VERMONT

Department of Vermont Health Access
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Agency of Human Services
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MEMORANDUM

TO: Neale F. Lunderville; Secretary, Agency of Administration (AOA)

FROM: Susan Besio; Commissioner, Department of Vermont Health Access (DVHA)

THROUGH: Robert D. Hofmann; Secretary, Agency of Human Services (AHS)

DATE: August 2, 2010

SUBJECT: Approval for Amendment #5 – MedMetrics Health Partners (MHP) Contract #9097
Current Duration: 11/01/2005 – 10/31/2010 Current Value: $ 14,734,071
Proposed Duration: 11/01/2005 – 12/31/2012 Proposed Value: $ 21,316,026

The Department of Vermont Health Access is currently in the fifth year of a contract with MedMetrics Health Partners, Inc. (MHP) to provide pharmacy benefit management (PBM) services to citizens enrolled in Vermont's publicly funded health care programs. The services that MHP provide include claims management; consulting and management of benefit design; utilization review and management; supplemental rebate management; analysis and reporting; managing our preferred drug list; managing specialty pharmacy services; and supporting our Drug Utilization Review Board. The MHP contract began November 1, 2005, and is due to expire October 31, 2010. Under typical circumstances, we would have issued an RFP in January 2010 for these services, with a new contract start date of November 1, 2010, or earlier if necessary to allow for transition to a new PBM. This year, however, is unique.

It is DVHA's intent to issue a unified RFP for both pharmacy benefit management services and the Medicaid Management Information System (MMIS). The current MMIS contract with HP does not expire until December 31, 2012; consequently, DVHA has received permission from Secretary Hofmann to extend the current MHP contract so that it expires on December 31, 2012 as well. We do not believe there are any performance issues related to the MHP contract that would cause concern regarding an additional 26-month extension. To the contrary, we have worked cooperatively with MHP and believe they view us as a significant and strategic business partner.

In addition to extending the contract, this amendment redesigns the prior authorization process for further cost-efficiency and reflects a 1% reduction from our FY10 appropriation for this contract. The addition of the 26-month extension and the incremental costs associated with this amendment will be $6,581,955. The duration of the contract will be 11/01/2005–12/31/2012 with a new contract value of $21,316,026. The funding for this amendment will be covered by the Global Commitment to Health Appropriations and complies with all mandatory provisions of AOA Bulletin 3.5.

Approval: _____
Neale F. Lunderville, Secretary, AOA

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OFFICE OF VERMONT HEALTH ACCESS

AMENDMENT

It is hereby agreed by and between the State of Vermont, Department of Vermont Health Access (hereinafter called the "State") and **MedMetrics Health Partners**, Inc. (hereinafter called the "Contractor") that the personal services contract for the provision of pharmacy benefits management (PBM) services, effective November 1, 2005, is hereby amended, effective as of November 1, 2010 ("Effective Date"), as follows:

1. Effective November 1, 2010, the Contract Term of the contact is hereby extended. The Contract Term language is revised by replacing:

   "The period of Contractor's performance shall begin November 1, 2005 and ends on October 31, 2010."

   with:

   "The period of Contractor's performance shall begin on November 1, 2005 and ends on December 31, 2012.

2. As of the Effective Date, Attachment B – Payment Provisions shall be modified as follows:

   The following Section 2 items shall be stricken, as these services are no longer represented in the budget:

   Item #11 – "SPAP rebate negotiation, rebate management and disputes and collection: $6,500/month."

   Item #21 – "Dedicated staff, eligibility and plan maintenance, Medicare Part D: Actual cost up to $80,000 per year, including fringe benefits costs plus reasonable State approved expenses no greater than allowed for State employees."

   Item #25 – "Medicare Part D ongoing claims recovery services: One-time consulting services: $150 per hour for 520 hours for a total of $78,000. Design, preparation, and submittal of batch claims files for OVHA Coordination of Benefit Unit for claims not paid under the 402 Waiver for batch billing to Part D. Plans: $25,000 for the initial submission. Design, preparation, and submittal of batch claims files for OVHA Coordination of Benefits Unit for other claims: up to twelve (12) submittal cycles in a contract year at up to $104 per hour up to $3,640 per submittal cycle."

3. As of the Effective Date, to accommodate the changes made heretofore:

   Adjust the "Maximum Amount" payable to the contractor for services provided during the contract's term to $21,316,026. This amount is referenced on Page 1, Number 3. Maximum Amount, on Page 39, Number 1, Payments and Contract Amount, and in one paragraph on Page 41, Development, Implementation and Training.

   Replace the chart, Implementation and Operating Costs, located at the end of Attachment B, Payment Provisions, with the new and revised version attached hereto.

This amendment consists of 9 pages. Except as modified by this amendment and any previous amendments, all provisions of this contract (#9097), dated November 1, 2005, shall remain unchanged and in full force and effect.

IN WITNESS THEREOF, the parties set forth below agree to execute this Amendment to the State of Vermont Contract for Services with MedMetrics Health Partners, Inc.:

By MedMetrics Health Partners:

By _____
~~Ellen R. Nelson~~ James Hooley
~~Managing Director~~
Interim Managing Director
Date _____

By the State of Vermont:

By _____
Susan Besio, Commissioner
Department of Vermont Health Access

Date 9/29/10

STATE OF VERMONT
AMENDMENT TO CONTRACT FOR PERSONAL SERVICES
MEDMETRICS HEALTH PARTNERS, INC.

Contract # 9097
Change # 5

Med Metrics Health Partners Costs- Implementation & Operation Revised

Item #	Type of Service	Basis of Cost	Costs			Implementation Costs 11/01/05 - 10/31/06	Operations Costs 01/0106 - 10/31/06	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
1	Claims processing (on-line and batch; with all pricing including MAC; including COB)	Per month cost	N/A	N/A	$692,500	$0	$577,083	$577,083	$720,200	$749,008	$778,968	$810,127	$735,936	$786,471	$136,881	$5,294,674
			Monthly based on 5 M; $.14 <= 2M; $.13 >2M <= 3.5M; $.12 > 3.5M <= 5M; $11 > 5M													
			Plus 4%/year for years 2-5													
2	Claims processing – Keying paper claims	Per month cost	N/A	N/A	$7,125	$0	$5,937	$5,937	$7,410	$7,706	$8,015	$8,335	$5,187	$5,543	$965	$49,098
			Annual based on 10,000 Annual; $.75 <= 4,999; $.70 >5,000 <= 7,499; $.65 > 7,500 <= 9,999; $.60 > 9,999 <= 15,000													
			Plus 4%/year for years 2-5													
3	Medicare Part D claims	Per month cost				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
			Claims involving Medicare Part D will be included in the claims' count identified in items 1 and 2 of this section													
4	Auditing	Per on-site audit	$1,500	N/A	$22,500	$0	$18,750	$18,750	$23,400	$24,336	$25,309	$26,322	$4,635	$4,650	$775	$128,177
			Assumes 15 days on site plus 4%/year for years 2-5													
5	Drug coverage management (Preferred Drug List), including P & T Committee support	Per month cost	N/A	$6,125	$73,500	$0	$61,250	$61,250	$76,440	$79,498	$82,678	$85,985	$85,703	$85,985	$14,331	$571,870
			Plus 4%/year for years 2-3													
			N/A	$400	$4,800	$0	$0	$0	$0	$0	$4,800	$4,800	$3,944	$3,957	$659	$18,160
			Up to $400/month for additional committee support costs limited to actual costs.													

Med Metrics Health Partners Costs- Implementation & Operation Revised

Item #	Type of Service	Basis of Cost	Costs			Implement-ation Costs 11/01/05 - 10/31/06	Operations Costs 01/0106 - 10/31/06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Analysis and reporting – standard and decision support ad hoc capabilities	Per month cost	N/A	$1,885	$22,620	$0	$18,850	$18,850	$23,525	$24,466	$25,444	$26,462	$26,374	$26,462	$4,410	$175,993
			Plus 4%/year for years 2-5													
7	Connectivity Fee			$300	$3,600	$0	$3,000	$3,000	$3,744	$3,894	$4,050	$4,211	$4,198	$4,212	$702	$28,011
			Plus 4%/year for years 2-5													
8	RxTrack Cognos (10 Licenses)	Per license per month	$750	$7,500	$90,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
9	RxTrack Showcase (4 licenses)	Per license per month	$200	$1,200	$4,800	$0	$0	$0	$3,328	$865	$0	$0	$0	$0	$0	$4,193
			Year 2: $200/month/6 users/4 months													
			$295	$1,180	$14,160	$0	$0	$0	$0	$12,980	$14,726	$15,315	$15,265	$15,315	$2,552	$76,153
			Year 3 and after $295/month/4 users; plus 4%/year for years 4-5													
10	Supplemental rebate negotiations, rebate management and disputes and collection	Per month cost	N/A	$6,500	$78,000	$0	$65,000	$65,000	$81,120	$84,365	$87,739	$91,249	$90,949	$91,249	$15,208	$606,879
			Plus 4%/year for years 2-5													
11	Non-Medicaid State program rebate negotiations, rebate management and disputes and collections	Per month cost	N/A	$6,500	$78,000	$0	$65,000	$65,000	$81,120	$84,365	$87,739	$91,249	$0	$0	$0	$409,473
			Plus 4%/year for years 2-5													

Med Metrics Health Partners Costs- Implementation & Operation Revised

Item #	Type of Service	Basis of Cost	Costs			Implement-ation Costs 11/01/05 - 10/31/06	Operations Costs 01/0106 - 10/31/06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Drug Utilization Review, including DUR Board support for all beneficiaries except AMAP, GA, and HVP	Per month cost	N/A	$8,954	$107,448	$0	$89,540	$89,540	$111,746	$116,216	$120,864	$125,699	$125,285	$125,699	$20,950	$835,999
			Plus 4%/year for years 2-5													
13	Utilization management for all beneficiaries except AMAP, GA, and HVP	Per month cost	N/A	$6,125	$73,500	$0	$61,250	$61,250	$76,440	$79,498	$82,678	$85,985	$85,702	$85,985	$14,331	$571,869
			Plus 4%/year for years 2-5													
14	Clinical detailing	Per month cost	N/A	$6,250	$75,000	$0	$62,500	$62,500	$78,000	$81,120	$84,365	$0	$0	$0	$0	$305,985
			Plus 4%/year for years 2-5													
15	Disease management for all beneficiaries except AMAP, GA, and HVP	Per month cost	N/A	$6,125	$73,500	$0	$61,250	$61,250	$76,440	$79,498	$82,678	$0	$0	$0	$0	$299,866
			Plus 4%/year for years 2-5													
16	Prior authorization		N/A	$21,833	$261,996	$0	$218,330	$218,330	$272,476	$283,375	$0	$0	$0	$0	$0	$774,181
			Plus 4%/year for years 2-3													
	For contract years 5 through 8, telephone costs are included in the contract maximums for prior authorizations.		N/A	$32,164	$385,970	$0	$0	$0	$0	$0	$385,970	$809,095	$844,327	$876,732	$149,492	$3,065,616
			$24,559.16 first 200 PAs per month plus $5.85/PA over first 200; estimated 1,500 PAs/month; plus 4%/year for year 5													
			Year 5 thru Year 8 Tier-Based PA Model: Tier 0=$7, Tier 1 =$10, Tier 2 =$40, Tier 3 = $100, tiers include SXC technical calls at Tier Zero. No minimum.													

Med Metrics Health Partners Costs- Implementation & Operation Revised

Item #	Type of Service	Basis of Cost	Costs			Implement-ation Costs 11/01/05 - 10/31/06	Operations Costs 01/0106 - 10/31/06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Telephone support - Pharmacy providers and prescribers	$13.22 / call up to 60 calls/day; $12.25 / call over 60 calls; minimum $16,666/mo.	N/A	$16,666	$199,992	$0	$166,660	$166,660	$207,992	$216,311	$0	$0	$0	$0	$0	$590,963
			Plus 4%/year for years 2-3													
	For contract years 5 through 8, telephone costs are included in the contract maximums for prior authorizations.	$14.30 / call up to 60 calls/day; $13.25 / call over 60 calls; maximum 18,746.98/mo.	N/A	$18,747	$224,964	$0	$0	$0	$0	$0	$224,964	$0	$0	$0	$0	$224,964
			Plus 4%/year for year 5													
18	ID Cards - Including Mailing	Per Card	$2			$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
			Plus 4%/year for years 2-5													
19	Epocrates® contract	Cost per month	N/A	$3,858	$46,296	$0	$38,580	$38,580	$46,296	$46,296	$50,926	$56,018	$55,834	$56,018	$9,336	$359,304
			$3,858 years 1-3, plus 10% for years 4-5.													
20	Required staffing	Four FTE's		$28,600	$343,200	$0	$286,000	$286,000	$356,928	$371,205	$0	$0	$0	$0	$0	$1,014,133
			Plus 4%/year for years 2-3													
		Four FTE's		$39,319	$471,822	$0	$0	$0	$0	$0	$471,822	$490,695	$453,235	$468,359	$79,606	$1,963,717
		Account Mgr	N/A	N/A	N/A											
		Clinical Mgr	N/A	N/A	N/A											
		Program Rep	N/A	N/A	N/A											
		Data Mgr	N/A	N/A	N/A											
			Plus 4%/year for year 5													
21	Staff for Dedicated Part D		N/A	$6,667	$80,000		$66,667	$66,667	$83,200	$86,528	$89,989	$93,589	$0	$0	$0	$419,973
			Plus 4%/year for years 2-5													

Med Metrics Health Partners Costs- Implementation & Operation Revised

Item #	Type of Service	Basis of Cost	Costs			Implementation Costs 11/01/05 - 10/31/06	Operations Costs 01/0106 - 10/31/06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Administrative Fee		N/A	$19,177	$230,124	$0	$191,770	$191,770	$239,329	$248,902	$258,858	$269,213	$324,190	$346,452	$60,298	$1,939,012
			The greater of $0.13 PMPM or $19,177/month plus 4%/year for years 2-5													
23	Medicare Part D Implementation Services		N/A	N/A	$78,750	$78,750	$0	$78,750	$0	$0	$0	$0	$0	$0	$0	$78,750
			One-time development and implementation year 1 only													
24	Medicare Part D Implementation Recovery Services		N/A	N/A	$225,000	$0	$0	$0	$225,000	$0	$0	$0	$0	$0	$0	$225,000
			One-time development and implementation													
25	Medicare Part D Ongoing Claims Recovery Services		N/A	N/A	$117,140	$0	$0	$0	$0	$117,140	$0	$0	$0	$0	$0	$117,140
			One-time implementation - $78,000; design and preparation of initial submittal of claims not paid by 402 - $25,000; Design, preparation, and submittal of batch claims files; up to twelve (12) submittal cycles/contract year up to $3,640/submittal cycle.													
				$3,640	$43,680	$0	$0	$0	$0	$40,040	$45,427	$47,244	$0	$0	$0	$132,711
			Up to 12 monthly file submittals per contract year; plus 4%/year for years 4-5													

Med Metrics Health Partners Costs- Implementation & Operation Revised

Item #	Type of Service	Basis of Cost	Costs			Implementation Costs 11/01/05 - 10/31/06	Operations Costs 01/0106 - 10/31/06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	VT Emergency Dept Medication History Project		N/A	N/A	$9,200	$0	$0	$0	$0	$17,240	$0	$0	$0	$0	$0	$17,240
			One time implementation - $9,200; up to $1,000 each for up to 7 test files for ongoing submittals; up to $1,040 for up to 1 subsequent test file; $.25 per transaction for up to 10,350 transactions and $.26 per transaction for up to 4,650 transactions for test transactions													
			N/A	$1,040	$12,480	$0	$0	$0	$0	$11,440	$12,979	$13,498	$13,454	$13,498	$2,250	$67,119
			Up to 12 monthly file submittals per contract year, plus 4%/year for years 4-5													
			N/A	N/A	$40,300	$0	$0	$0	$0	$40,300	$41,912	$43,588	$15,107	$17,758	$3,285	$161,950
			Estimated 155,000 transactions through October 31, 2008; $.26 per transaction; assuming that as annual transactions until other hospitals enroll.													
27	Additional Clinical Services & Case Reviews	Per hour cost	$150	N/A	$15,000	$0	$0	$0	$0	$0	$15,000	$15,600	$0	$0	$0	$30,600
			$150/hour up to a maximum of 100 hours/year; plus 4%/year for year 5													
28	Generic Drug Voucher Program		N/A	N/A	$150,000	$0	$0	$0	$0	$0	$150,000	$0	$0	$0	$0	$150,000
			One-time initiation implementation fee for eligibility/claims extract coding changes and creation/population of reports													

STATE OF VERMONT
AMENDMENT TO CONTRACT FOR PERSONAL SERVICES
MEDMETRICS HEALTH PARTNERS, INC.

Contract # 9097
Change # 5

Med Metrics Health Partners Costs- Implementation & Operation Revised

Item #	*Type of Service*	*Basis of Cost*	Costs			Implement-ation Costs	Operations Costs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
			[illegible]	[illegible]	[illegible]	11/01/05 - 10/31/06	01/0106 - 10/31/06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Provider Recovery Services		N/A	N/A	$45,000	$0	$0	$0	$0	$0	$45,000	$0	$0	$0	$0	$45,000
			Total costs not to exceed $45,000 to be paid in three equal payments after the completion of each of three described phases of work													
	Amendments					$0	$0	$0	$0	$0	$0	$0				$0
Sect-ion 3	Other - Development, Implementation, & Training		N/A	$133,333	$400,000	$400,000	$0	$400,000	$0	$0	$0	$0	$74,753	$75,000	$12,500	$562,253
			One-time development and implementation Year 1 only													
	Grand Total					$478,750	$2,057,417	$2,536,167	$2,794,134	$2,906,592	$3,282,900	$3,214,279	$2,964,078	$3,089,345	$528,531	$21,316,026