State	Zip Code
7) License or Certification #	
3) Telephone Number	8) Contractor Status
4) Mailing Address (if different)	Subrecipient: <input type="checkbox"/> Yes <input type="checkbox"/> No
	Corporation: <input type="checkbox"/> Yes <input type="checkbox"/> No
	For Profit: <input type="checkbox"/> Yes <input type="checkbox"/> No
	Publicly Traded: <input type="checkbox"/> Yes <input type="checkbox"/> No
City and State	Zip Code
	8a) CFDA#(Federal Grant #)

9) Brief Description Of Services To Be Provided:

Include description of work to be performed and objectives to be met; description of reports or other deliverables and dates to be received (when applicable). In a consulting service, a resume of key contract personnel performing duties under the terms of the contract and amount of effort each will provide under terms of contract should be attached.

10) Effective Date	11) Termination Date
---------------------------	-----------------------------

12) This contract may be terminated by either party upon giving thirty (30) days advance written notice to the other party with or without cause but in no case shall continue beyond the specified termination date.

13) Maximum Contract Amount

14) Terms of Payment

If progress and/or completion of services are provided to the satisfaction of the initiating Office/Facility, payments are to be made as follows: (stipulate rate or standard of payment, billing intervals, invoicing provisions, etc.). Contractor obligated to submit final invoices to Agency within fifteen (15) days after termination of contract.

PAYMENT WILL BE MADE ONLY UPON APPROVAL OF:	Name
	Title
	Phone Number

15) **Special or Additional Provisions which are incorporated herein, if any (IF NECESSARY, ATTACH SEPARATE SHEET AND REFERENCE):**

During the performance of this agreement, the Contractor hereby agrees to the following terms and conditions:

1. Contractor hereby agrees to adhere as applicable to the mandates dictated by Titles VI and VII of the Civil Rights Act of 1964, as amended; the Vietnam Era Veterans' Readjustment Assistance Act of 1974; Americans with Disabilities Act of 1990 as amended; the Rehabilitation Act of 1973 as amended; Sec. 202 of Executive Order 11246 as amended, and all applicable requirements imposed by or pursuant to the regulations of the U. S. Department of Health and Human Services. Contractor agrees not to discriminate in the rendering of services to and/or employment of individuals because of race, color, religion, sex, age, national origin, handicap, political beliefs, disabled veteran, veteran status, or any other non-merit factor.
2. Contractor shall abide by the laws and regulations concerning confidentiality which safeguard information and the patient/client confidentiality. Information obtained shall not be used in any manner except as necessary for the proper discharge of Contractor's obligations. (The Contractor shall establish, subject to review and approval of the Department, confidentiality rules and facility access procedures.)
3. The State Legislative Auditor, Office of the Governor, Division of Administration, and Department Auditors or those designated by the Department shall have the option of auditing all accounts pertaining to this contract during the contract and for a three year period following final payment. Contractor grants to the State of Louisiana, through the Office of the Legislative Auditor, Department of Health and Hospitals, and Inspector General's Office, Federal Government and/or other such officially designated body the right to inspect and review all books and records pertaining to services rendered under this contract, and further agrees to guidelines for fiscal administration as may be promulgated by the Department. Records will be made available during normal working hours.

Contractor shall comply with federal and state laws and/or DHH Policy requiring an audit of the Contractor's operation as a whole or of specific program activities. Audit reports shall be sent within thirty (30) days after the completion of the audit, but no later than six (6) months after the end of the audit period. If an audit is performed within the contract period, for any period, four (4) copies of the audit report shall be sent to the Department of Health and Hospitals, Attention: **Division of Fiscal Management, P.O. Box 91117, Baton Rouge, LA 70821-3797** and one (1) copy of the audit shall be sent to the **originating DHH Office.**

4. Contractor agrees to retain all books, records and other documents relevant to the contract and funds expended thereunder for at least four (4) years after final payment or as prescribed in 45 CFR 74:53 (b) whichever is longer. Contractor shall make available to the Department such records within thirty (30) days of the Department's written request and shall deliver such records to the Department's central office in Baton Rouge, Louisiana, all without expense to the Department. Contractor shall allow the Department to inspect, audit or copy records at the contractor's site, without expense to the Department.
5. Contractor shall not assign any interest in this contract and shall not transfer any interest in the same (whether by assignment or novation), without written consent of the Department thereto, provided, however, that claims for money due or to become due to Contractor from the Department under this contract may be assigned to a bank, trust company or other financial institution without advanced approval. Notice of any such assignment or transfer shall be promptly furnished to the Department and the Division of Administration, Office of Contractual Review.
6. Contractor hereby agrees that the responsibility for payment of taxes from the funds received under this contract shall be Contractor's. The contractor assumes responsibility for its personnel providing services hereunder and shall make all deductions for withholding taxes, and contributions for unemployment compensation funds, and shall maintain, at Contractor's expense, all necessary insurance for its employees, including but not limited to automobile insurance, workers' compensation and general liability insurance.

7. Contractor shall obtain and maintain during the contract term all necessary insurance including automobile insurance, workers' compensation insurance, and general liability insurance. The required insurances shall protect the Contractor, the Department of Health and Hospitals, and the State of Louisiana from all claims related to Contractor's performance of this contract. Certificates of Insurance shall be filed with the Department for approval. Said policies shall not be canceled, permitted to expire, or be changed without thirty (30) days advance written notice to the Department. Commercial General Liability Insurance shall provide protection during the performance of work covered by the contract from claims or damages for personal injury, including accidental death, as well as claims for property damages, with combined single limits prescribed by the Department.
8. In cases where travel and related expenses are required to be identified separate from the fee for services, such costs shall be in accordance with State Travel Regulations. The contract contains a maximum compensation which shall be inclusive of all charges including fees and travel expenses.
9. No funds provided herein shall be used to urge any elector to vote for or against any candidate or proposition on an election ballot nor shall such funds be used to lobby for or against any proposition or matter having the effect of law being considered by the legislature or any local governing authority. This provision shall not prevent the normal dissemination of factual information relative to a proposition or any election ballot or a proposition or matter having the effect of law being considered by the legislature or any local governing authority. Contracts with individuals shall be exempt from this provision.
10. Should contractor become an employee of the classified or unclassified service of the State of Louisiana during the effective period of the contract, Contractor must notify his/her appointing authority of any existing contract with State of Louisiana and notify the contracting office of any additional state employment. This is applicable only to contracts with individuals.
11. All non-third party software and source code, records, reports, documents and other material delivered or transmitted to Contractor by State shall remain the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract. All non-third party software and source code, records, reports, documents, or other material related to this contract and/or obtained or prepared by Contractor in connection with the performance of the services contracted for herein shall become the property of State, and shall be returned by Contractor to State, at Contractor's expense, at termination or expiration of this contract.
12. Contractor shall not enter into any subcontract for work or services contemplated under this contract without obtaining prior written approval of the Department. Any subcontracts approved by the Department shall be subject to conditions and provisions as the Department may deem necessary; provided, however, that notwithstanding the foregoing, unless otherwise provided in this contract, such prior written approval shall not be required for the purchase by the contractor of supplies and services which are incidental but necessary for the performance of the work required under this contract. No subcontract shall relieve the Contractor of the responsibility for the performance of contractual obligations described herein.
13. No person and no entity providing services pursuant to this contract on behalf of contractor or any subcontractor is prohibited from providing such services by the provisions of R.S. 42:1113 as amended in the 2008 Regular Session of the Louisiana Legislature.
14. No claim for services furnished or requested for reimbursement by Contractor, not provided for in this contract, shall be allowed by the Department. In the event the Department determines that certain costs which have been reimbursed to Contractor pursuant to this or previous contracts are not allowable, the Department shall have the right to set off and withhold said amounts from any amount due the Contractor under this contract for costs that are allowable.
15. This contract is subject to and conditioned upon the availability and appropriation of Federal and/or State funds; and no liability or obligation for payment will develop between the parties until the contract has been approved by required authorities of the Department; and, if contract exceeds

\$20,000, the Director of the Office of Contractual Review, Division of Administration in accordance with La. R.S. 39:1502.

16. The continuation of this contract is contingent upon the appropriation of funds from the legislature to fulfill the requirements of the contract. If the Legislature fails to appropriate sufficient monies to provide for the continuation of the contract, or if such appropriation is reduced by the veto of the Governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.
17. Any alteration, variation, modification, or waiver of provisions of this contract shall be valid only when reduced to writing, as an amendment duly signed, and approved by required authorities of the Department; and, if contract exceeds \$20,000, approved by the Director of the Office of Contractual Review, Division of Administration. Budget revisions approved by both parties in cost reimbursement contracts do not require an amendment if the revision only involves the realignment of monies between originally approved cost categories.
18. Any contract disputes will be interpreted under applicable Louisiana laws and regulations in Louisiana administrative tribunals or district courts as appropriate.
19. Contractor will warrant all materials, products and/or services produced hereunder will not infringe upon or violate any patent, copyright, trade secret, or other proprietary right of any third party. In the event of any such claim by any third party against DHH, the Department shall promptly notify Contractor in writing and Contractor shall defend such claim in DHH's name, but at Contractor's expense and shall indemnify and hold harmless DHH against any loss, expense or liability arising out of such claim, whether or not such claim is successful. This provision is not applicable to contracts with physicians, psychiatrists, psychologists or other allied health providers solely for medical services.
20. Any equipment purchased under this contract remains the property of the Contractor for the period of this contract and future continuing contracts for the provision of the same services. Contractor must submit vendor invoice with reimbursement request. For the purpose of this contract, equipment is defined as any tangible, durable property having a useful life of at least (1) year and acquisition cost of \$1000.00 or more. The contractor has the responsibility to submit to the Contract Monitor an inventory list of DHH equipment items when acquired under the contract and any additions to the listing as they occur. Contractor will submit an updated, complete inventory list on a quarterly basis to the Contract Monitor. Contractor agrees that upon termination of contracted services, the equipment purchased under this contract reverts to the Department. Contractor agrees to deliver any such equipment to the Department within 30 days of termination of services.
21. Contractor agrees to protect, indemnify and hold harmless the State of Louisiana, DHH, from all claims for damages, costs, expenses and attorney fees arising in contract or tort from this contract or from any acts or omissions of Contractor's agents, employees, officers or clients, including premises liability and including any claim based on any theory of strict liability. This provision does not apply to actions or omissions for which LA R.S. 40:1299.39 provides malpractice coverage to the contractor, nor claims related to treatment and performance of evaluations of persons when such persons cause harm to third parties (R.S. 13:5108.1(E)). Further it does not apply to premises liability when the services are being performed on premises owned and operated by DHH.
22. Any provision of this contract is severable if that provision is in violation of the laws of the State of Louisiana or the United States, or becomes inoperative due to changes in State and Federal law, or applicable State or Federal regulations.
23. Contractor agrees that the current contract supersedes all previous contracts, negotiations, and all other communications between the parties with respect to the subject matter of the current contract.

THIS CONTRACT CONTAINS OR HAS ATTACHED HERETO ALL THE TERMS AND CONDITIONS AGREED UPON BY THE CONTRACTING PARTIES. IN WITNESS THEREOF, THIS CONTRACT IS SIGNED ON THE DATE INDICATED BELOW.

	STATE OF LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS
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SIGNATURE

DATE

SIGNATURE

DATE

NAME

NAME

Secretary, Department of Health and Hospitals or Designee

TITLE

TITLE

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SIGNATURE

DATE

SIGNATURE

DATE

NAME

NAME

TITLE

TITLE

(Rev. 1/04)

HIPAA Business Associate Addendum:

This Business Associate Addendum is hereby made a part of this contract in its entirety as Attachment ___ to the contract.

1. The U. S. Department of Health and Human Services has issued final regulations, pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), governing the privacy of individually identifiable health information. See 45 CFR Parts 160 and 164 (the "HIPAA Privacy Rule"). The Department of Health and Hospitals, ("DHH"), as a "Covered Entity" as defined by HIPAA, is a provider of health care, a health plan, or otherwise has possession, custody or control of health care information or records.
2. "*Protected health information*" ("PHI") means individually identifiable health information including all information, data, documentation and records, including but not limited to demographic, medical and financial information that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual or payment for health care provided to an individual; and that identifies the individual or which DHH believes could be used to identify the individual.
 "*Electronic protected health information*" means PHI that is transmitted by electronic media or maintained in electronic media.
 "*Security incident*" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system.
3. Contractor is considered a Business Associate of DHH, as contractor either: (A) performs certain functions on behalf of or for DHH involving the use or disclosure of protected individually identifiable health information by DHH to contractor, or the creation or receipt of PHI by contractor on behalf of DHH; or (B) provides legal, actuarial, accounting, consulting, data aggregation, management, administrative, accreditation, financial or social services for DHH involving the disclosure of PHI.
4. Contractor agrees that all PHI obtained as a result of this contractual agreement shall be kept confidential by contractor, its agents, employees, successors and assigns as required by HIPAA law and regulations and by this contract and addendum.
5. Contractor agrees to use or disclose PHI solely (A) for meeting its obligations under this contract, or (B) as required by law, rule or regulation or as otherwise permitted under this contract or the HIPAA Privacy Rule.
6. Contractor agrees that at termination of the contract, or upon request of DHH, whichever occurs first, contractor will return or destroy (at the option of DHH) all PHI received or created by contractor that contractor still maintains in any form and retain no copies of such information; or if such return or destruction is not feasible, contractor will extend the confidentiality protections of the contract to the information and limit further uses and disclosure to those purposes that make the return or destruction of the information infeasible.
7. Contractor will ensure that its agents, employees, subcontractors or others to whom it provides PHI received by or created by contractor on behalf of DHH agree to the same restrictions and conditions that apply to contractor with respect to such information. Contractor also agrees to take all reasonable steps to ensure that its employees', agents' or subcontractors' actions or omissions do not cause contractor to breach the terms of this Addendum. Contractor will use all appropriate safeguards to prevent the use or disclosure of PHI other than pursuant to the terms and conditions of this contract and Addendum.
8. Contractor shall, within 3 days of becoming aware of any use or disclosure of PHI, other than as permitted by this contract and Addendum, report such disclosure in writing to the person(s) named in section 14 (Terms of Payment), page 1 of the CF-1.
9. Contractor shall make available such information in its possession which is required for DHH

to provide an accounting of disclosures in accordance with 45 CFR 164.528. In the event that a request for accounting is made directly to contractor, contractor shall forward such request to DHH within two (2) days of such receipt. Contractor shall implement an appropriate record keeping process to enable it to comply with the requirements of this provision. Contractor shall maintain data on all disclosures of PHI for which accounting is required by 45 CFR 164.528 for at least six (6) years after the date of the last such disclosure.

10. Contractor shall make PHI available to DHH upon request in accordance with 45 CFR 164.524.
11. Contractor shall make PHI available to DHH upon request for amendment and shall incorporate any amendments to PHI in accordance with 45 CFR 164.526.
12. Contractor shall make its internal practices, books, and records relating to the use and disclosure of PHI received from or created or received by contractor on behalf of DHH available to the Secretary of the U. S. DHHS for purposes of determining DHH's compliance with the HIPAA Privacy Rule.
13. Compliance with Security Regulations:

In addition to the other provisions of this Addendum, if Contractor creates, receives, maintains, or transmits electronic PHI on DHH's behalf, Contractor shall, no later than April 20, 2005:

 - (A) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that it creates, receives, maintains, or transmits on behalf of DHH;
 - (B) Ensure that any agent, including a subcontractor, to whom it provides such information agrees to implement reasonable and appropriate safeguards to protect it; and
 - (C) Report to DHH any security incident of which it becomes aware.
14. Contractor agrees to indemnify and hold DHH harmless from and against all liability and costs, including attorneys' fees, created by a breach of this Addendum by contractor, its agents, employees or subcontractors, without regard to any limitation or exclusion of damages provision otherwise set forth in the contract.
15. Notwithstanding any other provision of the contract, DHH shall have the right to terminate the contract immediately if DHH determines that contractor has violated any material term of this Addendum.

Attachment V
Sample Cost Template

Note: Use this sample template to prepare a cost breakdown for **each year** of the contract

Year 1	Monthly Rate	Total
Administrative Staff (list by position)		
Direct Labor Staff (list by position)		
Contracted Staff (list by position)		
Benefits		
Operating Costs:		
Rent		
Utilities		
Telephone		
Insurance		
Other (List):		
Office Supplies (List)		
Professional Services (list)		
Other Direct Costs (list)		

Attachment V
Sample Cost Template

Note: Use this sample template to prepare a cost breakdown for **each year** of the contract

Year 2	Monthly Rate	Total
Administrative Staff (list by position)		
Direct Labor Staff (list by position)		
Contracted Staff (list by position)		
Benefits		
Operating Costs:		
Rent		
Utilities		
Telephone		
Insurance		
Other (List):		
Office Supplies (List)		
Professional Services (list)		
Other Direct Costs (list)		

Attachment V
Sample Cost Template

Note: Use this sample template to prepare a cost breakdown for each year of the contract

Year 3	Monthly Rate	Total
Administrative Staff (list by position)		
Direct Labor Staff (list by position)		
Contracted Staff (list by position)		
Benefits		
Operating Costs:		
Rent		
Utilities		
Telephone		
Insurance		
Other (List):		
Office Supplies (List)		
Professional Services (list)		
Other Direct Costs (list)		

YearOneTotal: _____
YearTwoTotal: _____
YearThreeTotal: _____