

**Department of Vermont Health Access**  
*Agency of Human Services*

**Department of Vermont Health Access (DVHA)**  
312 Hurricane Lane  
Williston, VT 05495  
802-879-8256

**SEALED BID**  
**INFORMATION TECHNOLOGY REQUEST FOR PROPOSAL**  
**For Pharmacy Benefits Management Solution Design,**  
**Development, and Implementation**

**Expected RFP Schedule Summary:**

Procurement Schedule	
RFP Release Date	December 13, 2013
Vendor Questions due	December 27, 2013
Responses to Vendor Questions are Posted	January 3, 2013
Vendor Conference	January 7, 2014
Proposals Due	January 31, 2014, 3:00pm
Vendor Demonstrations/Oral Presentations	February 26 <sup>th</sup> – 27 <sup>th</sup> , 2014
Tentative Award Announcement	March 10, 2014
Anticipated Contract Start Date	May 1, 2014

LOCATION OF BID OPENING: 312 Hurricane Lane, Williston VT

**PLEASE BE ADVISED THAT ALL NOTIFICATIONS, RELEASES, AND AMENDMENTS ASSOCIATED WITH THIS RFP WILL BE POSTED AT:**

<http://www.vermontbidsystem.com>

**THE STATE WILL MAKE NO ATTEMPT TO CONTACT VENDORS WITH UPDATED INFORMATION. IT IS THE RESPONSIBILITY OF EACH VENDOR TO CHECK <http://www.vermontbidsystem.com> FOR ANY AND ALL NOTIFICATIONS, RELEASES AND AMENDMENTS ASSOCIATED WITH THE RFP.**

Department of Vermont Health Access (DVHA)  
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## 1.0 General Information

### 1.1 Introduction

The State of Vermont on behalf of the Agency of Human Services (AHS), is soliciting competitive sealed bids from qualified vendors for fixed price proposals (Proposals) for a Pharmacy Benefits Management (PBM) Solution that includes PBM Operational Services and the Software Design, Development, and Technical Support to deliver those Services.

The PBM Solution needs to be implemented to comply with Centers for Medicare and Medicaid Services' (CMS) Seven Standards and Conditions and CMS' Medicaid Information Technology Architecture (MITA) 3.0. The PBM solution needs to be closely integrated with Vermont's Medicaid Managed Information System (MMIS) solution, which is an integral part of Vermont's Health Services Enterprise (HSE).

All potential vendors should be prepared to bid and enter into negotiations in light of the State's Challenges for Change Act (Acts of 2009 Adj. Sess. (2010)), which was enacted in early 2010 in response to the substantial gap faced by the State of Vermont between available revenue and projected expenditures based on its former manner of providing services. This Act challenged all State agencies and departments to redesign how they provide government services in order to create better methods for providing those services, while spending less money and still achieving superior outcomes.

If a suitable offer (or offers) is made in response to this Request for Proposal (RFP), the AHS may enter into a contract (or contracts) (the Contract) to have the selected offeror or offerors (the Vendor) perform all or part of the Work. This RFP provides details on what is required to submit a Proposal in response to this RFP, how the State will evaluate the Proposals, and what will be required of the Vendor in performing the Work.

### 1.2 Sole Point of Contact

All communications concerning this RFP are to be addressed in writing to the attention of:

Kate Jones, Procurement Manager  
Department of Vermont Health Access (DVHA)  
312 Hurricane Lane  
Williston, VT 05495-2087  
kate.jones@state.vt.us  
802-879-8256

Kate Jones, Procurement Manager is the sole contact for this proposal and can be contacted at [kate.jones@state.vt.us](mailto:kate.jones@state.vt.us). Actual contact with any other Party or attempts by bidders to contact any other Party could result in the rejection of their proposal.

### 1.3 Procurement Schedule

The following table documents the critical pre-award events for the procurement. All dates are subject to change at State of Vermont's discretion.

**Table 1. Procurement Schedule**

Procurement Schedule	
RFP Release Date	<b>December 13, 2013</b>
Vendor Questions due	<b>December 27, 2013</b>
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## 1.4 Project Overview

The Agency of Human Services has the widest reach in the Vermont State government and has one of the most critical missions: to improve the conditions and well-being of Vermonters today and tomorrow, and protect those who cannot protect themselves.

The Department of Vermont Health Access (DVHA), which is a department of AHS, assists beneficiaries in accessing clinically appropriate health services, administers Vermont's public health insurance system efficiently and effectively, and collaborates with other healthcare system entities in bringing evidence-based practices to Vermont Medicaid beneficiaries.

As part of this mission, the DVHA administers the pharmacy programs for the State of Vermont with support from its Pharmacy Benefit Manager (PBM) partner.

Vermont seeks to procure a contemporary Pharmacy Benefit Management solution that is built on MITA 3.0 compliant architecture meeting CMS Seven Standards and Conditions. The PBM solution must support AHS and DVHA goals, namely to ensure the availability of clinically appropriate medication services at the most reasonable cost possible, and provide access to high quality pharmacy benefits in Vermont's publicly-funded programs.

### 1.4.1 Current Agency Organization and Healthcare Overview

#### ***Global Commitment to Health Waiver***

The Global Commitment (GC) to Health Section 1115(a) Demonstration, implemented on October 1, 2005, was designed to provide flexibility with regard to the financing and delivery of healthcare to promote access, improve quality and control program costs. The majority of Vermont's Medicaid program currently operates under the GC Demonstration, with the exception of its Children's Health Insurance Program (CHIP), individuals enrolled in Vermont's Section 1115 Long Term Care Demonstration (Choices for Care), and Vermont's Disproportionate Share Hospital (DSH) program. More than 95% of Vermont's Medicaid program participants are enrolled in the GC Demonstration.

According to the GC's Special Terms and Conditions (STCs), Vermont operates its managed care model in accordance with federal managed care regulations, found at 42

CFR 438. AHS, as Vermont's Single State Medicaid Agency, is responsible for oversight of the managed care model. DVHA operates the Medicaid program as if it were a Managed Care Organization in accordance with federal managed care regulations. Program requirements and responsibilities are delineated in an inter-governmental agreement (IGA) between AHS and DVHA. CMS reviews and approves the IGA annually to ensure compliance with Medicaid Managed Care requirements. DVHA also has sub-agreements with the other State entities that provide specialty care for GC enrollees (e.g., mental health services, developmental disability services, and specialized child and family services). As such, since the inception of the GC Demonstration, DVHA has modified operations to meet Medicaid managed care requirements. This includes requirements related to network adequacy, access to care, beneficiary information, grievances, quality assurance and quality improvement. Per the External Quality Review Organization's findings (see section VII), DVHA has achieved exemplary compliance rates in meeting Medicaid managed care requirements. Additionally, in its role as the designated unit responsible for operation of the traditional Medicaid program (including long term care, SCHIP and DSH), DVHA is responsible for meeting requirements defined in federal regulations at 42 CFR 455 for those services excluded from the GC Demonstration.

Under the current waiver structure, AHS pays DVHA a "per member per month" (PMPM) estimate using prospectively derived actuarial rates for the waiver year. This capitation payment reflects the monthly need for federal funds based on estimated GC expenditures. On a quarterly basis, AHS reconciles the federal claims from the underlying GC expenditures on the CMS-64 filing. As such, Vermont's payment mechanisms function similarly to those used by state Medicaid agencies that contract with traditional managed care organizations to manage some or all of the Medicaid benefits.

An amendment to the Global Commitment (GC) to Health Demonstration approved by CMS on October 31, 2007, allowed Vermont to implement the Catamount Health Premium Assistance Program for individuals with incomes up to 200% of the Federal Poverty Level (FPL) who enroll in a corresponding Catamount Health Plan. Created by state statute and implemented in October 2007, the Catamount Health Plan is a commercial health insurance product, initially offered by both Blue Cross Blue Shield of Vermont and MVP Healthcare, which provided comprehensive, quality health coverage for uninsured Vermonters at a reasonable cost regardless of income. CMS approved a second amendment on December 23, 2009 that expanded federal participation for the Catamount Health Premium Assistance Program up to 300% of the FPL. Additionally, this amendment allowed for the inclusion of Vermont's supplemental pharmaceutical assistance programs in the GC Demonstration.

The Global Commitment to Health Demonstration for Medicaid was renewed on October 2, 2013 and is effective through December 31, 2016. This renewal allows Vermont to sustain and improve its ability to provide coverage, affordability, and access to healthcare by making changes to the demonstration that conform to the new coverage opportunities created under the Affordable Care Act.

### ***Vermont Healthcare Reform***

In January 2011, Vermont Governor Shumlin announced his comprehensive plan for health reform, including the goal of implementing a single payer system of universal health coverage for Vermonters. In January of 2012, the Governor's Strategic Plan for Healthcare Reform was released. Specific objectives of this plan are to: 1) reduce the

growth of healthcare cost; 2) assure universal access to high quality health coverage; 3) improve the health of Vermonters; and 4) assure greater fairness in healthcare financing in Vermont. Core strategies of Governor Shumlin's Reform Plan include changing how care is delivered to Vermonters; moving from volume-based to value-based reimbursement; and moving from a fragmented and overly complex financing system to a unified system that supports integration of service delivery and payment reform.

Vermont Act 48 (2011) is the first step in this broader reform by providing legislative authority to create a healthcare system in which all Vermonters receive equitable coverage through universal health coverage. This included establishing Vermont's Health Benefit Exchange as per the Affordable Care Act (ACA) within DVHA as a unique integration of Medicaid and the Exchange in a single state department — the goal of which is to build on successes of the public programs, increase administrative efficiencies and begin the groundwork for a fully-integrated single payer system.

Act 48 also created the Green Mountain Care Board (GMCB) to oversee cost-containment and to approve the benefit design of Green Mountain Care, the comprehensive healthcare program that will provide coverage for the healthcare needs of Vermonters. Members of the GMCB are responsible for controlling the rate of growth in healthcare costs and improving the health of residents through a variety of regulatory and planning tools. Specifically, the GMCB is tasked with expanding healthcare payment and delivery system reforms by building on the Blueprint, and implementing policies that move away from a fee-for-service payment system to one that is based on quality and value and reduces (or eliminates) cost-shifting between the public and private sectors.

The GMCB currently is modeling and testing a range of payment reform models, including:

- Population-based payments to integrated healthcare delivery systems
- Global physician/hospital budgets
- Bundled payments for specific diagnoses and procedures

These payment models provide clear steps toward development of a mixed payment model that would balance incentives for reduced utilization, improved access, high quality care and satisfaction, with adherence to an overall state healthcare budget.

The GMCB is working actively with healthcare providers to identify and define pilot sites related to the three models. The goal is to implement these models on an all-payer basis. As such, the GMCB anticipates seeking CMS demonstration authority to include Medicare in Vermont's payment reforms. In addition, the GMCB is working with DVHA to determine the applicability and impact of these models for Medicaid and how they interface with current payment streams and methodologies.

It is anticipated that Medicaid will actively participate in these payment reform efforts. These payment reforms will provide the framework within which the Medicaid program will provide seamless coverage for beneficiaries, improve access, and continue to increase the quality of care.

### ***Vermont's Pharmacy Benefit Programs***

DVHA administers pharmacy benefits to approximately 170,000 Vermont citizens through a variety of programs. These include:

**Medicaid** provides low-cost or free health and drug coverage for low-income children, young adults under age 21, parents, pregnant women, caretaker relatives, people who are blind or disabled and those ages 65 or older.

**Dr. Dynasaur** provides low-cost or free health and drug coverage for children, teenagers under age 18 and pregnant women.

**Medicaid/Medicare Eligibles:** DVHA provides a benefit for traditional Medicaid beneficiaries who have Part D (Dual Eligibles). Currently, DVHA covers those drug classes excluded from Medicare Part D coverage. However, DVHA is pursuing a new program to support Vermont's Dual Eligibles. More information about the capitated Financial Alignment demonstration effort is outlined in Section 2.3.1.1

**VPharm** is a State Pharmaceutical Assistance Program (SPAP) that assists Vermonters who are enrolled in Medicare Part D with paying for their prescription medicines. This includes people age 65 and older as well as people of all ages with disabilities and includes an affordable monthly premium. VPharm eligible beneficiaries receive coverage for covered drugs in classes excluded from Medicare Part D coverage, in addition to coverage for coinsurance, copayments, deductibles, and the coverage gap for drugs that are covered by the Part D plan.

**General Assistance** helps individuals and families with their emergency basic needs such as housing (e.g., mortgage, rent, room rent, temporary housing), fuel & utilities, personal need items, and medical needs, including prescription drugs.

**Long-Term Care** Medicaid program helps eligible Vermonters pay for long-term care services in the setting of their choice, including prescription drugs.

**Healthy Vermonters** provides a discount on short-term and long-term prescription medicines. There are no monthly premiums and eligibility is based on your family income.

**Vermont Medication Assistance Program (VMAP)** provides financial assistance for the purchase of prescription medications to Vermonters living with HIV disease who meets certain income guidelines. This program, administered by DVHA, helps pay for certain drugs on the VMAP formulary, insurance premiums, co-pays and deductibles.

The Vendor will provide services to support all of these programs.

#### **1.4.2 Project Objectives**

In support of the AHS and DVHA mission, the goal of DVHA's pharmacy programs is to assure access to and availability of safe, efficacious, and clinically appropriate drug therapy at the lowest cost possible. DVHA seeks a PBM partner that values business processes that reduce administrative burden on DVHA, providers, and beneficiaries throughout the duration of the contract. DVHA also seeks a PBM partner that can support DVHA's health reform initiatives, including the Governor's single payer/single formulary vision, payment reform models, and the Dual Eligible Demonstration project. The procurement objectives are to acquire and implement contemporary PBM services, supported by the necessary information technologies, which will be used to support DVHA's pharmacy programs in the following areas:

##### ***Claims Processing and Operational Support***

- Point-of-Sale (POS) claims processing system

- Automated Coordination of Benefits (COB)
- Post Payment Claims Management
- Provider Network Support, Call Center, and Portal
- E-Prescribing and E-Prior Authorization Capabilities

### ***Pharmacy Benefit Management and Clinical Programs***

- Utilization Management Programs
- Prior Authorization Program
- Drug Utilization Review
- State Maximum Allowable Cost (SMAC) Program and the Federal Upper Limit (FUL)
- Specialty Pharmacy
- Medication Therapy Management
- Benefit Design and Consultative Support
- Management of Physician-Administered Drugs
- Reporting and Analytics
- Quality Assurance
- Dual Eligible Demonstration
- Medication Therapy Management

### ***Financial Management***

- Management of State and CMS Drug Rebate Programs
- Support of Multistate Supplemental Rebate Consortium
- 340B Program Management

### ***Additional Services***

- Single Payer Considerations

Each of these services and capabilities will be described in more detail later in this document.

#### **1.4.3 Overview of the Current Environment**

The Vermont pharmacy best practices and cost control program, administered by DVHA, was authorized in 2000 and established in SFY 2002 by Act 127. This Act authorized DVHA to establish a preferred drug list (PDL), and to implement a number of operational strategies to manage the drug benefit and oversee drug utilization, including:

- Partnering with a vendor with skills and expertise in pharmacy benefits administration
- Managing and processing claims
- Managing benefit design

- Monitoring and managing utilization through retrospective and prospective drug utilization review
- Evaluating new-to-market drug and preferred drug list placement
- Procuring rebates on drugs used
- Managing reimbursement
- Responding to change

The PDL is a key feature in the Vermont pharmacy best practices and cost control program and identifies drugs that are clinically safe and effective, and cost-effective to the State. Drugs are reviewed by DVHA's DUR Board for clinical safety, efficacy, evidence-based guidelines for use, and to determine its appropriate place in therapy. Drugs are listed as "preferred" or "non-preferred" and/or require prior authorization based on thorough clinical and cost evaluations.

In the spring of 2003 Vermont joined a multi-state Medicaid pooling initiative that combined the purchasing power of Vermont with other states in negotiating supplemental rebates with pharmaceutical companies. Vermont became a member the Sovereign States Drug Consortium (SSDC) in the fall of 2005. The SSDC is a pool of eight state Medicaid programs whose combined efforts secure supplemental rebates from participating manufacturers. Through the SSDC, Vermont has realized significant savings and continues to pursue opportunities to contain costs in its drug benefits programs.

The Drug Utilization Review (DUR) Board of DVHA is a committee composed of physicians and pharmacists. Board membership currently includes both Vermont physicians and pharmacists and a member-at-large. Its goal is to optimize the pharmaceutical care received by beneficiaries. The Preferred Drug List has been developed with the assistance of the DUR Board whose role includes management of the PDL. The Board also routinely performs drug utilization review activities, reviewing therapy by examining patterns in prescribing, dispensing and consumption of medications.

The goal of the Drug Utilization Review (DUR) programs is to promote appropriate prescribing and use of medications. The Department identifies prescribing, dispensing, and consumption patterns which are clinically and therapeutically inappropriate and do not meet the established clinical practice guidelines. A variety of interventions are then employed to correct these situations. DVHA's DUR programs take a multilevel approach to identifying, filtering, and communicating important information pertaining to the prescribing and/or consumption of medications. The criteria, research and compilation of data, and recommended actions are reviewed and approved by consensus of the DUR Board.

Some of the DUR Board's activities include new drug reviews, new indication or dosage form reviews, clinical coverage criteria (for example prior authorization criteria, quantity limits, and step therapy), therapeutic class reviews, drug safety concerns, and prospective and retrospective DUR activities.

Topics of particular interest and focus include drugs used for substance abuse treatment, acute and chronic pain, drugs used to treat psychiatric conditions, and other drugs and therapeutic classes that represent high cost and utilization in DVHA's pharmacy benefits programs.

To advance our goals in the effective treatment of opioid addiction, AHS is collaborating with community providers to create a coordinated, systemic response to the complex issues of opioid addictions in Vermont, referred to as the *Hub and Spoke* initiative. This initiative is focused on beneficiaries receiving Medication Assisted Therapy (MAT) for opioid addiction. MAT is the use of medications, in combination with counseling and behavioral therapies, to provide a whole patient approach to the treatment of substance use.

Overall healthcare costs are approximately three times higher among MAT patients than within the general Medicaid population, not only from costs directly associated with MAT, but also due to high rates of co-occurring mental health and other health issues, and high use of emergency rooms, pharmacy benefits, and other healthcare services.

The *Hub and Spoke* initiative creates a framework for integrating treatment services for opioid addiction into Vermont's state-led *Blueprint for Health (Blueprint)* model, which includes patient-centered medical homes, multi-disciplinary Community Health Teams (CHTs), and payment reforms. Initially focused on primary care, its goals include improving individual and overall population health and improving control over healthcare costs by promoting health maintenance, prevention, and care management and coordination. DVHA expects that the selected PBM will work collaboratively with DVHA and its AHS partners to provide coordination of our pharmacy benefit management services to support beneficiaries seeking opiate addiction treatments.

Another strategy DVHA utilizes to manage appropriate drug utilization is through specialty pharmacy services for certain specialized drug therapies such as drugs used to treat multiple sclerosis, growth hormone deficiencies, cystic fibrosis, hepatitis C, and other complex medical conditions. Dispensing of specialty medications is limited to the specialty pharmacy for Medicaid beneficiaries where Medicaid is the primary insurer. DVHA expects that the selected PBM will provide coordination of our pharmacy benefit management initiatives with our specialty pharmacy approach to expand specialty pharmacy services to support beneficiaries in managing complex health conditions.

Pharmacy reimbursement is determined through the budgetary and legislative process, and is established on a per-claim basis at the individual drug level in all programs where DVHA is the primary payer. Current pharmacy reimbursement is the lesser of average wholesale price (AWP) less 14.2% plus a dispensing fee, the Federal Upper Limit (FUL) plus a dispensing fee, the State Maximum Allowable Cost (SMAC) amount plus a dispensing fee, or the pharmacy's usual and customary charges. For programs where DVHA is the secondary payer, Vermont pays the difference between the reimbursement rate and any other insurance payments.

Vermont's alternative drug selection law described at 18 V.S.A Chapter 91 requires pharmacies to dispense the lowest priced drug which is chemically and therapeutically equivalent, unless the prescriber expressly requires the brand. DVHA's pharmacy programs heavily promote the use of generics and low cost alternatives. Generic dispensing rates have increased significantly due to both market factors and our efforts to promote generic utilization.

## **1.5 Contract Information**

### **1.5.1 Contract Requirements**

The State of Vermont expects the Vendor to agree to the State and AHS Customary Contracting Provisions outlined in 1.5.5. and Attachments C, E and F of this RFP.

Exceptions to the State and AHS Customary Contracting Provisions shall be noted in the bidder's cover letter and further defined by completing Template B Vendor Experience, Section 6, Exceptions. Exceptions shall be subject to review by the Office of the Attorney General.

Failure to note exceptions will be deemed to be acceptance of the Standard State Provision for Contracts and Grants. If exceptions are not noted in the Response but raised during contract negotiations, the State reserves the right to cancel the negotiation if deemed to be in the best interests of the State of Vermont.

DVHA reserves the right to incorporate standard contract provisions which can be mutually agreed upon into any contract negotiated as a result of any proposal submitted in response to this RFP. These provisions may include such things as the normal day-to-day relationships with the Vendor, but may not substantially alter the requirements of this RFP. Further, the successful Vendor is to be aware that all material submitted in response to this RFP, as well as the RFP itself, may be included in the final contract. The selected Vendor(s) will sign a contract with DVHA to provide the items named in their responses, at the prices listed. The Contract will be subject to review throughout its term. DVHA will consider cancellation upon discovery that the selected Vendor is in violation of any portion of the Contract, including an inability by the Vendor to provide the products, support and/or service promised in their response. If two or more organizations' joint proposal is apparently successful, one organization must be designated as the Prime Bidder. The Prime Bidder will be DVHA's sole point of contact and will bear sole responsibility for performance under any resulting Contract. AHS reserves the right to cancel this RFP, to make a partial award, or to make no award if it determines that such action is in the best interest of the State of Vermont.

### **1.5.2 Contract Review**

All contracts are subject to review and approval by the Attorney General, the Secretary of Administration and the States Chief Information Officer.

### **1.5.3 Contract Type and Term**

Tentatively, the resulting contract period of performance as an outcome of this RFP shall be three (3) years. The State may renew this Contract for two additional one-year renewals; therefore, the maximum term of the Contract is five (5) years. The Contract is subject to and contingent upon the discretionary decision of the Vermont Legislature to appropriate funds for this Contract in each new fiscal year. The State may renew all or part of this Contract subject to the satisfactory performance of the Vendor and the needs of State of Vermont. The Vendor shall guarantee its rate offerings, over the term of the contract, are comparable to other customers of similar size and requirements. If offerings are rendered to a comparable customer that improves the pricing agreed to in the Contract, the Vendor agrees to apply those same discounts and offerings to the State of Vermont.

### **1.5.4 Basic Philosophy: Contracting for Results**

AHS' fundamental commitment is to contract for results. AHS defines a successful result as the generation of defined, measurable, and beneficial outcomes that satisfy the contract requirements and support the missions and objectives of AHS. This RFP describes what is required of the Vendor in terms of services, deliverables, performance

measures and outcomes, and unless otherwise noted in the RFP, places the responsibility for how they are accomplished on the Vendor.

The State encourages strategic partnerships from Vendors to ensure the capabilities necessary to achieve the results required for the new Pharmacy Benefits Management Solution.

#### 1.5.5 STATE AND AGENCY CUSTOMARY CONTRACTING PROVISIONS

### ATTACHMENT C CUSTOMARY PROVISIONS FOR CONTRACTS AND GRANTS

1. **Entire Agreement:** This Agreement, whether in the form of a Contract, State Funded Grant, or Federally Funded Grant, represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. **Applicable Law:** This Agreement will be governed by the laws of the State of Vermont.
3. **Definitions:** For purposes of this Attachment, “Party” shall mean the Contractor, Grantee or Sub recipient, with whom the State of Vermont is executing this Agreement and consistent with the form of the Agreement.
4. **Appropriations:** If appropriations are insufficient to support this Agreement, the State may cancel on a date agreed to by the parties or upon the expiration or reduction of existing appropriation authority. In the case that this Agreement is funded in whole or in part by federal or other non-State funds, and in the event those funds become unavailable or reduced, the State may suspend or cancel this Agreement immediately, and the State shall have no obligation to fund this Agreement from State revenue.
5. **No Employee Benefits For Party:** The Party understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation or sick leave, workers compensation or other benefits or services available to State employees, nor will the state withhold any state or federal taxes except as required under applicable tax laws, which shall be determined in advance of execution of the Agreement. The Party understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including but not limited to income, withholding, sales and use, and rooms and meals, must be filed by the Party, and information as to Agreement income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
6. **Independence, Liability:** The Party will act in an independent capacity and not as officers or employees of the State.

The Party shall defend the State and its officers and employees against all claims or suits arising in whole or in part from any act or omission of the Party or of any agent of the Party. The State shall notify the Party in the event of any such claim or suit, and the Party shall immediately retain counsel and otherwise provide a complete defense against the entire claim or suit. The Party shall notify its insurance company and the State within 10 days of receiving any claim for

damages, notice of claims, pre-claims, or service of judgments or claims, for any act or omissions in the performance of this Agreement.

After a final judgment or settlement the Party may request recoupment of specific defense costs and may file suit in Washington Superior Court requesting recoupment. The Party shall be entitled to recoup costs only upon a showing that such costs were entirely unrelated to the defense of any claim arising from an act or omission of the Party.

The Party shall indemnify the State and its officers and employees if the State, its officers or employees become legally obligated to pay any damages or losses arising from any act or omission of the Party.

7. **Insurance:** Before commencing work on this Agreement the Party must provide certificates of insurance to show that the following minimum coverage is in effect. It is the responsibility of the Party to maintain current certificates of insurance on file with the state through the term of the Agreement. No warranty is made that the coverage and limits listed herein are adequate to cover and protect the interests of the Party for the Party's operations. These are solely minimums that have been established to protect the interests of the State.

**Workers Compensation:** With respect to all operations performed, the Party shall carry workers' compensation insurance in accordance with the laws of the State of Vermont.

**General Liability and Property Damage:** With respect to all operations performed under the Agreement, the Party shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises — Operations  
Products and Completed Operations  
Personal Injury Liability  
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence  
\$1,000,000 General Aggregate  
\$1,000,000 Products/Completed Operations Aggregate  
\$50,000 Fire/Legal/Liability

Party shall name the State of Vermont and its officers and employees as additional insured for liability arising out of this Agreement.

**Automotive Liability:** The Party shall carry automotive liability insurance covering all motor vehicles, including hired and non-owned coverage, used in connection with the Agreement. Limits of coverage shall not be less than: \$1,000,000 combined single limit.

Party shall name the State of Vermont and its officers and employees as additional insured for liability arising out of this Agreement.

**Professional Liability:** Before commencing work on this Agreement and throughout the term of this Agreement, the Party shall procure and maintain

professional liability insurance for any and all services performed under this Agreement, with minimum coverage of **\$1,000,000** per occurrence, and **\$3,000,000** aggregate.

8. **Reliance by the State on Representations:** All payments by the State under this Agreement will be made in reliance upon the accuracy of all prior representations by the Party, including but not limited to bills, invoices, progress reports and other proofs of work.
9. **Requirement to Have a Single Audit:** In the case that this Agreement is a Grant that is funded in whole or in part by federal funds, the Sub recipient will complete the Sub recipient Annual Report annually within 45 days after its fiscal year end, informing the State of Vermont whether or not a single audit is required for the prior fiscal year. If a single audit is required, the Sub recipient will submit a copy of the audit report to the granting Party within 9 months. If a single audit is not required, only the Sub recipient Annual Report is required.

A single audit is required if the sub recipient expends \$500,000 or more in federal assistance during its fiscal year and must be conducted in accordance with OMB Circular A-133. The Sub recipient Annual Report is required to be submitted within 45 days, whether or not a single audit is required.
10. **Records Available for Audit:** The Party will maintain all books, documents, payroll papers, accounting records and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of the Agreement and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this Agreement.
11. **Fair Employment Practices and Americans with Disabilities Act:** Party agrees to comply with the requirement of Title 21V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Party shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, as amended, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Party under this Agreement. Party further agrees to include this provision in all subcontracts.
12. **Set Off:** The State may set off any sums which the Party owes the State against any sums due the Party under this Agreement; provided, however, that any set off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.
13. **Taxes Due to the State:**
  - a. Party understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, corporate and/or personal income tax on income earned within the State.

- b. Party certifies under the pains and penalties of perjury that, as of the date the Agreement is signed, the Party is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.
  - c. Party understands that final payment under this Agreement may be withheld if the Commissioner of Taxes determines that the Party is not in good standing with respect to or in full compliance with a plan to pay any and all taxes due to the State of Vermont.
  - d. Party also understands the State may set off taxes (and related penalties, interest and fees) due to the State of Vermont, but only if the Party has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Party has no further legal recourse to contest the amounts due.
14. **Child Support:** (Applicable if the Party is a natural person, not a corporation or partnership.) Party states that, as of the date the Agreement is signed, he/she:
- a. is not under any obligation to pay child support; or
  - b. is under such an obligation and is in good standing with respect to that obligation; or
  - c. has agreed to a payment plan with the Vermont Office of Child Support Services and is in full compliance with that plan.

Party makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Party is a resident of Vermont, Party makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

15. **Sub-Agreements:** Party shall not assign, subcontract or sub grant the performance of his Agreement or any portion thereof to any other Party without the prior written approval of the State. Party also agrees to include in subcontract or sub grant agreements a tax certification in accordance with paragraph 13 above.

Notwithstanding the foregoing, the State agrees that the Party may assign this agreement, including all of the Party's rights and obligations hereunder, to any successor in interest to the Party arising out of the sale of or reorganization of the Party.

16. **No Gifts or Gratuities:** Party shall not give title or possession of anything of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this Agreement.
17. **Copies:** All written reports prepared under this Agreement will be printed using both sides of the paper.
18. **Certification Regarding Debarment:** Party certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, neither Party nor Party's principals (officers, directors, owners, or partners) are presently debarred, suspended, proposed for debarment, declared ineligible or excluded from participation in federal programs, or programs supported in whole or in part by federal funds.

Party further certifies under pains and penalties of perjury that, as of the date that this Agreement is signed, Party is not presently debarred, suspended, nor named on the State's debarment list at: <http://bgs.vermont.gov/purchasing/debarment>

19. **Certification Regarding Use of State Funds:** In the case that Party is an employer and this Agreement is a State Funded Grant more than \$1,001, Party certifies that none of these State funds will be used to interfere with or restrain the exercise of Party's employee's rights with respect to unionization.

State of Vermont — Attachment C

Revised AHS — 11-7-2012

## ATTACHMENT E

### BUSINESS ASSOCIATE AGREEMENT

**THIS BUSINESS ASSOCIATE AGREEMENT (“AGREEMENT”) IS ENTERED INTO BY AND BETWEEN THE STATE OF VERMONT AGENCY OF HUMAN SERVICES, OPERATING BY AND THROUGH ITS DEPARTMENT OF VERMONT HEALTH ACCESS (“COVERED ENTITY”) AND [INSERT NAME OF CONTRACTOR/GRANTEE] (“BUSINESS ASSOCIATE”) AS OF \_\_\_\_\_ (“EFFECTIVE DATE”). THIS AGREEMENT SUPPLEMENTS AND IS MADE A PART OF THE CONTRACT/GRANT TO WHICH IT IS ATTACHED.**

Covered Entity and Business Associate enter into this Agreement to comply with standards promulgated under the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), including the Standards for the Privacy of Individually Identifiable Health Information, at 45 CFR Parts 160 and 164 (“Privacy Rule”), and the Security Standards, at 45 CFR Parts 160 and 164 (“Security Rule”), as amended by Subtitle D of the Health Information Technology for Economic and Clinical Health Act (HITECH), and any associated federal rules and regulations.

The parties agree as follows:

1. **Definitions.** All capitalized terms used but not otherwise defined in this Agreement have the meanings set forth in 45 CFR Parts 160 and 164 as amended by HITECH and associated federal rules and regulations.

“Agent” means those person(s) who are agents(s) of the Business Associate, in accordance with the Federal common law of agency, as referenced in 45 CFR § 160.402(c).

“Breach” means the acquisition, access, use or disclosure of protected health information (PHI) which compromises the security or privacy of the PHI, except as excluded in the definition of Breach in 45 CFR § 164.402.

“Business Associate shall have the meaning given in 45 CFR § 160.103.

“Individual” includes a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

“Protected Health Information” or PHI shall have the meaning given in 45 CFR § 160.103, limited to the information created or received by Business Associate from or on behalf of Agency.

“Security Incident” means any known successful or unsuccessful attempt by an authorized or unauthorized individual to inappropriately use, disclose, modify,

access, or destroy any information or interference with system operations in an information system.

“Services” includes all work performed by the Business Associate for or on behalf of Covered Entity that requires the use and/or disclosure of protected health information to perform a business associate function described in 45 CFR § 160.103 under the definition of Business Associate.

“Subcontractor” means a person or organization to whom a Business Associate delegates a function, activity or service, other than in the capacity of a member of the workforce of the Business Associate. For purposes of this Agreement, the term Subcontractor includes Sub grantees.

2. **Identification and Disclosure of Privacy and Security Offices.** Business Associate and Subcontractors shall provide, within ten (10) days of the execution of this agreement, written notice to the Covered Entity’s contract/grant manager the names and contact information of both the HIPAA Privacy Officer and HIPAA Security Officer. This information must be updated any time either of these contacts changes.
3. **Permitted and Required Uses/Disclosures of PHI.**
  - 3.1 Except as limited in this Agreement, Business Associate may use or disclose PHI to perform Services, as specified in the underlying grant or contract with Covered Entity. The uses and disclosures of Business Associate are limited to the minimum necessary, to complete the tasks or to provide the services associated with the terms of the underlying agreement. Business Associate shall not use or disclose PHI in any manner that would constitute a violation of the Privacy Rule if used or disclosed by Covered Entity in that manner. Business Associate may not use or disclose PHI other than as permitted or required by this Agreement or as Required by Law.
  - 3.2 Business Associate may make PHI available to its employees who need access to perform Services provided that Business Associate makes such employees aware of the use and disclosure restrictions in this Agreement and binds them to comply with such restrictions. Business Associate may only disclose PHI for the purposes authorized by this Agreement: (a) to its agents and Subcontractors in accordance with Sections 9 and 17 or, (b) as otherwise permitted by Section 3.
  - 3.3 Business Associate shall be directly liable under HIPAA for impermissible uses and disclosures of the PHI it handles on behalf of Covered Entity, and for impermissible uses and disclosures, by Business Associate’s Subcontractor(s), of the PHI that Business Associate handles on behalf of Covered Entity and that it passes on to Subcontractors.
4. **Business Activities.** Business Associate may use PHI received in its capacity as a Business Associate to Covered Entity if necessary for Business Associate’s proper management and administration or to carry out its legal responsibilities. Business Associate may disclose PHI received in its capacity as Business Associate to Covered Entity for Business Associate’s proper management and administration or to carry out its legal responsibilities if a disclosure is Required by Law or if Business Associate obtains reasonable written assurances via a written agreement from the person to whom the information is to be disclosed that the PHI shall remain confidential and be used or further disclosed only as

- Required by Law or for the purpose for which it was disclosed to the person, and the Agreement requires the person or entity to notify Business Associate, within two (2) business days (who in turn will notify Covered Entity within two (2) business days after receiving notice of a Breach as specified in Section 6.1), in writing of any Breach of Unsecured PHI of which it is aware. Uses and disclosures of PHI for the purposes identified in Section 3 must be of the minimum amount of PHI necessary to accomplish such purposes.
5. **Safeguards.** Business Associate, its Agent(s) and Subcontractor(s) shall implement and use appropriate safeguards to prevent the use or disclosure of PHI other than as provided for by this Agreement. With respect to any PHI that is maintained in or transmitted by electronic media, Business Associate or its Subcontractor(s) shall comply with 45 CFR sections 164.308 (administrative safeguards), 164.310 (physical safeguards), 164.312 (technical safeguards) and 164.316 (policies and procedures and documentation requirements). Business Associate or its Agent(s) and Subcontractor(s) shall identify in writing upon request from Covered Entity all of the safeguards that it uses to prevent impermissible uses or disclosures of PHI.
6. **Documenting and Reporting Breaches.**
- 6.1 Business Associate shall report to Covered Entity any Breach of Unsecured PHI, including Breaches reported to it by a Subcontractor, as soon as it (or any of its employees or agents) becomes aware of any such Breach, and in no case later than two (2) business days after it (or any of its employees or agents) becomes aware of the Breach, except when a law enforcement official determines that a notification would impede a criminal investigation or cause damage to national security.
- 6.2 Business Associate shall provide Covered Entity with the names of the individuals whose Unsecured PHI has been, or is reasonably believed to have been, the subject of the Breach and any other available information that is required to be given to the affected individuals, as set forth in 45 CFR § 164.404(c), and, if requested by Covered Entity, information necessary for Covered Entity to investigate the impermissible use or disclosure. Business Associate shall continue to provide to Covered Entity information concerning the Breach as it becomes available to it. Business Associate shall require its Subcontractor(s) to agree to these same terms and conditions.
- 6.3 When Business Associate determines that an impermissible acquisition, use or disclosure of PHI by a member of its workforce is not a Breach, as that term is defined in 45 CFR § 164.402, and therefore does not necessitate notice to the impacted individual(s), it shall document its assessment of risk, conducted as set forth in 45 CFR § 402(2). When requested by Covered Entity, Business Associate shall make its risk assessments available to Covered Entity. It shall also provide Covered Entity with 1) the name of the person(s) making the assessment, 2) a brief summary of the facts, and 3) a brief statement of the reasons supporting the determination of low probability that the PHI had been compromised. When a breach is the responsibility of a member of its Subcontractor's workforce, Business Associate shall either 1) conduct its own risk assessment and draft a summary of the event and assessment or 2) require its Subcontractor to conduct the assessment and draft a summary of the event.

In either case, Business Associate shall make these assessments and reports available to Covered Entity.

6.4 Business Associate shall require, by contract, a Subcontractor to report to Business Associate and Covered Entity any Breach of which the Subcontractor becomes aware, no later than two (2) business days after becomes aware of the Breach.

7. **Mitigation and Corrective Action.** Business Associate shall mitigate, to the extent practicable, any harmful effect that is known to it of an impermissible use or disclosure of PHI, even if the impermissible use or disclosure does not constitute a Breach. Business Associate shall draft and carry out a plan of corrective action to address any incident of impermissible use or disclosure of PHI. If requested by Covered Entity, Business Associate shall make its mitigation and corrective action plans available to Covered Entity. Business Associate shall require a Subcontractor to agree to these same terms and conditions.

8. **Providing Notice of Breaches.**

8.1 If Covered Entity determines that an impermissible acquisition, access, use or disclosure of PHI for which one of Business Associate's employees or agents was responsible constitutes a Breach as defined in 45 CFR § 164.402, and if requested by Covered Entity, Business Associate shall provide notice to the individual(s) whose PHI has been the subject of the Breach. When requested to provide notice, Business Associate shall consult with Covered Entity about the timeliness, content and method of notice, and shall receive Covered Entity's approval concerning these elements. The cost of notice and related remedies shall be borne by Business Associate.

8.2 If Covered Entity or Business Associate determines that an impermissible acquisition, access, use or disclosure of PHI by a Subcontractor of Business Associate constitutes a Breach as defined in 45 CFR § 164.402, and if requested by Covered Entity or Business Associate, Subcontractor shall provide notice to the individual(s) whose PHI has been the subject of the Breach. When Covered Entity requests that Business Associate or its Subcontractor provide notice, Business Associate shall either 1) consult with Covered Entity about the specifics of the notice as set forth in section 8.1, above, or 2) require, by contract, its Subcontractor to consult with Covered Entity about the specifics of the notice as set forth in section 8.1

8.3 The notice to affected individuals shall be provided as soon as reasonably possible and in no case later than 60 calendar days after Business Associate reported the Breach to Covered Entity.

8.4 The notice to affected individuals shall be written in plain language and shall include, to the extent possible, 1) a brief description of what happened, 2) a description of the types of Unsecured PHI that were involved in the Breach, 3) any steps individuals can take to protect themselves from potential harm resulting from the Breach, 4) a brief description of what the Business Associate is doing to investigate the Breach, to mitigate harm to individuals and to protect against further Breaches, and 5) contact procedures for individuals to ask questions or obtain additional information, as set forth in 45 CFR § 164.404(c).

8.5 Business Associate shall notify individuals of Breaches as specified in 45 CFR § 164.404(d) (methods of individual notice). In addition, when a Breach

- involves more than 500 residents of Vermont, Business Associate shall, if requested by Covered Entity, notify prominent media outlets serving Vermont, following the requirements set forth in 45 CFR § 164.406.
9. **Agreements with Subcontractors.** Business Associate shall enter into a Business Associate Agreement with any Subcontractor to whom it provides PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity in which the Subcontractor agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such PHI. Business Associate must enter into this Business Associate Agreement before any use by or disclosure of PHI to such agent. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the use or disclosure of PHI. Business Associate shall provide a copy of the Business Associate Agreement it enters into with a subcontractor to Covered Entity upon request. Business associate may not make any disclosure of PHI to any Subcontractor without prior written consent of Covered Entity.
  10. **Access to PHI.** Business Associate shall provide access to PHI in a Designated Record Set to Covered Entity or as directed by Covered Entity to an Individual to meet the requirements under 45 CFR § 164.524. Business Associate shall provide such access in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any request for access to PHI that Business Associate directly receives from an Individual.
  11. **Amendment of PHI.** Business Associate shall make any amendments to PHI in a Designated Record Set that Covered Entity directs or agrees to pursuant to 45 CFR § 164.526, whether at the request of Covered Entity or an Individual. Business Associate shall make such amendments in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any request for amendment to PHI that Business Associate directly receives from an Individual.
  12. **Accounting of Disclosures.** Business Associate shall document disclosures of PHI and all information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528. Business Associate shall provide such information to Covered Entity or as directed by Covered Entity to an Individual, to permit Covered Entity to respond to an accounting request. Business Associate shall provide such information in the time and manner reasonably designated by Covered Entity. Within three (3) business days, Business Associate shall forward to Covered Entity for handling any accounting request that Business Associate directly receives from an Individual.
  13. **Books and Records.** Subject to the attorney-client and other applicable legal privileges, Business Associate shall make its internal practices, books, and records (including policies and procedures and PHI) relating to the use and disclosure of PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity available to the Secretary in the time and manner designated by the Secretary. Business Associate shall make the same information available to Covered Entity, upon Covered Entity's request,

in the time and manner reasonably designated by Covered Entity so that Covered Entity may determine whether Business Associate is in compliance with this Agreement.

14. **Termination.**

14.1 This Agreement commences on the Effective Date and shall remain in effect until terminated by Covered Entity or until all of the PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity is destroyed or returned to Covered Entity subject to Section 18.7.

14.2 If Business Associate breaches any material term of this Agreement, Covered Entity may either: (a) provide an opportunity for Business Associate to cure the breach and Covered Entity may terminate the contract or grant without liability or penalty if Business Associate does not cure the breach within the time specified by Covered Entity; or (b) immediately terminate the contract or grant without liability or penalty if Covered Entity believes that cure is not reasonably possible; or (c) if neither termination nor cure are feasible, Covered Entity shall report the breach to the Secretary. Covered Entity has the right to seek to cure any breach by Business Associate and this right, regardless of whether Covered Entity cures such breach, does not lessen any right or remedy available to Covered Entity at law, in equity, or under the contract or grant, nor does it lessen Business Associate's responsibility for such breach or its duty to cure such breach.

15. **Return/Destruction of PHI.**

15.1 Business Associate in connection with the expiration or termination of the contract or grant shall return or destroy, at the discretion of the Covered Entity, all PHI received from Covered Entity or created or received by Business Associate on behalf of Covered Entity pursuant to this contract or grant that Business Associate still maintains in any form or medium (including electronic) within thirty (30) days after such expiration or termination. Business Associate shall not retain any copies of the PHI. Business Associate shall certify in writing for Covered Entity (1) when all PHI has been returned or destroyed and (2) that Business Associate does not continue to maintain any PHI. Business Associate is to provide this certification during this thirty (30) day period.

15.2 Business Associate shall provide to Covered Entity notification of any conditions that Business Associate believes make the return or destruction of PHI infeasible. If Covered Entity agrees that return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible for so long as Business Associate maintains such PHI. This shall also apply to all Agents and Subcontractors of Business Associate.

16. **Penalties and Training.** Business Associate understands that: (a) there may be civil or criminal penalties for misuse or misappropriation of PHI and (b) violations of this Agreement may result in notification by Covered Entity to law enforcement officials and regulatory, accreditation, and licensure organizations. If requested by Covered Entity, Business Associate shall participate in training regarding the use, confidentiality, and security of PHI.

17. **Security Rule Obligations.** The following provisions of this section apply to the extent that Business Associate creates, receives, maintains or transmits Electronic PHI on behalf of Covered Entity.

17.1 Business Associate shall implement and use administrative, physical, and technical safeguards in compliance with 45 CFR sections 164.308, 164.310, and 164.312 with respect to the Electronic PHI that it creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate shall identify in writing upon request from Covered Entity all of the safeguards that it uses to protect such Electronic PHI.

17.2 Business Associate shall ensure that any Agent and Subcontractor to whom it provides Electronic PHI agrees in a written agreement to implement and use administrative, physical, and technical safeguards that reasonably and appropriately protect the Confidentiality, Integrity and Availability of the Electronic PHI. Business Associate must enter into this written agreement before any use or disclosure of Electronic PHI by such Agent or Subcontractor. The written agreement must identify Covered Entity as a direct and intended third party beneficiary with the right to enforce any breach of the agreement concerning the use or disclosure of Electronic PHI. Business Associate shall provide a copy of the written agreement to Covered Entity upon request. Business Associate may not make any disclosure of Electronic PHI to any Agent or Subcontractor without the prior written consent of Covered Entity.

17.3 Business Associate shall report in writing to Covered Entity any Security Incident pertaining to such Electronic PHI (whether involving Business Associate or an Agent or Subcontractor). Business Associate shall provide this written report as soon as it becomes aware of any such Security Incident, and in no case later than two (2) business days after it becomes aware of the incident. Business Associate shall provide Covered Entity with the information necessary for Covered Entity to investigate any such Security Incident.

17.4 Business Associate shall comply with any reasonable policies and procedures Covered Entity implements to obtain compliance under the Security Rule.

18. **Miscellaneous.**

18.1 In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the contract/grant, the terms of this Agreement shall govern with respect to its subject matter. Otherwise, the terms of the contract/grant continue in effect.

18.2 Business Associate shall cooperate with Covered Entity to amend this Agreement from time to time as is necessary for Covered Entity to comply with the Privacy Rule, the Security Rule, or any other standards promulgated under HIPAA.

18.3 Any ambiguity in this Agreement shall be resolved to permit Covered Entity to comply with the Privacy Rule, Security Rule, or any other standards promulgated under HIPAA.

18.4 In addition to applicable Vermont law, the parties shall rely on applicable federal law (e.g., HIPAA, the Privacy Rule and Security Rule, and the HIPAA omnibus final rule) in construing the meaning and effect of this Agreement.

18.5 As between Business Associate and Covered Entity, Covered Entity owns all PHI provided by Covered Entity to Business Associate or created or received by Business Associate on behalf of Covered Entity.

18.6 Business Associate shall abide by the terms and conditions of this Agreement with respect to all PHI it receives from Covered Entity or creates or receives on behalf of Covered Entity even if some of that information relates to specific services for which Business Associate may not be a "Business Associate" of Covered Entity under the Privacy Rule.

18.7 Business Associate is prohibited from directly or indirectly receiving any remuneration in exchange for an individual's PHI. Business Associate will refrain from marketing activities that would violate HIPAA, including specifically Section 13406 of the HITECH Act. Reports or data containing the PHI may not be sold without Agency's or the affected individual's written consent.

18.8 The provisions of this Agreement that by their terms encompass continuing rights or responsibilities shall survive the expiration or termination of this Agreement. For example: (a) the provisions of this Agreement shall continue to apply if Covered Entity determines that it would be infeasible for Business Associate to return or destroy PHI as provided in Section 14.2 and (b) the obligation of Business Associate to provide an accounting of disclosures as set forth in Section 11 survives the expiration or termination of this Agreement with respect to accounting requests, if any, made after such expiration or termination.

(Rev: 9/21/13)

## ATTACHMENT F

### AGENCY OF HUMAN SERVICES' CUSTOMARY CONTRACT PROVISIONS

1. **Agency of Human Services — Field Services Directors** will share oversight with the department (or field office) that is a party to the contract for provider performance using outcomes, processes, terms and conditions agreed to under this contract.
2. **2-1-1 Data Base**. The Contractor providing a health or human services within Vermont, or near the border that is readily accessible to residents of Vermont, will provide relevant descriptive information regarding its agency, programs and/or contact and will adhere to the "Inclusion/Exclusion" policy of Vermont's United Way/Vermont 211. If included, the Contractor will provide accurate and up to date information to their database as needed. The "Inclusion/Exclusion" policy can be found at [www.vermont211.org](http://www.vermont211.org)
3. **Medicaid Program Contractors**.  
**Inspection of Records**: Any contracts accessing payments for services through the Global Commitment to Health Waiver and Vermont Medicaid program must fulfill state and federal legal requirements to enable the Agency of Human Services (AHS), the United States Department of Health and Human Services (DHHS) and the Government Accounting Office (GAO) to:

Evaluate through inspection or other means the quality, appropriateness, and timeliness of services performed; and Inspect and audit any financial records of such Contractor or subcontractor.

Subcontracting for Medicaid Services: Having a subcontract does not terminate the Contractor, receiving funds under Vermont's Medicaid program, from its responsibility to ensure that all activities under this agreement are carried out. Subcontracts must specify the activities and reporting responsibilities of the Contractor or subcontractor and provide for revoking delegation or imposing other sanctions if the Contractor or subcontractor's performance is inadequate. The Contractor agrees to make available upon request to the Agency of Human Services; the Department of Vermont Health Access; the Department of Disabilities, Aging and Independent Living; and the Center for Medicare and Medicaid Services (CMS) all contracts and subcontracts between the Contractor and service providers.

Medicaid Notification of Termination Requirements: Any Contractor accessing payments for services under the Global Commitment to Health Waiver and Medicaid programs who terminates their practice will follow the Department of Vermont Health Access, Managed Care Organization enrollee notification requirements.

Encounter Data: Any Contractor accessing payments for services through the Global Commitment to Health Waiver and Vermont Medicaid programs must provide encounter data to the Agency of Human Services and/or its departments and ensure that it can be linked to enrollee eligibility files maintained by the State.

Federal Medicaid System Security Requirements Compliance: All contractors and subcontractors must provide a security plan, risk assessment, and security controls review document within three months of the start date of this agreement (and update it annually thereafter) to support audit compliance with 45CFR95.621 subpart F, *ADP (Automated Data Processing) System Security Requirements and Review Process*.

4. **Non-discrimination Based on National Origin as evidenced by Limited English Proficiency.** The Contractor agrees to comply with the non-discrimination requirements of Title VI of the Civil Rights Act of 1964, 42 USC Section 2000d, et seq., and with the federal guidelines promulgated pursuant to Executive Order 13166 of 2000, which require that contractors and subcontractors receiving federal funds must assure that people with limited English proficiency can meaningfully access services. To the extent the Contractor provides assistance to individuals with limited English proficiency through the use of oral or written translation or interpretive services in compliance with this requirement, such individuals cannot be required to pay for such services.
5. **Voter Registration.** When designated by the Secretary of State, the Contractor agrees to become a voter registration agency as defined by 17 V.S.A. §2103 (41), and to comply with the requirements of state and federal law pertaining to such agencies.
6. **Drug Free Workplace Act.** The Contractor will assure a drug-free workplace in accordance with 45 CFR Part 76.

7. **Privacy and Security Standards.**

**Protected Health Information:** The Contractor shall maintain the privacy and security of all individually identifiable health information acquired by or provided to it as a part of the performance of this contract. The Contractor shall follow federal and state law relating to privacy and security of individually identifiable health information as applicable, including the Health Insurance Portability and Accountability Act (HIPAA) and its federal regulations.

**Substance Abuse Treatment Information:** The confidentiality of any alcohol and drug abuse treatment information acquired by or provided to the Contractor or subcontractor shall be maintained in compliance with any applicable state or federal laws or regulations and specifically set out in 42 CFR Part 2.

**Other Confidential Consumer Information:** The Contractor agrees to comply with the requirements of AHS Rule No. 08-048 concerning access to information. The Contractor agrees to comply with any applicable Vermont State Statute, including but not limited to 12 VSA §1612 and any applicable Board of Health confidentiality regulations. The Contractor shall ensure that all of its employees and subcontractors performing services under this agreement understand the sensitive nature of the information that they may have access to and sign an affirmation of understanding regarding the information's confidential and non-public nature.

**Social Security Numbers:** The Contractor agrees to comply with all applicable Vermont State Statutes to assure protection and security of personal information, including protection from identity theft as outlined in Title 9, Vermont Statutes Annotated, Ch. 62.

8. **Abuse Registry.** The Contractor agrees not to employ any individual, use any volunteer, or otherwise provide reimbursement to any individual in the performance of services connected with this agreement, who provides care, custody, treatment, transportation, or supervision to children or vulnerable adults if there is a substantiation of abuse or neglect or exploitation against that individual. The Contractor will check the Adult Abuse Registry in the Department of Disabilities, Aging and Independent Living. Unless the Contractor holds a valid child care license or registration from the Division of Child Development, Department for Children and Families, the Contractor shall also check the Central Child Protection Registry. (See 33 V.S.A. §4919(a)(3) & 33 V.S.A. §6911(c)(3)).

9. **Reporting of Abuse, Neglect, or Exploitation.** Consistent with provisions of 33 V.S.A. §4913(a) and §6903, any agent or employee of a Contractor who, in the performance of services connected with this agreement, has contact with clients or is a caregiver and who has reasonable cause to believe that a child or vulnerable adult has been abused or neglected as defined in Chapter 49 or abused, neglected, or exploited as defined in Chapter 69 of Title 33 V.S.A. shall make a report involving children to the Commissioner of the Department for Children and Families within 24 hours or a report involving vulnerable adults to the Division of Licensing and Protection at the Department of Disabilities, Aging, and Independent Living within 48 hours. This requirement applies except in those instances where particular roles and functions are exempt from reporting under state and federal law. Reports involving children shall contain the information required by 33 V.S.A. §4914. Reports involving vulnerable adults shall contain

the information required by 33 V.S.A. §6904. The Contractor will ensure that its agents or employees receive training on the reporting of abuse or neglect to children and abuse, neglect or exploitation of vulnerable adults.

10. **Intellectual Property/Work Product Ownership.** All data, technical information, materials first gathered, originated, developed, prepared, or obtained as a condition of this agreement and used in the performance of this agreement — including, but not limited to all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and printouts, notes and memoranda, written procedures and documents, which are prepared for or obtained specifically for this agreement — or are a result of the services required under this grant — shall be considered "work for hire" and remain the property of the State of Vermont, regardless of the state of completion — unless otherwise specified in this agreement. Such items shall be delivered to the State of Vermont upon 30 days notice by the State. With respect to software computer programs and/or source codes first developed for the State, all the work shall be considered "work for hire," i.e., the State, not the Contractor or subcontractor, shall have full and complete ownership of all software computer programs, documentation and/or source codes developed.

The Contractor shall not sell or copyright a work product or item produced under this agreement without explicit permission from the State.

If the Contractor is operating a system or application on behalf of the State of Vermont, then the Contractor shall not make information entered into the system or application available for uses by any other party than the State of Vermont, without prior authorization by the State. Nothing herein shall entitle the State to pre-existing Contractor's materials.

11. **Security and Data Transfers.** The State shall work with the Contractor to ensure compliance with all applicable State and Agency of Human Services' policies and standards, especially those related to privacy and security. The State will advise the Contractor of any new policies, procedures, or protocols developed during the term of this agreement as they are issued and will work with the Contractor to implement any required.

The Contractor will ensure the physical and data security associated with computer equipment — including desktops, notebooks, and other portable devices — used in connection with this agreement. The Contractor will also assure that any media or mechanism used to store or transfer data to or from the State includes industry standard security mechanisms such as continually up-to-date malware protection and encryption. The Contractor will make every reasonable effort to ensure media or data files transferred to the State are virus and spyware free. At the conclusion of this agreement and after successful delivery of the data to the State, the Contractor shall securely delete data (including archival backups) from the Contractor's equipment that contains individually identifiable records, in accordance with standards adopted by the Agency of Human Services.

12. **Computing and Communication.** The Contractor shall select, in consultation with the Agency of Human Services' Information Technology unit, one of the approved methods for secure access to the State's systems and data, if required.

Approved methods are based on the type of work performed by the Contractor as part of this agreement. Options include, but are not limited to:

- a. Contractor's provision of certified computing equipment, peripherals and mobile devices, on a separate Contractor's network with separate Internet access. The Agency of Human Services' accounts may or may not be provided.
- b. State supplied and managed equipment and accounts to access state applications and data, including State issued active directory accounts and application specific accounts, which follow the National Institutes of Standards and Technology (NIST) security and the Health Insurance Portability & Accountability Act (HIPAA) standards.

The State will not supply email accounts to the Contractor.

13. **Lobbying.** No federal funds under this agreement may be used to influence or attempt to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, continuation, renewal, amendments other than federal appropriated funds.
14. **Non-discrimination.** The Contractor will prohibit discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilitation Act of 1973, on the basis of sex under Title IX of the Education Amendments of 1972, or on the basis of race, color or national origin under Title VI of the Civil Rights Act of 1964. No person shall on the grounds of sex (including, in the case of a woman, on the grounds that the woman is pregnant) or on the grounds of religion, be excluded from participation in, be denied the benefits of, or be subjected to discrimination, to include sexual harassment, under any program or activity supported by state and/or federal funds.

The Contractor will also not refuse, withhold from or deny to any person the benefit of services, facilities, goods, privileges, advantages, or benefits of public accommodation on the basis of disability, race, creed, color, national origin, marital status, sex, sexual orientation or gender identity under Title 9 V.S.A. Chapter 139.

15. **Environmental Tobacco Smoke.** Public Law 103-227, also known as the Pro-children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, child care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such Federal funds.

The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where Women, Infants, & Children (WIC) coupons are redeemed.

Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1,000 for each violation and/or the imposition of an administrative compliance order on the responsible entity.

Contractors are prohibited from promoting the use of tobacco products for all clients. Facilities supported by state and federal funds are prohibited from making tobacco products available to minors.

*Attachment F — Revised AHS-12/10/10*

## 1.6 Legal and Regulatory Constraints

This Contract will be governed by the laws of the State of Vermont.

### 1.6.1 Conflicts of Interest

A conflict of interest is a set of facts or circumstances in which either a Vendor or anyone acting on its behalf in connection with this procurement has past, present, or currently planned personal, professional, or financial interests or obligations that, in AHS' determination, would actually or apparently conflict or interfere with the Vendor's contractual obligations to AHS. A conflict of interest would include circumstances in which a Vendor's personal, professional or financial interests or obligations may directly or indirectly:

- Make it difficult or impossible to fulfill its contractual obligations to AHS in a manner that is consistent with the best interests of the State of Vermont;
- Impair, diminish, or interfere with that Vendor's ability to render impartial or objective assistance or advice to AHS; or
- Provide the Vendor with an unfair competitive advantage in future AHS procurements.

Neither the Vendor nor any other person or entity acting on its behalf, including but not limited to Subcontractors, employees, agents and representatives, may have a conflict of interest with respect to this procurement. Before submitting a proposal, a Vendor must certify that they do not have personal or business interests that present a conflict of interest with respect to the RFP and resulting contract. Additionally, if applicable, the Vendor must disclose all potential conflicts of interest. The Vendor must describe the measures it will take to ensure that there will be no actual conflict of interest and that its fairness, independence and objectivity will be maintained. AHS will determine to what extent, if any, a potential conflict of interest can be mitigated and managed during the term of the contract. **Failure to identify potential conflicts of interest may result in disqualification of a proposal or termination of the contract.**

#### 1.6.1.1 Non Collusion

The State of Vermont is conscious of and concerned about collusion. It should therefore be understood by all that in signing bid and contract documents they agree that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company. If there is sufficient evidence to warrant investigation of the bid/contract process by the State, all bidders should understand that this paragraph might be used as a basis for litigation.

## **1.7 Amendments and Announcements Regarding this RFP**

AHS will post all official communication regarding this RFP on its website (<http://www.vermontbidsystem.com>), including the notice of tentative award. AHS reserves the right to revise the RFP at any time. Any changes, amendments, or clarifications will be made in the form of written responses to Vendor questions, amendments, or addenda issued by AHS on its website. Vendors should check the website frequently for notice of matters affecting the RFP.

Any contract resulting from this RFP will be between AHS and the selected Vendor. Any requirements specified herein post award are specifically by and between AHS and the selected Vendor.

## **1.8 RFP Cancellation/Partial Award/Non-Award**

AHS reserves the right to cancel this RFP, to make a partial award, or to make no award if it determines that such action is in the best interest of the State of Vermont.

## **1.9 Right to Reject Proposals or Portions of Proposals**

AHS may, in its discretion, reject any and all proposals or portions thereof.

## **1.10 Costs Incurred**

Issuance of this RFP in no way constitutes a commitment by AHS to award a contract or to pay any costs incurred by a Vendor in the preparation of a response to this RFP. AHS shall not be liable for any costs incurred by a Vendor prior to issuance of or entering into a formal agreement, contract, or purchase order. Costs of developing proposals, preparing for, or participating in oral presentations and site visits, or any other similar expenses incurred by a Vendor are entirely the responsibility of the Vendor, and will not be reimbursed in any manner by the State of Vermont.

## **1.11 Interpretive Conventions**

Whenever the terms “must,” “shall,” “will” or “is required” are used in this RFP in conjunction with a specification or performance requirement, the specification or requirement is mandatory. A Vendor’s failure to address or meet any mandatory requirement in a proposal may be cause for AHS’ rejection of the proposal.

Whenever the terms “can,” “may,” or “should” are used in this RFP in conjunction with a specification or performance requirement, the specification or performance requirement is a desirable, but not mandatory, requirement. Accordingly, a Vendor’s failure to address or provide any items so referred to will not be the cause for rejection of the proposal, but will likely result in a less favorable evaluation.

## **2.0 Overview and Scope of Work**

### **2.1 Overview**

PBM operations are part of the Medicaid operations and are administered by the DVHA. The State currently contracts for PBM services from an incumbent vendor. Through this procurement the State is procuring PBM clinical, operational, and business services and associated technology support, to replace the current contract and to add contemporary

capabilities to best serve the needs of Vermonters. The existing contract expires on December 31<sup>st</sup>, 2014; the State’s expectation through this procurement is to have no interruption of services during and after the transition to the new Vendor.

### 2.1.1 Health Service Enterprise Overview

Innovation is where creativity and passion intersect with opportunity, and Vermont continues to be at the forefront of innovation in healthcare transformation. Vermont’s HSE vision is a multi-year, multi-phased approach that reshapes and integrates our current business processes, improves our public/private sector partnerships, enhances our utilization of information, modernizes our IT environment, and results in an end-to-end transformation of the healthcare experience for the Vermont population as well as the State and private employees who support the HSE.

Vermont’s aggressive agenda for change is built on providing Vermonters with improved access to their personal health data in a secure, timely and effective manner, enabling services and solutions that result in improved life situations and better health outcomes implemented in conjunction with enhanced access to healthcare benefits. The HSE strategy is to invest in new and upgraded components and technology that serve the current and near-term needs, and form the technical foundation on which the State can continually evolve to an integrated Enterprise in the strategic time frame. At the same time, these components will help the State transition to support Vermont’s envisioned public-private universal healthcare system. As such, the HSE represents a holistic approach to innovation in Vermont’s Healthcare Enterprise.

The HSE is the comprehensive collection of Health Information Technology (HIT) and Health Reform Information Technology systems. Three key components of the HSE are the Vermont Health Connect (VHC) online health insurance marketplace, the Integrated Eligibility (IE) system, and the Medicaid Management Information System (MMIS). These strategic components are incrementally deployed upon Vermont’s new service-oriented architecture (SOA) that allows for a modular, flexible, interoperable and learning computing environment leveraging shared services, common technology, and detailed information. The new environment is designed to be consistent with CMS’ Medicaid Information Technology Architecture and Seven Standards & Conditions to ensure the State’s ability to meet the goals of increasing electronic commerce and transition to a digital enterprise.

The PBM solution is part of the overall MMIS component of the HSE. As depicted below, the Vermont HSE is a combination of building blocks, using the HSE Platform as a foundation. The Platform provides the infrastructure services and functional components that each solution shares.

**Figure 1. High Level View of the HSE Platform**



### 2.1.2 Current Related Initiatives

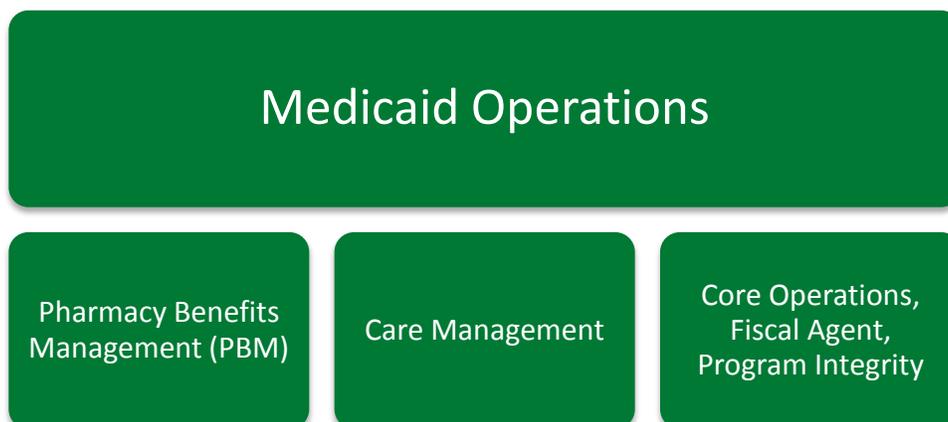
This integrated investment in functional solutions and standard computing platform are the key enablers for the State of Vermont to adopt an enterprise approach, and achieve true innovation in healthcare for the residents of the State of Vermont. The expected timelines for the components of the enterprise solution are shown in the following table:

**Table 2. Vermont Agency of Human Services' Health Services Enterprise**

Enterprise Key Milestone	Responsibility	Implementation Completion Target Date
Health Services Enterprise SOA Platform	VHC Solution Contractor	October 2013
Vermont Health Connect — Intake and Eligibility through shared functionality provided by the (Eligibility Automation Foundation — EAF Business Service) and Pre-Enrollment for Qualified Health Plans	VHC Solution Contractor	October 2013
Integrated Eligibility — Eligibility determination for Vermont's Health and Human Services programs, as a replacement for the majority of the State's legacy ACCESS system	IE Solution Contractor	December 2015

The State is also procuring additional MMIS technologies and services to replace existing aging capabilities. The overall Medicaid Operations Solution Procurement is broken out into three workstreams to meet scope and schedule objectives of AHS. The structure of the MMIS procurements is shown in the figure and the targeted dates for implementation completion are shown in the table below.

**Figure 2. Medicaid Operations Solutions Procurement Structure**



**Table 3. Medicaid Operations Milestone Dates**

Medicaid Key Milestone	Responsibility	Key Date
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Medicaid Key Milestone	Responsibility	Key Date
Care Management	Vendor To Be Determined (TBD)	June 2014
Pharmacy Benefits Management	Vendor TBD	December 2014
Core MMIS Operations	Vendor TBD	December 2016

The State has made extensive investments in technologies and services as part of the Health Services Enterprise, and will continue to do so. It is the State's expectation that, to the extent possible and appropriate, the procured solution will leverage the investments the State has made, either through reuse of technologies already owned, or through use of Web services available in the Oracle-based SOA-compliant HSE Platform. The table below provides an overview of the HSE Platform services and capabilities.

**Table 4. HSE Platform Services and Capabilities**

Capability	Capability Description
Identity Management	Ensure individuals are identified across the range of roles that they play and human services programs that they interact with, and have access only to information and functionality for which they are authorized
Consent Management	Ensure that appropriate information is shared with only individuals that are authorized and have a need for access to it
Portal	Provide a consistent user interface and access to information and functionality
Enterprise Information Exchange	Also referred to as a gateway, or service bus, which will provide a standards based mechanism for integrating with and sharing information among full range of human services and administrative applications
Master Data Management	Includes Master Person Index, Identity Management, Master Provider Index, etc. to ensure a common view and single version of the "truth" across VT's HHS programs
Rules Engine	Define and manage the business rules which will drive eligibility assessments across human services programs
Eligibility Automation Foundation	Provide HSE Platform shared functionality for eligibility screening, application and determinations services for Vermont Health and Human Services Programs
Content Management	Allow management of and access to a wide range of information and media
Analytics and Business Intelligence Tools and Repositories	Create reports and dashboards to shed light on and manage current operations, and to develop analytical and predictive analyses for future planning and policy development
Collaboration Capabilities	These include: Service Coordination (Secure Messaging and Shared Case Notes), Client and Provider Look-Up and Query, Referral Management (Create Referral and Manage Referral), and Alerts and Notifications

## 2.2 Services to be Provided

- The primary objective of this procurement is to secure the services of a Vendor that will be responsible for all facets of the day-to-day operational administration of the Vermont's pharmacy benefit including managing the State's pharmacy

- benefit programs, adjudication of pharmacy claims, call center operations, utilization management and drug utilization review programs, benefit design and clinical support, rebate management, and reporting and analysis.
- The Vendor must be innovative and proactive in employing business techniques that ensure enhanced quality of care under the pharmacy benefit while controlling the growth of pharmacy benefit expenditures. The Vendor shall research and recommend to the State sound clinical and fiscal policies that will ensure meeting and maintaining the primary objective. In particular, the Vendor will operate and manage the State's Federal and State Supplemental drug rebate programs fully in compliance with all applicable state and Federal requirements, and in a manner that maximizes rebate returns to the State.
  - The Vendor must support DVHA's health reform initiatives, such as the vision for a single formulary, payment reform models, and the Duals Demonstration project. The Vendor must value business processes that reduce administrative burden on DVHA, providers, and beneficiaries.

A high level list of the services and systems to be provided include, but are not limited to, the following.

### **Claims Processing and Operational Support**

- Point-of-Sale (POS) claims processing system
- Automated Coordination of Benefits (COB)
- Post Payment Claims Management
- Provider Network Support, Call Center, and Portal
- E-Prescribing and E-Prior Authorization Capabilities

### **Pharmacy Benefit Management and Clinical Programs**

- Utilization Management Programs
- Prior Authorization Program
- Drug Utilization Review
- State Maximum Allowable Cost (SMAC) Program and the Federal Upper Limit (FUL)
- Specialty Pharmacy
- Medication Therapy Management
- Benefit Design and Consultative Support
- Management of Physician-Administered Drugs
- Reporting and Analytics
- Quality Assurance
- Dual Eligible Demonstration
- Medication Therapy Management

## Financial Management

- Management of State and CMS Drug Rebate Programs
- Support of Multistate Supplemental Rebate Consortium
- 340B Program Management

## Additional Services

- Single Payer Considerations

A discussion of each of these items follows and more comprehensive list is included in the Section 2.3 — Proposed Solution Overview.

## 2.3 Proposed Solution Overview

### 2.3.1 Summary of Functional Requirements and Services

AHS intends to select a Vendor that demonstrates a complete understanding of the PBM requirements and key performance measures. The Vendor will have demonstrated the capability to develop, implement and operate a PBM solution that embraces the MITA goals and objectives, and addresses all of the requirements included in the RFP. The Vendor is required to understand and provide the most effective and efficient approach to meeting each requirement and the requested solution as a whole. The Functional Requirements for the technology and services being sought by the State of Vermont are detailed in the following business areas. Each of these sections are to be discussed by the Vendor in Template F — Functional Requirements Matrix and Template G — Functional Requirements Approach as described in the RFP instructions.

#### 2.3.1.1 *Claims Processing and Operational Support*

The Vendor must ensure claims processing policies and procedures are in compliance with all applicable state and federal laws, regulations, rules, and policies. Claims adjudication is the responsibility of the Vendor; however, provider payments are made by the State's current MMIS Contractor. Under this scenario, the Vendor transmits the adjudicated claims electronically to the MMIS Contractor, and the MMIS Contractor performs all of the tasks associated with payments to providers and reporting to the State. In adjudicating claims the Contractor would perform a number of prescribed functions, including applying DUR edits, Prior Authorizations, and COB functions.

#### **Point-of-Sale (POS) online eligibility and claims processing system**

AHS is seeking a Vendor who will operate a real-time (POS) online claims processing system with current NCPDP format and guidelines with an emphasis on drug utilization review (DUR), utilization management (UM), prior authorization, messaging, processing and reimbursement for clinical services (MTM, Immunization administration, and other), and 340B eligible drugs. The Vendor's POS claims processing system must be capable of adding, changing or removing adjudication rules, edits and customized transmission messages to accommodate Department-required changes for its current and future pharmacy programs. The POS claims processing system may include point-of-sale durable medical equipment claims processing, such as diabetic supplies. In addition, the system should be capable of processing both NDC and UPC codes. The system must

be capable of displaying the PDL status of a drug. The Vendor must describe their approach to providing a Point-of-Sale system.

### **Coordination of Benefits (COB) structure and capabilities**

The Vendor must validate claims to determine whether there is one or more liable third party that must be billed prior to billing the Department's programs including, but not limited to, the following:

- Denying payment for claims when a beneficiary is covered by one or more carriers until the billing provider indicates the claim has been fully adjudicated (paid or denied) by the other payer(s);
- Utilizing the Department's TPL data and eligibility records to ensure that all payment opportunities are exhausted;
- Processing claims where multiple third parties are liable;
- Overriding COB editing as specified by the Department;
- Maintaining indicators to identify Medicare Part B drugs and process the claim balance remaining after subtracting the Medicare Part B payment for beneficiaries dually enrolled in Medicare and any of the Department's programs;
- Coordinating benefits automatically with all primary payers including capturing and storing the primary payer's data; and
- Obtaining maximum cost avoidance and reimbursement for beneficiaries covered by third parties.

### **Financial Management**

As requested by AHS, the Vendor must process financial gross adjustments to pharmacy payments, such as corrective actions identified from post-payment audit findings and other adjustments. The Vendor must describe their approach to managing financial adjustments and reversals.

### **Pharmacy Network Management**

The Vendor must be the first point of contact for providers with questions, concerns and complaints and must implement and maintain a provider contact and problem resolution tracking system. The system must, at a minimum, document and track contacts with providers, identify issues and describe problem resolution. The Vendor must review the data submitted by providers, obtain any corroborating information, and prepare an analysis of the issues. The analyses must be reviewed with Department staff at regularly scheduled meetings. The Vendor is responsible for provider communications and must maintain current contact information for the provider networks.

### **Provider Portal and Support**

The Vendor must implement a pharmacy and prescriber portal and provide support, updates, and maintenance customized to meet the needs of DVHA. The Vendor must guarantee any data exchange on its website between the Vendor and DVHA or providers will be secure. The Vendor must provide describe their approach to providing a portal that supports effective communications with providers

### **Post Payment Claims**

As requested by AHS, the Vendor must process post-payment claim reversals for pharmacy claims, such as Third-Party Liability (TPL) adjustments and other adjustments.

### **E-Prescribing and E-Prior Authorization Capabilities**

DVHA is interested in promoting the electronic exchange of information to support administrative simplification. Currently, pharmacy benefit eligibility verification, medication history and preferred drug list (PDL) information is made available to all Electronic Medical Record (EMR) systems statewide. This is accomplished through the PBM's existing infrastructure and the network exchange services with AllScripts Healthcare Solutions, Inc. and SureScripts, LLC. DVHA wishes to continue its work on refinements to the PDL interface to assure accurate and meaningful displays of formulary and coverage limitations to prescribers at the time of prescribing. In addition, DVHA wishes to expand these capabilities by providing the means to perform electronic prior authorizations through the EMR.

The Vendor must describe its approach to work with DVHA to meet the goals of DVHA for electronic prescribing and electronic prior authorization and for providing prescribers and pharmacies information promoting both. More information can be found in the Single Formulary and Electronic Prior Authorization Recommendations (2012) document in the Provider Library.

### **Pharmacy Benefit Management and Clinical Programs**

Pharmacy Benefit Management services support the program in the following areas: drug benefit management services, drug utilization review, utilization management programs, and PDL management. All of these services must encompass drugs processed through both the pharmacy benefit and those physician-administered drugs processed through the medical benefit. In regards to the specific services identified below, the Vendor must describe their approach to providing these PBM services to DVHA.

### **Preferred Drug List and Utilization Management Programs**

Utilization Management programs encompass:

- Prior authorization, quantity limit, step therapy, and Preferred Drug List exceptions
- Development and dissemination of clinical criteria, procedures for its application, and proper documentation of all clinical decisions
- First reconsideration review of denials by a clinical pharmacist when requested and access to independent physician reviewers
- Proper notification of all denials and approvals to members and prescribers within timelines established by applicable law and State policies

### **Management of the Preferred Drug List (PDL)**

The PDL is a key feature in the Vermont pharmacy best practices and cost control program and identifies drugs that are clinically safe and effective, and cost-effective to the State. Drugs are reviewed by DVHA's DUR Board for clinical safety, efficacy, evidence-based guidelines for use, and to determine its appropriate place in therapy.

Drugs are listed as “preferred” or “non-preferred” and/or require prior authorization based on thorough clinical and cost evaluations.

### ***Prior Authorization Program***

An aggressive and effectively managed Prior Authorization (PA) program has been demonstrated to provide savings to DVHA’s pharmacy program, while at the same time improving prescribing practices and overall quality of care. The Department seeks modern state of the art prior authorization systems and capabilities. These services must encompass drugs processed through both the pharmacy benefit and those physician-administered drugs processed through the medical benefit. The PA program must be capable of utilizing medical codes such as CPT, HCPCS, ICD-9, and ICD-10 codes to make PA determinations in an automated fashion through POS. In addition, the PA process must accommodate the electronic submission of forms (via provider portals) to the provider call center(s) for manual PA determinations. Both pharmacies and prescribers should have an electronic means to check on the status and expiration date of a PA through the provider portals. Additionally, DVHA is interested in detailed and ongoing analyses of program success focused on evaluation of drugs, criteria, return on investment, and recommendations for change. Lastly, DVHA is interested in implementing a PA process through the electronic medical records of provider practice management systems as soon as technology makes this feasible. The Vendor must describe their approach for conducting Prior Authorizations now and in the future.

### ***Support of the State’s Appeal Process***

In addition to the PA process, DVHA seeks support of the appeal process for drugs whose coverage has been denied. The Department receives a number of appeals for drugs either denied through the PA process or for non-covered products. Each of these appeals must go through a thorough physician review process.

The Vendor must support the State’s appeal process, including, but not limited to:

- Notifying providers and beneficiaries of their appeals rights in accordance with DVHA’s policy.
- Coordinating with State personnel who oversee the grievance and appeals process
- Preparing the appropriate reports and documents to support the Vendor’s actions resulting in the request for an appeal from a beneficiary or provider
- Providing the services of a registered pharmacist to address an appeal related to pharmacy benefit services
- Providing resources to address appeals related to claims disputes
- Complying with the mandates and timelines stipulated by DVHA

### ***Drug Utilization Review***

Drug Utilization Review (DUR) activities for DVHA include, but are not limited to: prospective and retrospective Drug Utilization Review including provider profiling, educational outreach, peer-to-peer education, and activities related to assuring best practice compliance assurance. DVHA has a focus on management of drugs of abuse and drugs used for substance abuse treatment, management of psychotherapeutic drugs in adults and children, treatment of chronic pain, ADHD, asthma and other costly

and complex chronic conditions. Drug utilization review services must encompass drugs processed through both the pharmacy benefit and those physician-administered drugs processed through the medical benefit.

The Vendor must describe its proposed approach to providing Drug Utilization Review services.

### ***State Maximum Allowable Cost (SMAC) Program***

The Affordable Care Act modified the previous statutory provisions that required the Secretary of AHS to establish a Federal Upper Limit (FUL) for multiple source drugs. Effective October 1, 2010, the Social Security Act was revised to require that the Secretary calculate a FUL as no less than 175% of the weighted average (determined on the basis of utilization) of the most recently reported monthly average manufacturer prices (AMP) for pharmaceutically and therapeutically equivalent multiple source drug products that are available for purchase by retail community pharmacies on a nationwide basis. The Final Rule and revised FUL prices will most likely not be available until January, 2014.

The State Maximum Allowable Cost (SMAC) resembles the federal upper limit (FUL) methodology in that it establishes maximum reimbursement amounts for equivalent groups of multiple source drugs. While basing reimbursement payments off the FUL can save states money, they can potentially achieve additional savings by implementing a SMAC program. For example, States can include more drugs in these programs than are covered under the FUL program, and reimbursement rates for drugs under a SMAC can potentially be lower than the established FUL rates.

Currently, the pharmacy reimbursement for drugs is the lower of the following calculations:

Average Wholesale Price (AWP) less 14.2% plus a dispensing fee,

The Federal Upper Limit (FUL) plus a dispensing fee,

The State Maximum Allowable Cost plus a dispensing fee

The pharmacy's usual and customary charges

The Vendor must describe its approach to implementing the new FUL rates to be published in 2014, the Vendor's approach to setting MAC rates on drugs, and the Vendor's approach to the administration and maintenance of the State's Maximum Allowable Cost program. The Vendor's MAC must be available and transparent to the Department.

### ***Management of Physician-Administered Drugs***

DVHA would like to implement a more rigorous and structured approach to managing physician-administered drugs billed through the medical benefit. This could be achieved by integrating physician administered drugs into all aspects of the Vendor's utilization management programs such as applying quantity limits, step therapy, or clinical prior authorization criteria for such drugs and coordinating with the MMIS vendor to assure consistency in the application of those UM strategies across both benefits. DVHA is also interested in any innovative management models. The Vendor should explain its utilization management strategies for managing Physician-Administered drugs and

indicate the extent to which they can currently, or could in the future, support DVHA in improving the overall management of these drugs.

### ***Benefit Design and Support***

The Vendor must describe its approach to providing benefit design and support, in particular the ease of implementing and making ongoing programmatic changes to the benefit program. DVHA is interested in understanding the Vendor's:

- Ability to implement, operationalize and manage DVHA's complex benefit designs with multiple funding sources and various eligibility requirements
- Flexibility in pharmacy reimbursement structures such as Average Acquisition Cost (AAC), National Drug Acquisition Cost (NADAC), Wholesale Acquisition Cost (WAC), and 340B pricing designs
- Ability to modify benefit plans in a timely and cost-effective manner for DVHA
- Ability for DVHA staff to make changes to the benefit design and operational features, such as POS messaging

That the screens and menus are logical, intuitive to use, and support efficient workflow. The Vendor should describe its ongoing approach to enhancing operational, program, and clinical value. It should include the approach to identifying recommendations for program improvements, cost reduction/avoidance strategies, and operational efficiencies. Explain how these will be developed, how the Vendor will work with DVHA to obtain necessary approvals and buy-in, to implement changes, and measure and report on benefits realization on an ongoing basis.

### ***Reporting and Analytics***

The Vendor must provide reporting and analytic capabilities/services as described below that will support the reporting and analysis of claims data and PBM operations. The State expects that the Vendor will provide:

- Dashboard capabilities that support various roles of PBM operations and user-defined reporting views/screens based upon different roles, security profiles, etc. of various stakeholders
- Static or "canned" reports that are generated at predefined intervals and on demand by State users
- Parameterized reports that allow State users to select from a defined number of parameters that inform a report. Parameters should include, but not be limited to: date or date range, beneficiary, beneficiary eligibility characteristic, program, drug, pharmacy, etc.)
- Ad hoc querying and reporting capabilities
- Capabilities to support graphical data (e.g., GIS) with presentation parameters configurable by the end-user; drill-down for more detailed information.
- Capabilities to export reporting data as seen in the report as well as the underlying data used to build the report in a variety of data formats

- Capabilities to support advanced analysis such as predictive analysis, root cause analysis, identification of statistical outliers, etc.
- Services to define, create and run, as requested by the State, additional static, parameterized and ad hoc reports in a timely manner, as described in the above descriptions

Examples of all current reports are included in the Procurement Library. The reports must include, but are not limited to:

- Utilization Reports
- Financial Reports
- Auditing Reports
- Preferred Drug List Reports
- Claims Processing Reports
- Coordination of Benefits (COB) Reports
- Net Cost Reports

### ***Quality Assurance***

The Vendor must develop and implement quality management and assurance, using best practices consistent with industry standards, principles, and processes including, but not limited to:

- Implement Quality Improvement Processes for recurring processes
- Continuous performance measurement and improvement through the use of technical reviews, internal audits, and Vendor beneficiary satisfaction surveys, or other assessment tools; (for example)
- Ongoing Vendor staff training

### ***Dual Eligible Demonstration Support***

In May of 2012, Vermont submitted a proposal to the Centers for Medicare and Medicaid Services (CMS) to participate in a state capitated Financial Alignment demonstration (e.g., Dual Eligible Demonstration) to integrate care for approximately 22,000 beneficiaries who are dually eligible for both Medicare and Medicaid. The goal of Vermont's *Dual Eligible (DE) Demonstration* is to fully integrate the delivery and financing of Medicare and Medicaid services for Vermont's dually eligible population. According to CMS, the 9 million dual eligible beneficiaries nationally account for a disproportionate amount of spending between the two programs, approximately \$300 billion a year. For example, dual eligible beneficiaries account for 16% of Medicare enrollees but 27% of Medicare spending; in the Medicaid program, individuals who are dually enrolled make up 15% of the program but account for 39% of costs.

Vermont was one of 15 states selected by CMS to develop approaches to improve the coordination of care for dual eligible individuals. Each state was awarded up to \$1 million to develop a model for structuring and implementing its planned approach. Vermont's DE Demonstration model focuses on providing person-directed interventions to improve care coordination and service delivery, with performance measures and outcomes linked to payment reforms. Vermont's model will:

- offer high quality, seamless and cost-effective care;
- coordinate primary, acute, mental health, substance abuse treatment, pharmacy services, and long-term supports and services; and
- meet the unique needs of all individuals who are dually eligible for Medicare and Medicaid.

### **Development of an Integrated Medicare-Medicaid Service Delivery Model**

Through the DE Demonstration, Vermont and CMS will develop a fully integrated model for financing and delivering the full array of healthcare services for this population. As part of this initiative, Vermont intends to integrate benefits covered under Medicaid and Medicare (Parts A, B and D), providing beneficiaries with a truly comprehensive and seamless set of services. This approach offers Vermont the opportunity to work with CMS to eliminate some of the regulatory conflicts and cost-shifting incentives that currently exist between Medicare and Medicaid, including those related to prescription drug coverage.

Under the current delivery model, dual eligible beneficiaries receive different covered benefits under Medicare and Medicaid, with each program managed differently and using different funding sources. In contrast, the DE Demonstration allows Vermont to develop initiatives to offer high-quality, seamless and cost-effective care through a coordinated, person-centered delivery model designed to address the unique needs of the dually eligible population. Since participation is voluntary, beneficiaries may elect to participate in the Demonstration or continue to receive benefits through current programs.

Vermont has proposed to build upon its unique public Medicaid managed care model to provide integrated care for the dual eligible population. Participating beneficiaries will access all of their Medicaid and Medicare covered services (including prescription drug coverage) under the authority of a single entity, the Department. As with the existing Medicaid managed care model, integrated funding provides Vermont with greater flexibility in designing programs and services that meet the particular needs of the dual eligible population. If successful, this model of pharmacy benefits delivery would support a more seamless transition to Vermont's single payer healthcare system in which pharmacy benefits will be integrated through use of a single formulary.

The Pharmacy Benefit Manager (PBM) chosen by the State of Vermont must support the DE Demonstration and therefore, in addition to adjudicating Medicaid claims, it must be able to design, deliver, implement, and administer a Medicare Part D benefit. In doing so, the PBM must meet all CMS requirements related to the administration of the Part D benefit. Further, the PBM generally must support Vermont's goal to move to a single payer healthcare system.

The Vendor must respond with its experience providing Medicare Part D-related PBM services, as well as their approach to meeting the needs of the State's Duals Demonstration Project.

### ***Medication Therapy Management***

Medication Therapy Management (MTM) is a partnership of the pharmacist, the beneficiary and other health professionals that promotes the safe and effective use of medications and helps beneficiaries achieve the targeted outcomes from medication therapy.

Vermont believes that any MTM program implemented must include the analytical, consultative, educational and monitoring services provided by pharmacists to help beneficiaries get the best results from medications through enhancing understanding of medication therapy, increasing adherence to medications, controlling costs, and preventing drug complications, conflicts, and interactions.

DVHA is interested in developing an MTM program that will comply with all Part D requirements for such programs, will be offered to both Medicaid and Medicaid/Medicare eligible populations, and will be integrated into and coordinate with other Department initiatives such as the Vermont Chronic Care Initiative. This is envisioned as utilizing a combination of community pharmacists who currently see beneficiaries on a regular basis and supply their medication needs, and State and/or Vendor clinical pharmacists who will coordinate with DVHA, community pharmacists, the VCCI program, and other stakeholders to assure continuity and coordination of MTM services.. Pharmacists should be reviewing medication regimens for potential problems such as drug interactions, duplications of therapy, appropriate dosing, dosage forms, and routes of administration, medication adherence and compliance, side effects, cost optimization such as promoting generic utilization, and assuring compliance with DVHA's PDL.

The MTM program goals are:

- Strive to reach optimum therapeutic outcomes for targeted beneficiaries through improved medication usage
- Reduce the risk of adverse events
- Be developed in cooperation with licensed and practicing pharmacists and physicians
- Be furnished by pharmacists or other authorized providers
- Distinguish between services in ambulatory and institutional settings
- Be coordinated with any care management plan established for a targeted individual under Vermont's chronic care initiative program (VCCI)

### ***2.3.1.2 Financial Management***

Financial support services are an important component of the PBM services being solicited. The Department seeks Vendor services in the administration of all rebate programs, including the Federal OBRA '90 rebates, supplemental rebates and State-only rebates. It will also rely on the Vendor to support the State's participation in the Sovereign States Drug Consortium (SSDC) multi-state supplemental rebate pool.

#### **Management of State and Federal Drug Rebate Programs**

The Medicaid Drug Rebate Program is a partnership between CMS, State Medicaid Agencies, and participating drug manufacturers that helps to offset the Federal and State costs of most outpatient prescription drugs dispensed to Medicaid patients. Approximately 600 drug manufacturers currently participate in this program which requires a drug manufacturer to enter into a national rebate agreement with the Secretary of the Department of Health and Human Services (HHS) in exchange for State Medicaid coverage of that manufacturer's drugs. Manufacturers are required to pay a quarterly rebate on those drugs each time that they are dispensed to Medicaid patients. These rebates are shared between the States and the Federal government to offset the overall cost of prescription drugs under the Medicaid Program.

In addition, DVHA administers a state rebate program for state funded pharmacy programs. This program is similar to the federal program, and is based on a pro-rated share of the federal rebate calculation.

DVHA seeks full support of the Federal and State Rebate program. The Vendor should describe how it manages all aspects of rebate support including, but not limited to:

- Producing Drug Rebate Invoices for drug manufacturers
- Processing the CMS Rebate Utilization files
- Providing rebate reporting to the State and partners
- Reconciliation and resolving drug rebate disputes
- Supporting manufacturer inquiries such as claims level detail

The Vendor must describe their approach for supporting the AHS's Drug Rebate program and maximize the value achieved for AHS.

### **Financial Management**

As requested by AHS, the Vendor must process financial gross adjustments to pharmacy payments, such as corrective actions identified from post-payment audit findings and other adjustments. The Vendor must describe their approach to managing financial adjustments and reversals.

### **Support of Supplemental Rebate Multistate Consortium**

It is the intent of the State to receive supplemental rebates, in addition to the CMS Rebates received under the Medicaid Drug Rebate Agreement, pursuant to Section 1927 of the Social Security Act (42 U.S.C. § 1396r-8), for the manufacturer's supplemental covered product(s) quarterly utilization in the State's Medicaid programs in which there is Medicaid federal financial participation.

The state participates in the Sovereign States Drug Consortium (SSDC) a multi-state purchasing pool. The SSDC uses a multi-state administered collaboration to create a pharmaceutical purchasing pool. The pool focuses on negotiating and acquiring rebates supplemental to federal Medicaid rebates from drug manufacturers. At the same time, the SSDC preserves each State's ability to manage its pharmacy benefit by customizing its own Preferred Drug List and Prior Approval programs. The SSDC has procured a vendor who provides the following drug rebate procurement related services:

- Compile drug utilization data as part of the annual bid procurement.
- Rebate bid solicitation from drug manufacturers for annual review
- Bid compilation and presentation to the SSDC members.
- Rebate bid negotiation annually and as needed: Negotiation that may occur at the request of a Member State or States after bid review.
- Bid selection notification to manufacturers
- General administrative functions in support of the rebate solicitation

In general, States belonging to the SSDC leverage their collective lives and utilize Preferred Drug Lists for select high use, high cost drug classes. State members promote clinically appropriate alternatives that are the most cost-effective in the individual

classes, and prefer products that have a low net cost to the State (e.g., generics and low net cost brands)

As part of the contract, the Vendor must support DVHA in managing the Supplemental Rebate program. The scope of Vendor responsibilities includes, but is not limited to:

- Working with the SSDC vendor in conjunction with the Department as necessary to administer the program
- Bid review and selection, determining the value proposition and DVHA on rebate acceptance
- Contract finalization with manufacturers
- Rebate invoicing, collections, dispute resolution, and reporting
- Clinical management
  - development of clinical criteria in support of its PDL
  - managing changes to the PDL as a result of negotiations
- Representing DVHA at all meetings where rebate business is conducted

The Vendor must describe their approach to managing the State Supplemental Rebate program and maximizing the benefit to the State from participation in the SSDC.

### **340B Program Management**

Vermont has participated in the federal 340B program since 2005, and has made substantial progress in expansion of the program. In 2010, the Department encouraged enrollment of 340B covered entities made newly eligible by the Affordable Care Act and as a result of the Challenges for Change legislation passed in Vermont that year. Twelve of Vermont's fourteen hospitals are eligible for participation in the 340B program in addition to other covered entities in the state such as federally-qualified health plans. The Department expanded its 340B program to encourage enrollment of both existing and newly eligible entities within Vermont and to encourage covered entities to "carve-in" Medicaid (e.g., to include Medicaid eligibles in their 340B programs). There is no state requirement for covered entities to carve-in Medicaid, but if they do, the 340b acquisition cost of the drugs must be passed on to Medicaid. The 340B acquisition cost is defined as the price at which the covered entity has paid the wholesaler or manufacturer for the drug, including any and all discounts that may have resulted in the sub-ceiling prices.

DVHA established a shared savings program with participating covered entities that provides for the pass through of acquisition cost to the State. Entities who carve-in Medicaid receive a 340B dispensing fee, and based on a retrospective true-up process, share in the overall savings attributable to the program. The Vendor must comply with all federal 340B rules and regulations, and must implement a process by which 340B claims are excluded from rebate invoices processed for manufacturers. In addition, DVHA seeks support of the 340B program including tracking, invoicing, and financial reconciliation of the shared savings model, in addition to covered entity provider relations and support.

The Vendor must describe their approach to supporting DVHA in operating the program including, but not limited to administrative support, financial analysis, interacting with covered entities, invoicing, cost analysis, and other tasks as directed by DVHA.

## **Additional Services**

### Single Payer

The Vermont legislature passed Act 48 in May, 2011. The law recognizes the fiscal and economic imperative for Vermont to undertake fundamental reform of its healthcare system. Act 48 puts Vermont on a path to a single payer system. The State still needs to take additional steps to reach that goal. These include development of a financing plan that assures a single payer will cost less than the current system. There are a number of other initiatives that could become part of the State's single payer system, including a single state-wide formulary.

The Vendor will be required to support Vermont's health reform plans to transition to a Statewide single payer healthcare system by 2017.

### **2.3.2 Summary of Non-Functional Requirements**

Vermont has developed and documented a set of Non-Functional Requirements for the PBM solution. These Non-Functional Requirements are independent of any particular service provider's solution type and are intended to better align the Vendor's offering(s) with the overall VT vision for integrated health and human services and the enterprise technology infrastructure being deployed.

The Vendor will respond to the Non-Functional Requirements and their approach to meeting them in Template H — Non-Functional Requirements and Template I — Non-Functional Requirements Approach.

The NFRs are organized under the following categories:

- **Architectural and Policy Requirements** of the Solution define the framework and constraints under which the solution must operate
- **Solution implementation Requirements** define the specific expectations around how the solution is implemented
- **Operational Requirements** describe the overall capabilities needed after deployment into production
- **Performance Requirements** describe how the Solution must be able to perform

The following structure is used to organize Template H — Non-Functional Requirements and Template I — Non-Functional Requirements Approach:

- Architecture/Policy Requirements
  - General System Requirements
  - Interoperability/Interfaces
  - Regulatory and Security
  - User Interface
  - Business Intelligence (BI) and Reporting
- Implementation Requirements
  - Project Management
  - Knowledge Transfer & Training

- Testing and Validation
- Data Conversion and Migration
- Quality Management
- Operational Requirements
  - System Management
  - Service Level Requirements and Performance

### 2.3.3 Interfacing Requirements

The new PBM technology will need to interact with a number of other State systems to function effectively. A brief and non-exhaustive list of systems includes:

**Table 5. System Integration List**

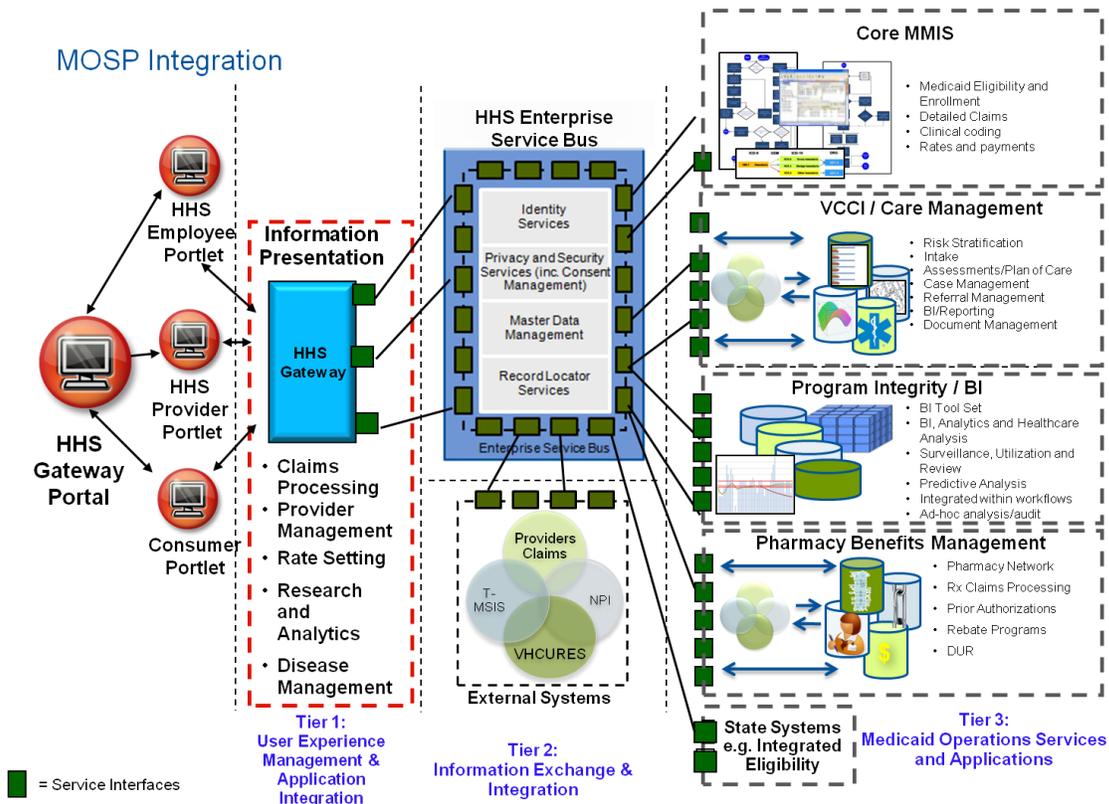
System	Description
ACCESS/Integrated Eligibility	The State is in the process of developing a new integrated eligibility system to replace ACCESS. The new system will be built on the HSE Platform and will be SOA compliant. The new Integrated Eligibility system will be released in phases throughout 2014 and 2015 to match the functionality being decommissioned from ACCESS. The PBM solution will need to integrate with the existing and replacement functionality as necessary.
HSE Platform	The HSE Platform is a suite of shared enterprise tools that can be leveraged across the enterprise as described in other parts of this document. The PBM solution will need to interface with the HSE Platform. The State will review Vendors in relation to their ability and approach to integrate with and leverage any relevant capabilities offered by the HSE Platform.
Existing and replacement MMIS	The replacement PBM system that is being procured will need to interact with the MMIS that is currently in place, as well as the replacement SOA-based system that is expected to be implemented by the end of 2016.

The specific functionality required for the PBM is detailed in Section 2 of this RFP and in Template F Functional Requirements, Template G Functional Requirements Approach, and Template H Non-Functional Requirements.

### 2.3.4 Enterprise Architecture Guiding Principles

The State is seeking the implementation of innovative, flexible and interoperable solutions that provide the key capabilities required for meeting Vermont’s objectives. The figure below provides a high-level conceptual model of the Vermont Health Services Enterprise solution architecture. The Solution Architecture Conceptual Model diagram presented below is separated into three major architecture tiers:

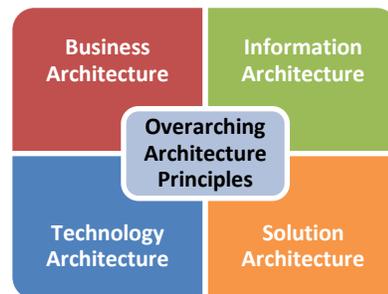
- Tier 1 — User Experience Management and Application Integration
- Tier 2 — Information Exchange and Integration
- Tier 3 — Medicaid Operations Services and Applications

**Figure 3. Vermont HSE Solution Architecture Conceptual Model**


A key objective of the Vermont Enterprise Architecture (EA) framework for the HSE Program is to organize the Enterprise Architecture content and define the desired future state capabilities. Vermont has defined a series of architectural principles that describe the desired future state Enterprise Architecture for the VT HSE Program.

The Vendor is expected to align its solution with these principles in their overall solution approach.

The VT Health Services Enterprise Architecture consists of four key domains:



- **Enterprise Business Architecture** — drivers and strategy for the future program/policy framework for the VT's integrated and enterprise approach to health and human services and identifying the implications for enabling IT and developing a functional model of the enterprise from which information and technical architectures can be derived
- **Enterprise Information Architecture** — identifying the data and information that will be required to anticipate, support and validate key decisions through the life cycle of VT's health and human services programs/services and how that data/information must flow through the State's legacy
- **Enterprise Technology Architecture** — defining the required technology infrastructure and standards (ONC, National HIT Standards, Software/Hardware)

Standards, etc.) as well as the system management, operations and security mechanisms that are required to achieve the vision and provide for an sustainable, extensible, life cycle of AHS Programs and Services

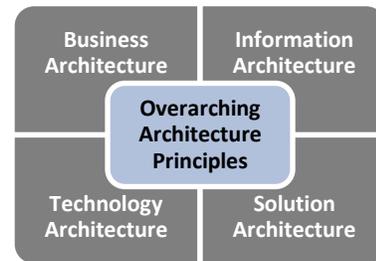
- **Solution (Application) Architecture** — defining the required solution pattern, that will be required — such as: common front-end one-stop portal; enterprise information exchange/enterprise service bus; consolidation/modernization/retirement of legacy applications; enterprise data warehouse/mart and business intelligence tools, etc.

### ***Architectural Principles by Domain***

Architectural principles provide guidance for decision-making in support of the vision of the future state. The principles describe the consistent decision-making biases and are intended to provide logical consistency across multiple areas. The principles also articulate how to deal with change, drive behavior, and affect individual decision-making events. These principles are not policies, but often do drive the policy requirements. These principles articulate top-level decision-making biases at Vermont.

The following overarching **HSE Architecture** principles support the VT HSE Platform:

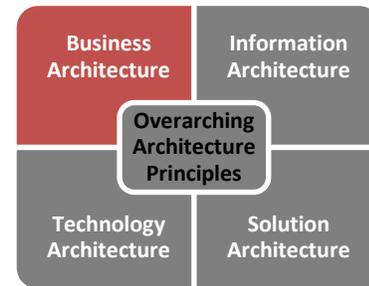
- **Sustainability:** The Health Services Enterprise Architecture must include essential actions and resources to ensure the endurance of the Vermont Health Services Enterprise. This requires committed leadership, effective governance and the continuity of funding and knowledgeable resources with the critical skills to sustain the architecture.
- **Open Process:** Establish an open and inclusive process for defining the Enterprise Architecture, identifying the needs of the community (providers, payers, government, etc.) and the Business, Information and Technology architecture.
- **Accountability and Transparency:** There must be clearly defined ownership and governance for the architecture. Roles and responsibilities must be delineated unambiguously and shared openly. Defined responsibilities should include: providing input to the decision making process, analyzing alternatives, formulating proposals, making determinations and review and approval.
- **Simplicity and Consistency:** Enterprise Architecture governance processes must serve to avoid unnecessary complexity and redundancy in the management of risks and controls across the Enterprise by developing a single, unified approach.
- **Broad Participation:** AHS has identified a need for broad stakeholder representation and involvement in Enterprise Architecture Governance.
- **Aligned and Comprehensive:** The value of Enterprise Architecture will depend in large measure on how well it supports program requirements in all respects.



The following **Enterprise Business Architecture** principles support the VT HSE Platform:

- **Support the Enterprise Mission and Objectives:** All business processes should be optimized to support overall AHS strategic objectives.

- **Focus on User Needs:** Residents, State Staff and Trading Partners will be able to use systems that provide content rich and user friendly interfaces via multiple channels and task-appropriate devices aligned with the State's model of practices.



- **Enable Data Sharing:** The Vermont HSE Platform will enable enterprise wide data sharing and also provide flexible data access for Residents and Trading Partners.
- **Ensure Privacy and Confidentiality:** The Vermont HSE platform will ensure the privacy and confidentiality of health data including compliance with all laws and regulations.
- **Enhance Decision-support:** The Vermont HSE Platform will provide timely, accurate, and complete decision support information to users through applications and shared services that minimize the labor intensity to enter, access and manipulate data and also anticipate, support and validate key public health and client service activities and decisions.
- **Utilize Advanced Data Analytics:** The Vermont HSE Platform will collect and marshal a wide variety of health data that will be able to be analyzed to create knowledge that informs evidence-based strategies to create actionable results for meeting the needs of Vermont residents.
- **Create a Real-Time Integrated Enterprise:** The Vermont HSE Platform will allow all users to have current and up to the second information regarding all client's interactions with Vermont's HHS Programs.

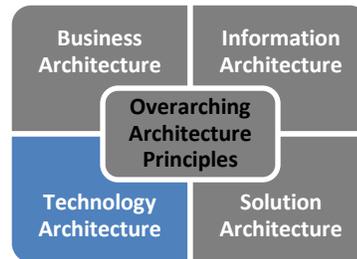
The following **Enterprise Information Architecture** principles support of the Vermont HSE Platform:

- **Manage Information as an Enterprise Asset:** Coordinate the collection, consolidation, and consumption of enterprise information to support strategic initiatives requiring the consistency and dependability of data across multiple business processes and throughout the entire life cycle of the information.
- **Enable Data Sharing via Standards-Based Approach:** Vermont's HHS Agencies will provide and benefit from consistent and accessible data sharing, internally and externally, using appropriate Health IT standards for naming, messaging, and data exchange.
- **Data Governance will be Transparent and Consistent:** The Vermont HSE Platform will ensure that data governance processes decisions are consistently implemented across the organization to ensure that data integration is as effective as possible.
- **Establish a Single Data Source approach to Client and Provider Information:** The Vermont HSE Platform will use enterprise wide tools to provide reliable and cost-effective data sources for the records managed by each Agency and their partners.

- **Continuously Improve Data Quality:** Data will be continuously reviewed and there will be a relentless focus on ensuring the highest quality of data content with specified data owners accountable for quality and establishing standards for data stewardship — Addressing data definition, transformation, integrity and quality issues.
- **Enforce Data Confidentiality and Legal Requirements:** AHS will ensure that all rules and regulations that govern data collection, storage and use are rigorously applied.

The following **Enterprise Technology Architecture** principles support the Vermont HSE Platform:

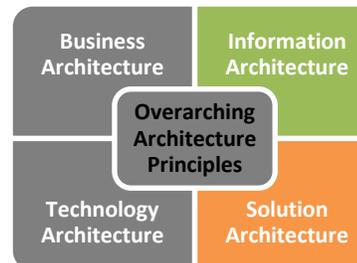
- **Integrated and Accessible Architecture:** Information captured across the program silos need to be integrated and accessible.
  - ❑ Leverage data across systems and processes, taking into account security, privacy and confidentiality considerations.
  - ❑ Maintain consistent definitions and a single authoritative source of record for data.



- **Robust Infrastructure Capabilities:** Enhance infrastructure capabilities for standardized approach to health information.
  - ❑ Need to deploy IT infrastructure for user driven access to and analysis of information.
- **Privacy and Security Compliance:** Ensure privacy and security of participant information in accordance with legislative mandates (e.g., HIPAA) and community preferences.
  - ❑ Improve and enforce the Security standards around Identity and Access Management (IAM).
- **Technology Solutions Aligned to Agency Requirements:** Design technology solutions to accommodate appropriate agency requirements consistent with enterprise architecture and standards while minimizing the number of departmental applications (eliminating duplication and overlap wherever possible).

The following **Enterprise Solution Architecture** principles support the Vermont HSE Platform:

- **Service-Oriented:** The target architecture should consist of a number of services that are compliant with industry standards for service-oriented architecture to facilitate reuse, adaptability and interoperability.
- **Interoperability Standards:** Build upon Federal standards and implementation efforts including CDC, NHIST, the ONC HIT Standards Committee and those for the NHIN and comply with emerging national interoperability standards for content exchange, vocabulary/notation and privacy/security.



- **Investment Protection:** Provide the ability to integrate with existing public health system platforms and health information exchanges.
- **Independence:** Keep architecture skills separate from product and implementation vendor dependencies to maintain Vendor and technology neutrality in the development of architecture.
- **Scalable and Extensible:** Provide incremental expansion of functionality over time on a base that is scalable to accommodate additional users and extensible in expanding capabilities to meet future business needs and Federal and State mandates.
- **Legacy System Access Through Modernized Interfaces:** Provide the platform, design patterns and disciplines required to facilitate access to the existing application portfolio and datasets leveraging modern interface architecture approaches.

### 2.3.5 Project Approach

The sections above outline the State of Vermont's environment and the scope of the PBM project. The section below outlines the approach the Vendor must follow and the solution must meet in implementing these requirements.

#### 2.3.5.1 Approach to Security Related Regulations and Standards

The proposed solution will, at a minimum, provide a mechanism to comply with System security requirements and safeguard requirements of the following State and Federal agencies/entities:

- Health & Human Services (HHS) Center for Medicare & Medicaid Services
- Administration for Children & Families (ACF)
- NIST 800-53 and DoD 8500.2
- Federal Information Security Management Act (FISMA) of 2002
- Health Insurance Portability and Accountability Act of 1996
- Health Information Technology for Economic and Clinical Health Act (HITECH) of 2009
- 42CFR Part 2 - <http://www.ecfr.gov/cgi-bin/text-idx?SID=73653803373db65d9d9075824929d85c&node=42:1.0.1.1.2&rgn=div5>
- Privacy Act of 1974
- e-Government Act of 2002
- Patient Protection and Affordable Care Act of 2010, Section 1561 Recommendations
- Vermont Statute 9 V.S.A. § 2440. Social security number protection (<http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=09&Chapter=062&Section=02440>)
- Vermont Statute 9 V.S.A. § 2435. Notice of security breaches (<http://www.leg.state.vt.us/statutes/fullsection.cfm?Title=09&Chapter=062&Section=02435>)

### **2.3.5.2 Approach to System Migration and Data Conversion**

The Vendor is expected to describe the migration approach and methodology to be used for the PBM project. The Vendor will incorporate the migration approach and data conversion plan (if appropriate) into a comprehensive Migration Plan. DVHA anticipates considerable collaboration with the Vendor in the plan's construction, with particular attention to high complexity components of the existing State PBM Service.

### **2.3.5.3 Approach to Integration**

The PBM solution is expected to interface with a number of other State systems using the HSE Integration infrastructure.

The Vendor system shall be able to support Application to Application (A2A) synchronous and asynchronous messaging using Web services. The messaging capabilities will be able to support a wide variety of A2A patterns including, but not limited to, the following:

- Data look-up and retrieval
- Data look-up with services provided by other applications
- Simple bulk data transfer to/from other Systems.

It is anticipated that all integration will be through Vermont's HSE Integration infrastructure.

### **2.3.5.4 Approach to Testing**

The Vendor is required to propose a robust and integrated methodology for testing of the proposed solution. The Vendor's testing approach and plan must, at a minimum, include the following areas:

- Test philosophy (including objectives, required levels or types of testing, and basic strategy (developing, testing and release of major subsystems/components)).
- Procedures and approach to ensure the testing will satisfy specific objectives and demonstrate that the requirements are met.
- Procedures and approach to ensure that each phase of the testing is complete, and how formal reports/debriefings will be conducted for each phase of testing.
- Approach to define tested workload types (performance testing) and test data
- Overview of testing facilities, environment and specific testing tools to be used.
- Overview of processes and procedures that will be used by the Vendor for releasing testing results and review of test results.
- Process and procedures for tracking and reporting for results/variances/defects will be tracked and reported.

### **2.3.5.5 Approach to Implementation**

The Vendor must employ, maintain, and execute a project management methodology that complies with the Project Management Institute (PMI) standards or equivalent.

The Vendor is expected to propose a project management approach and methodology to be used for all service configuration and deployment project life cycles. The Vendor will develop and follow a Project Management Plan (PMP) conforming to the Project Management Body of Knowledge (PMBOK). The PMP will incorporate the following PMBOK knowledge areas:

- Project Integration Management
- Project Scope Management
- Project Time Management
- Project Cost Management
- Project Quality Management
- Project Human Resource Management
- Project Communications Management
- Project Risk Management
- Project Procurement Management

The Vendor must develop (in cooperation with the State) and execute a Knowledge Transfer and Training Plan. The Knowledge Transfer and Training Plan must include, at a minimum:

- Training goals/standards and the specific plan for training any Vermont technical personnel and end users.
- Size of population and types of roles that need training
- Strategy for providing training early in the project to allow the training goals to be implemented throughout the project life phase.
- Tasks, deliverables and resources necessary to complete the training effort and identify tools and documentation that will be necessary to support proposed effort.
- Types of training, the specific courses and course materials, the training approach for both technical personnel and end users, and how training effectiveness will be measured and addressed.

### **2.3.5.6 Approach to User Interface**

The Vendor is expected to describe its proposed approach to providing a User Interface that adheres to the Industry best practices and is simple, consistent, and uses familiar terminology. The State prefers to present the User Interface for State user facing functionality within its Oracle WebCenter Portal environment, where possible.

### **2.3.5.7 Approach to Business Intelligence, Analytics and Reporting**

The Vendor is expected to propose an approach to support the Business Intelligence (BI) functions that should deliver a balanced set of capabilities to the internal State users across three areas: information delivery, analysis, and development. Additionally, the description must include the reporting approach for both canned and ad hoc reports and the ability of the proposed solution to provide dashboard capabilities to the State users.

### **2.3.5.8 Approach to Regulatory policies and Audit Compliance**

The Vendor is expected to describe its approach to adhering to regulatory policies as well as achieving audit compliance.

### **2.3.5.9 Approach to Audit Trail**

The Vendor is expected to propose an approach to support an audit trail of all pertinent events, giving due consideration to storage space and performance constraints.

Examples of these events include:

- System startup and shutdown
- Successful and unsuccessful login attempts
- User actions to access various system components (successful and unsuccessful attempts)
- Actions taken by system administrators and security personnel
- All administrative actions performed on the system
- Permission changes
- Creation of users and objects
- Deletion and modification of any system files
- Changes, additions or deletions to data (including operational and security data)
- Out of normal system operations usage or user access

### **2.3.5.10 Approach to Disaster Recovery**

The Vendor is expected to propose an approach to reestablishing operations in the event of a catastrophe. In Templates H and I the Vendor will be asked to provide an overview of the facilities, hardware and software components utilized by the proposed solution, as well as the approach to managing this disaster recovery using these and staff capabilities.

## **2.3.6 Performance Measures and Associated Remedies**

To ensure the State of Vermont's goals and objectives for the PBM related programs, the Vendor is expected to meet the process and system performance Service Level Requirements (SLR's) as defined in Template I.

## **2.4 Proposed Project Organizational Approach**

This project will be managed by AHS and will involve State of Vermont resources. A Steering Committee has been established to help guide the project and help ensure they have the resources required to successfully execute the project.

The sections below outline the responsibilities for the separate organizations.

### **2.4.1 State of Vermont Project Responsibilities**

The State project team shall:

- Define the goals and objectives of the PBM programs and services throughout implementation and ongoing operations

- Communicate the goals, objectives, and ongoing status of the project and program to all stakeholders
- Work with stakeholders to identify and monitor project and program risk and appropriate mitigation strategies.
- Oversee the project management approach that will govern the project
- Review the draft deliverables and final deliverables developed by the Vendor and provide feedback and required changes for the Vendor to make until the State is satisfied with the resulting deliverable
- Review and approve or reject final deliverables developed and revised by the Vendor
- Provide access to State management and Subject Matter Experts (SME's) for the approval of the deliverables required to meet the goals and objectives of the project
- Provide for the access and archiving of project artifacts in a secured repository.
- Manage the procurement of additionally required resources necessary for program success, including (but not limited to) obtaining CMS pre-approval.
- Monitor Vendor performance for purposes of determining Contract compliance, provide improvement requests, and approve or reject invoices as detailed in the final Contract

#### **2.4.2 Vendor Roles and Responsibilities**

The Vendor will provide the resources to complete the following activities:

- In consultation with the State, prepare, submit and obtain approval for individual project management approaches and plans
- In consultation with the State, and subject to State approval, execute and maintain individual project management approaches and plans
- Prepare and submit the draft deliverables for State review and comment in accordance with the Contract
- Prepare and submit the final deliverables for State review and approval in accordance with the Contract
- Abide by the goals, objectives and requirements contained in this RFP and the resulting Contract
- Confirm the understanding of the goals, objectives and requirements contained in this RFP and the resulting Contract
- Prepare and conduct requirements confirmation sessions with all necessary State management, SMEs and other designated vendors
- Prepare and submit to the State for approval the project management plans for meeting the goals and objectives of the Pharmacy Benefit Management solution
- Manage all activities defined in the approved project management plans
- Submit for review and approval all changes to the approved project management plans

- Participate with other designated vendors (such as the existing PBM Vendor), the MMIS Vendor, State management and SMEs in the creation of the Pharmacy Benefit Management integrated project management plan
- Review and confirm roles and responsibilities that the Vendor has which are part of any other business process which are the responsibility of other vendors or the State
- Define quality measures to monitor the Contractually required service levels
- Manage all business processes using a continual improvement approach and submit improvements to the State for review and approval
- Comply with all laws, policies, procedures, and standards dictated by the State in meeting the goals and objectives of the Pharmacy Benefit Manager
- Provide an estimate of the number and type of State resources required, recognizing that the Contractor shall remain responsible for the successful implementation of the project

## 2.5 Vendor Key Project Personnel Roles

The term “Key Project Personnel,” for purposes of this procurement, means Vendor personnel deemed by the State as being both instrumental and essential to the Vendor’s satisfactory performance of all requirements contained in this RFP. The State expects that these Key Project Personnel will be engaged throughout both the implementation and operations periods. The State will consider suggestions for alternative alignment of duties within the submitted bid offerings. Changes to the proposed positions and responsibilities will only be allowed with prior written permission from the State, unless a specific exemption is granted. If the Vendor believes that an alternative organizational design could improve service levels or decrease costs, discuss these options and their benefits within the response templates for this RFP.

Key Project Personnel are to be full-time and dedicated solely to the Vermont Medicaid account unless the Vendor provides alternative solutions that meet with the State’s approval.

The Vendor must include names and resumes for proposed Key Project Personnel as part of its proposal. The Vendor must ensure Key Project Personnel have, and maintain, relevant current license(s) and/or certification(s).

The Vendor shall seek and receive State approval before hiring or replacing any Key Project Personnel. The Vendor shall remove Key Project Personnel, if requested by the State, as well as develop a plan for the replacement of that Key Project Personnel, all within two (2) weeks of the request for removal.

The Vendor must provide the State with written notification of anticipated vacancies of Key Project Personnel within two business days of receiving the individual’s resignation notice, the Vendor’s notice to terminate an individual, or the position otherwise becoming vacant. Replacements for Key Project Personnel shall have qualifications that meet or exceed those specified in this section and will be subject to approval by the State. The Vendor shall provide the State with status update reports every 30 days on the progress of the replacement candidate recruiting process until a qualified candidate is hired. The Vendor shall have in place a qualified replacement within ninety (90) calendar days of the last day of employment of the departing Key Project Personnel. Vendor shall agree

to provide the first thirty (30) days of a replacement resource with equivalent skill at no charge.

The following table provides Key Project Personnel positions, corresponding roles and responsibilities for the project, and minimum qualifications for each. Other positions may be proposed at the Vendor's discretion:

**Table 6. Key Project Personnel**

<b>Title</b>	<b>Roles and Responsibilities</b>	<b>Qualifications</b>
<b>Account Director</b>	<ul style="list-style-type: none"> <li>■ Primary point of contact with the State's Contract Administrator, Pharmacy Director and other State Executive Sponsors for activities related to contract administration, overall project management and scheduling, correspondence between the State and the Vendor, dispute resolution, and status reporting to the State for the duration of the contract</li> <li>■ Authorized to commit the resources of the Vendor in matters pertaining to the implementation performance of the contract</li> <li>■ Responsible for addressing any issues that cannot be resolved with the Vendor's Account Manager</li> <li>■ Does not have to work 100% on site with the Department</li> </ul>	<ul style="list-style-type: none"> <li>■ Minimum of 5 years of direct project oversight and authority over projects more than 10 million dollars</li> <li>■ Special consideration will be given to those who have previously managed PBM accounts that have included both development and systems operations and maintenance phases, and have experience working with HIPAA Privacy and Security Rules</li> </ul>
<b>Account Manager</b>	<ul style="list-style-type: none"> <li>■ Senior business expert in the area of Pharmacy Benefits Management systems with a strong understanding of the Vendor's business application</li> <li>■ Provides on-site management of the project and is the chief liaison for the State for configuration/implementation project activities as well as the project's operational phase</li> <li>■ Authorized to make day-to-day project decisions</li> <li>■ Responsible for facilitating the project by using the project management processes, organizing the project, and managing the team work activities consistent with the approved work plan</li> <li>■ Responsible for directing the planning, design, development, implementation, maintenance, and evaluation of programs, services, policies and procedures that assure accurate and timely claims processing</li> <li>■ Ensures all information and documents required for claims processing and PBM programs and services are in compliance with all applicable rules, regulations, and external and internal policies and procedures</li> <li>■ Responsible for scheduling and reporting project activities,</li> </ul>	<ul style="list-style-type: none"> <li>■ Minimum of 5 years of account management experience for a government or private sector healthcare payer, including a minimum of 3 years of Medicaid systems experience in a state similar in scope and size to Vermont</li> <li>■ Preference will be given to those who possess current Project Management Professional certification from the Project Management Institute</li> <li>■ Possess a working knowledge of Medicaid pharmacy programs</li> </ul>

Title	Roles and Responsibilities	Qualifications
	<p>coordinating use of personnel resources, identifying risk and developing mitigation plans, identifying issues and solving problems, and facilitating implementation of the system</p> <ul style="list-style-type: none"> <li>■ Expected to host bi-weekly on-site status meetings, monthly milestone meetings, as well as interim meetings. Will assign Vendor staff to those meetings as appropriate. Will provide an agenda and develop minutes for each meeting</li> <li>■ Participates in developing, implementing, and maintaining cost-effective programs and strategies to provide value added services to the Department</li> <li>■ Provide expert guidance ensuring that pharmacy policy and business rules from the current Pharmacy Benefits program are correctly implemented in the Vendor's solution</li> <li>■ Advises the State regarding best practices and recommends modifications to business processes which improve the overall Pharmacy Benefits program</li> <li>■ Provides support to resolve provider issues</li> <li>■ Is expected to work on site with Department staff</li> </ul>	
<b>Clinical Pharmacist Manager</b>	<ul style="list-style-type: none"> <li>■ Senior clinical pharmacy expert in the area of Pharmacy Benefits Management systems with a strong understanding of the Vendor's clinical needs and applications</li> <li>■ Oversees clinical management of all PBM programs and resources including the prior authorization program, preferred drug list, clinical criteria and protocols in the call centers, drug rebate programs, utilization management and drug utilization review programs</li> <li>■ Mentors pharmacy interns during experiential rotations</li> <li>■ Provides drug information needed to support the Department's clinical initiatives and makes clinical recommendations as needed.</li> <li>■ Provide assistance to State and</li> </ul>	<ul style="list-style-type: none"> <li>■ Possess a minimum of 4 years *** experience serving within a pharmacy benefits business unit or a state Medicaid pharmacy program similar to the one identified in this proposal</li> <li>■ Experienced in clinical pharmacy program management, DUR, formulary/PDL development, and Medicaid manufacturer drug rebate administration including Federal and supplemental rebates</li> <li>■ Extensive knowledge of claims processing systems (including Medicaid), utilization management programs, and drug information systems</li> <li>■ Drug information specialist</li> <li>■ Vermont-licensed pharmacist in good standing or licensed in another state and eligible for Vermont licensure</li> </ul>

Title	Roles and Responsibilities	Qualifications
	<p>Vendor staff on Healthcare Common Procedure Coding System (HCPCS) and Current Procedural Terminology (CPT) coding matters pertaining to drugs</p> <ul style="list-style-type: none"> <li>■ Monitor drug utilization trends and make clinically and financially sound recommendations to the State</li> <li>■ Support prospective (pro-DUR) and retrospective drug utilization review (retro-DUR) activities and provider communications</li> <li>■ Provide DUR Board coordination and support</li> <li>■ Acquire, analyze, and present information regarding pharmacy benefit management “best practices”</li> <li>■ Analyze utilization data, prior authorization data and other clinical program data to assess the need for changes</li> <li>■ Support drug appeals as directed by the State</li> <li>■ Provides support to resolve provider issues</li> <li>■ Is expected to work on site with Department staff</li> </ul>	
<b>Data Analyst</b>	<ul style="list-style-type: none"> <li>■ Responsible for all State data requirements and reporting needs including those that exceed the standard reporting package and the information available through the decision support tool provided by the Vendor</li> <li>■ Provides ad hoc reporting as requested by Pharmacy Benefits Management staff</li> <li>■ Ensure the integrity of pharmacy data used in claims processing</li> <li>■ Management of procedures associated with systems change orders</li> <li>■ Management of requests for claims adjustments</li> <li>■ Informational resource pertaining to inquiries, system configuration, and data files</li> <li>■ Is not required to work on site with Department Staff</li> </ul>	<ul style="list-style-type: none"> <li>■ Extensive knowledge of Medicaid claims processing, data management, pharmacy practices, and the Vermont Medicaid program</li> <li>■ Deep familiarity with data structures of the Vendor’s technology</li> </ul>

### 2.5.1 Location of Contracted Functions and Personnel

The Vendor Key Project Personnel must be able to participate in-person during PBM-related meetings as scheduled by the State and must perform all VT-related work at Vendor offices located in the Burlington area. The State will not provide facilities for Vendor Key Project Personnel. Work must be performed during normal business hours, 8:00 AM until 4:30 PM Eastern Time, Monday through Friday except State of Vermont holidays.

The State will not permit project work or business operations services to be performed offshore. At no time shall the Vendor maintain, use, transmit, or cause to be transmitted information governed by privacy laws and regulations outside the United States and its territories.

The State and the Vendor will establish appropriate protocols to ensure that physical property/facility security and data confidentiality safeguards are maintained. Access to any non-Vermont facility used to support Medicaid Enterprise will be reviewed and granted or denied within five workdays of the request.

### 2.6 Proposed Project Schedule

The State anticipates the awarded Vendor to begin implementation of the project, configuring their technology and operations, by March 1, 2014. The State anticipates that full operations will begin January 1, 2015. The State expects that the Vendor will work with the incumbent vendor to ensure that there is no disruption of service during the implementation and transition periods.

### 2.7 Scope of Work

The following list captures the deliverables the State of Vermont expects the Vendor to produce during the implementation phase and after the system and processes are operational.

#### 2.7.1 Recurring Project Deliverables

The following table provides a list of recurring deliverables that will be created by the Vendor during the life cycle of the project execution.

**Table 7. Recurring Deliverables**

Task	Deliverable
Task 0 — Project Monitoring and Status Reporting	Deliverable 0 — Project Status Reporting (Recurring throughout the length of the project)

#### 2.7.2 Implementation Task Related Deliverables

The following table provides a list of deliverables that will be created by the Vendor during implementation. The state encourages responders to use industry best practices for project management and describe their recommended approach.

**Table 8. Task Related Deliverables**

Task	Deliverable
Task 1 — Project Initiation and Planning	Deliverable 1 — Project Kick-off Presentation
	Deliverable 2 — Project Management Plan
	Deliverable 3 — Project Work Plan and Schedule
	Deliverable 4 — Monthly Project Status Reports
Task 2 — Requirements Validation	Deliverable 5 — Requirements methodology and Template
	Deliverable 6 — Cross-Walk of RFP Functional against Legacy System Functionality
	Deliverable 7 — Detailed Functional and Non-Functional Requirements Traceability Matrices
Task 3 — System Design	Deliverable 8 — Configuration Design Document
	Deliverable 9 — Data Integration and Interface Design Document
Task 4 — Configuration and Development	Deliverable 10 — Client Review of Configuration
	Deliverable 11 — Unit Testing Scripts and Results
Task 5 — Testing	Deliverable 12 — Documented System Test Results
	Deliverable 13 — User Acceptance
Task 6 — Training	Deliverable 14 — Training Plan
	Deliverable 15 — Training Materials
	Deliverable 16 — Documented Evidence of Successful End-User Training
Task 7 — Deployment	Deliverable 17 — Deployment Plan
	Deliverable 18 — CMS Certification
	Deliverable 19 — System Documentation
	Deliverable 20 — Performance SLAs
	Deliverable 21 — Rollout

### 2.7.3 Deliverables Expectations Document (DED)

The Vendor must develop Deliverables Expectations Documents (DEDs), in an approved State form and format; project deliverables need to adhere to the information within the DED. No work will be performed by the Vendor on any deliverable until the DED has been approved in writing by the State. As each project deliverable is submitted, the Vendor must include a copy of the associated Deliverable Expectation Document.

### 2.7.4 Acceptance

All Vendor deliverables are subject to review by the State prior to final approval, acceptance, and payment.

Acceptance of all Vendor deliverables will be completed via a Deliverables Acceptance Document (DAD) to be drafted by the State.

Deliverables must be tracked in a tracking tool approved by State.

### **2.7.5 Controlled Correspondence**

In order to track and document requests for decisions and/or information, and the subsequent response to those requests, the State and the Vendor shall use Controlled Correspondence.

Each Controlled Correspondence document shall be signed by the State Project Manager (or designee) and the Vendor Project Manager (or designee). No Controlled Correspondence document shall be effective until the signatures of both are attached to the document.

The Controlled Correspondence process may be used to document mutually agreeable operational departures from the specifications and/or changes to the specifications. Controlled Correspondence may be used to document the cost impacts of proposed changes, but Controlled Correspondence shall not be used to change pricing.

Controlled Correspondence shall not be the basis of a claim for equitable adjustment of pricing. Any changes that involve a change in pricing must be by a Purchase Order Change Notice.

Controlled Correspondence documents will be maintained by both parties in ongoing logs and shall become part of the normal status reporting process.

### **2.7.6 Detailed Scope of Work for Implementation**

Detailed task statements for the tasks and subtasks listed above are as follows.

#### ***2.7.6.1 TASK 0 — Project Monitoring and Status Reporting***

Project status will be tracked and reported on an ongoing basis. Regularly scheduled status meetings between Department Project Management Team and the Vendor Account Manager will be held to discuss project progress, issues, resolutions and next steps. The following standard reporting mechanisms will be used:

- Status reports
- Issues lists
- Risk management updates

In addition, a Project Information Library (PIL) must be developed and maintained, by the Vendor and overseen by the Vendor Project Manager in a single repository used to store, organize, track, control and disseminate all information and items produced by, and delivered to, the project. The PIL must include a file structure with defined access and permissions. It must also include an interface, such as a Web page or portal, where individuals can obtain project information, the latest documentation, and input issues or comments to the Project Team.

The State shall be the owner of all the documents available in the PIL.

At a minimum, the following deliverables must be completed by the Vendor. The Vendor may propose additional deliverables as needed to achieve project goals.

##### **2.7.6.1.1 Deliverable 0: Project Status Reports (Recurring Deliverable)**

This deliverable must be a recurring deliverable for the entire length of the project. The deliverable must at a minimum include periodic reporting of the following activities:

- Graphical status of scope, schedule, and budget (red, yellow, or green).
- Status of work completed against the Project Work Plan
- Objectives for the next reporting period
- Vendor and State responsibilities for the next reporting period
- Recovery plan for all work activities not tracking to the approved schedule
- Projected completion dates compared to approved baseline key dates
- Escalated risks, issues (including schedule and budget), and Action items
- Disposition of logged issues and risks
- Important decisions
- Actual/projected Project Work Plan dates versus baseline Project Work Plan milestone dates
- Budgeted to actual budget figures, and estimated cost at completion (or similar forecast of remaining costs).
- One-page graphical summary of the Project Work Plan status of all major tasks and subtasks for each cycle

### ***2.7.6.2 TASK 1 — Project Initiation and Planning***

At a minimum, the following subtasks must be completed by the Vendor. The Vendor may propose additional tasks as needed to achieve the task goals.

#### **2.7.6.2.1 Deliverable 1 — Project Kickoff Presentation**

This deliverable is a presentation to familiarize project team members with the project. The presentation includes the following topics:

- Project Overview
- Project Schedule (high level)
- Objectives and Definitions
- Process (including change management, change control, and issue/risk management)
- Artifacts
- Roles and Responsibilities
- Keys to Success
- Next Steps
- Questions and Answers (Q&A)
- Resources

#### **2.7.6.2.2 Deliverable 2: Project Management Plan**

The Vendor shall provide a set of documents that, when taken together, constitute the Project Management Plan that describes how project objectives shall be met and provides a road map for implementing and managing the PBM solution. The approach

shall be consistent with the Project Management Institute Project Management Methodologies stated in the Project Management Body of Knowledge or equivalent.

The Project Management Plan shall address the initiating, planning, controlling, executing, and closing processes. The Project Management Plan should at a minimum consist of the following sub-plans:

- **Scope Management Plan** — This plan documents the project vision and goals, items that are in-scope and out-of-scope and their prioritization, dependencies between the scope items, and risks associated with the inclusion and removal of items from scope. The plan also defines the process used to modify project scope.
- **Cost Management Plan** — The Vendor is responsible for developing a plan that indicates how project costs/budget will be incurred, controlled, and reported. The plan must include the finalized cost and budget for the project. Cost-related progress report formatting will be developed and included by the Vendor, consistent with AHS requirements and format, with inputs from State team members, and must include a tracking of costs to the project budget baseline.
- **Risk Management Plan** — Development of a Risk Management Plan is required. The Vendor, with the support of State team members, must submit a baseline Risk Assessment to the State's Project Manager within one month of the project initiation.
- **Quality Management Plan** — The Vendor's plan must have the following elements:
  - Defined quality assurance responsibilities
  - Detailed definition of all deliverables by phase and associated acceptance criteria
  - Defined deliverable review process
  - Disciplined deliverable review process
  - Regularly scheduled reviews of key project phases and milestones
  - Identified target performance areas and proposed methods of measurement; establish the baseline metrics for the agreed upon goal areas; and assist the State in determining the level of achievement of the performance goals.
- **Human Resource Management Plan** — The plan for this initiative will be tied to the proposed project timeline and phases. The Vendor is responsible for proposing the potential roles and responsibilities for staffing the different activities, articulating what the Vendor will need to provide and what the State should provide.
- **The Schedule Management Plan** – The plan developed by the Vendor must include the following:
  - How the project schedule will be monitored for variances
  - What types of corrective actions will be taken to address schedule variances during the life of the project
  - The process, roles, and responsibilities involved in making changes to the project schedule.

- Communication Management Plan — The plan must detail the varying levels and needs of the project’s stakeholders for information regarding the project, status, accomplishments, impact on stakeholders, etc.

As part of Communication Management, issues must be logged and reported bi-weekly and the plan must detail the escalation mechanisms for issue resolution.

- Closure Approach — Upon the completion of the Base and Extension Operations Periods, the Vendor will perform all activities necessary to close out the Project. This includes:

- Performing formal contract closure
- Updating process documentation and transferring this to the State
- Transitioning any relevant process and/or solution responsibilities over to the State Project team, or to another contracted vendor
- This includes updating and transferring all solution documentation, performing formal contract closure, and transitioning any relevant solution responsibilities over to the State Project team.

- Change Management Plan — The Vendor must adhere to the Change Management Plan, which will be jointly developed by the Vendor and the State. The plan describes how the Change Control Board (CCB) will manage the process for review, acceptance and rejection of change requests. For any decisions that cannot be made by the CCB or project management team, the decision will be escalated.

In the Change Management Plan, change requests will be:

- Drafted by the Vendor
- Reviewed and edited by the State Project Manager
- Approved or rejected by the CCB with direction from State management, as necessary
- Implemented by the Vendor, as necessary

The Vendor must perform updates to the project schedule and cost estimates when change requests are approved.

### **2.7.6.2.3 Deliverable 3: Project Work Plan and Schedule**

The Vendor shall deliver a Baseline Project Work Plan and Schedule, including a Work Breakdown Structure (WBS), Gantt chart(s), and a Project calendar in Microsoft Project. The Vendor shall document any work plan or schedule changes from the plan submitted with the Vendor’s original proposal.

The Vendor shall provide a Project Work Plan and Schedule to include identification of all phases of the Project, the sequences of the phases, the duration of the phases, and the duration of the Project. The Project Schedule shall identify the resources to be provided by both the Vendor and the State, together with the scheduled dates those resources will be required. It shall take into account State holidays, holidays that will be observed by the Vendor staff, periods during which the State has advised that data processing systems will be unavailable to the Vendor, and the resources that the State has committed to providing in the Contract. The Project Work Plan and Schedule, once

accepted by the State, will form the Baseline Work Plan and Schedule for the overall PBM Project.

As part of the Project Work Plan and Schedule, the Vendor shall prepare and submit a WBS that encompasses all activities from Project Initiation and Planning to Project Closeout. The WBS shall define the Project's overall objectives by identifying all Project tasks and deliverables.

The Vendor shall maintain and update applicable portions of the Project Schedule no less than bi-weekly to reflect the current status of the Project with a comparison made to the Initial (as provided in this response to this RFP) and Baseline Project Schedules. The Project Schedule shall be consistent with available State and contracted Project resources. The State resources will be identified by the State and communicated to the Vendor prior to Schedule development. The State shall have direct electronic access to the Project Schedule as well as all deliverables and working papers for immediate review and coordination of schedules and plans.

#### **2.7.6.2.4 Deliverable 4: Monthly Status Report**

The Vendor shall be required to provide a Monthly Status Report, which shall address overall Project status against the current and Baseline (if different) Project Schedule. It shall cover progress against plans for the previous review period and identify work planned for the next work period, or longer if circumstances dictate. The Monthly Status Report shall address issues and concerns, action items and other pertinent information needed by the Vendor or requested by the State as necessary and applicable to that Phase of the Project. The presentation of the Status Reports shall be both written and oral. Status report meetings shall include both State and Vendor Project management staff.

The Vendor shall provide Monthly Status Reports to include a minimum of the following elements:

- Milestones reached
- Major tasks accomplished
- Schedule Performance Index (SPI)
- State Approved Scope Changes
- Risks/problems identified and a detailed report of the planned or completed mitigation thereof
- Milestones not met on schedule
- Milestones or critical path items expected to occur during the next month
- Graphical dashboard of triple constraint (red, yellow, green).
- Budgeted to actual budget figures, and estimated cost at completion (or similar forecast of remaining costs).
- One-page table summary of all major milestones completed to date, and those in progress.

### **2.7.6.3 TASK 2 — Requirements Validation**

In this task, the Vendor must lead and facilitate the process for reviewing and validating the detailed Functional and Non-Functional Requirements documentation. Throughout this task the Vendor must validate and use the high-level baseline requirements developed during the planning phase and outlined in the following documents:

- Functional Requirements (Template F — Functional Requirements of this RFP)
- Functional Requirements Approach (Template G of the RFP)
- Non-Functional Requirements (Template H — Non-Functional Requirements of this RFP)

The Vendor is required to conduct a crosswalk of the high-level baseline requirements against the legacy system functionality to validate and identify any possible gaps in the requirements. The Vendor must also propose their approach for augmenting the existing requirements and crafting design level use cases and workflows to meet all Functional Requirements.

#### **2.7.6.3.1 Deliverable 5: Requirements Methodology and Template**

The Vendor must provide a clear and concise layout of how detailed requirements will be gathered (including sections for functional, technical, security, performance, operational, etc.). The requirements template must be robust enough to store and track functional, technical and other operational and performance requirements.

#### **2.7.6.3.2 Deliverable 6: Crosswalk of RFP Functional Requirements Against Legacy System Functionality**

The Vendor must conduct a crosswalk of the RFP Functional Requirements for the solution against the functionality that currently resides in the legacy system to validate and identify and possible gaps in the requirements. The Vendor must document the findings from the crosswalk.

#### **2.7.6.3.3 Deliverable 7: Detailed Functional and Non Functional Requirements Traceability Matrices**

The Vendor is required to generate more detailed Functional and Non-Functional Requirements traceability matrices by conducting joint meetings with the State Project team and SMEs. This deliverable must provide a gap analysis of the requirements to define the services and provide recommendations to close the gaps.

Any recommendations to close specific gaps that require changes to the requirements matrices will be reviewed by the State and if approved by the State, will be updated. The State Pharmacy Benefits Management Business Unit Director, Business Lead, IT Lead, supported by the appropriate State Project Team, IT Project Team Members and SMEs will be responsible for reviewing proposed requirements changes. Approval for changes to the baseline requirements will only be provided if there is a clear business case for changes, and all possible implications of the change in regards to functionality and technology have been fully understood.

More details for requirements are provided in Template F — Functional Requirements, Template G — Functional Requirements Approach, Template H — Non-Functional Requirements and Template I Non Functional Requirements Approach.

#### **2.7.6.4 TASK 3 — System Design**

The System Design task includes system design, interface design, and information exchange design activities. Detailed and logical system design documents produced by the Vendor shall direct the System configuration/development efforts. The design shall be driven by the outputs of the requirements validation phase. These documents provide the framework essential to ensure that the system is constructed consistently and include all the functionality required by the Contract.

The Vendor shall define a software design approach and methodology. The methodology shall reflect and incorporate applicable government and industry best practices such as Capability Maturity Model Integration (CMMI) guidelines.

##### **2.7.6.4.1 Deliverable 8: Configuration Design Document**

The Vendor will deliver a Configuration Design Document, or its equivalent, describing how the proposed System will enable the Functional and Non-Functional requirements. The Configuration Design Document artifact must include the following components:

- Details on which components will be leveraged from existing systems and which components will be newly developed
- Business rules
- Reporting capabilities and prebuilt reports
- User profiles and security role permissions
- System functionality traceable back to the Functional Requirements traceability matrix
- System overview diagrams
- Domain model
- Process flows

The Vendor may propose alternatives to any of these components, but they must be clearly justified and have the prior approval of the Pharmacy Benefits Management Solution Project team.

All components of the design must be maintained throughout the course of the project and updated when any System design changes occur.

The Vendor must conduct a walkthrough of the Configuration Design Document with the Pharmacy Benefits Management Solution Project team and the QA Provider to validate the contents of the Configuration Design Document, the incorporation of all information from the design sessions, and the incorporation of all Functional Requirements. Approval of the Configuration Design is required before configuration and development can begin.

##### **2.7.6.4.2 Deliverable 9: Data Integration and Interface Design Document**

The Vendor must deliver to the State a Data Integration and Interface Design Document, or its equivalent, reflecting the required interface for operation. This document must be developed based on outputs from the design sessions conducted with the Vendor, QA Provider and Pharmacy Benefits Management Solution Project personnel.

The Data Integration and Interface Design Document must include the following components:

- Entity Relationship Diagrams
- Data Flow Diagrams
- Data Dictionary
- Processing controls
- Processes to manage System installation and configuration
- Data backup procedures

The Data Integration and Interface Design Document must include, at a minimum, the interface definitions and design (including XML/SOAP specifications for file formats).

The Vendor must conduct a walkthrough of the final Data Integration and Interface Design Document with the Pharmacy Benefits Management Solution Project team and the QA Provider to validate the contents of the Data Integration and Interface Design Document, the incorporation of all information from the design sessions, and the incorporation of all Non-Functional Requirements. Approval of the Data Integration and Interface Design Document is required before development can begin.

#### ***2.7.6.5 TASK 4 — Configuration and Development***

Configuration and Development efforts will be guided by the outputs of the Requirements and Design tasks. This ensures that the solution is constructed consistently.

During this phase, Vendor will configure the system to satisfy both Functional and Non-Functional Requirements. As part of this task, the Vendor will provide documentation that will demonstrate the system configuration.

##### ***2.7.6.5.1 Deliverable 10: Client Review of Configuration***

The Vendor must deliver a walkthrough of the solution for the Pharmacy Benefits Management Solution Project team and the QA Provider. The walkthrough will demonstrate how the requirements are satisfied by the Solution.

##### ***2.7.6.5.2 Deliverable 11: Unit Testing Scripts and Results***

Unit testing is used to validate that an individual program module or script functions correctly. Each System module that has been configured or developed will be tested to ensure that all module functionality is working properly. If a module interacts with other modules, the interfaces between the modules are ‘stubbed’ out or removed so that only the module itself is tested in isolation.

The Vendor must deliver the unit test scripts, results, and reports that verify that all requirements have been tested successfully.

#### ***2.7.6.6 TASK 5 — Testing***

The new System must undergo a series of System, User Acceptance Tests (UAT), Final Acceptance Test (FAT), and Pilot Tests prior to deployment. This includes emphasis on testing new functionality, as well as regression testing of already accepted functionality to ensure that changes to software have not adversely affected existing code. Each

phase of testing requires the execution of the previously developed Test Plan, including test cases, scripts, data sheets, and expected results. The tests that are developed must be repeatable and must be directly traceable to the requirements.

System testing, UAT, and FAT must be driven by Requirements and Design, and must adhere to detailed test plans and test scripts. Pharmacy Benefits Management Solution Project team, Vendor, and QA Provider all have significant roles in the testing process. The Vendor must thoroughly test the software itself before the State UAT and FAT teams begin their work. This includes System/integration testing, volume and stress testing, performance testing, and load balancing testing prior to User Acceptance Testing and FAT. When the Vendor test results are validated by the Pharmacy Benefits Management Solution Project team and the QA Provider, UAT can commence. Upon the completion of the UAT and FAT, overall readiness will be assessed and a decision made (GO/NO GO) regarding deployment.

#### **2.7.6.6.1 Deliverable 12: Documented System Test Results**

The Vendor will be responsible for generating the test data and test cases to be used for its own System test. The Vendor must develop the new System using a structured System life cycle development methodology that includes the following types of test activities:

- Module Test — validate that an individual program module or script functions correctly
- Integration Test — ensure that small groupings of modules are working properly
- Regression Test — re-running of previously completed test cases after new functionality or bug fixes have been added to the System

#### **2.7.6.6.2 Deliverable 13: User Acceptance**

Once the Pharmacy Benefits Management Solution Project has received the verification of a successful Systems Test from the Vendor and a successful walkthrough of System functionality has been completed, UAT will begin.

The Vendor will be responsible for providing on-site support to the Pharmacy Benefits Management Solution Project during the planning and execution of UAT. Vendor support must involve assistance with following activities:

- Plan and set up Test environment
- Provide an efficient approach to testing that maximizes parallel and overlapping test activities
- Explain how development has interpreted requirements
- Communicate information about problems encountered during earlier test phases
- Respond to and fix reported defects
- Determine workarounds to be used during test scenario execution
- Provide information concerning the content of code builds during test execution
- Track details and provide summary reporting on testing plans, progress, issues, and interim results during test execution

The Vendor must prepare a UAT report documenting all the test results including any errors and resolutions identified as a part of the UAT test. The UAT report must summarize the UAT results and whether the UAT objectives were met. At a minimum, it must cover:

- Achievement of UAT objectives
- Test execution results by test cycle
- Test execution statistics and trends
- A plan to address any UAT test issues still unresolved

### **2.7.6.7 TASK 6 — Training**

The user training, in addition to focusing on the navigation and functional use, shall also focus on how the System is integrated into the day-to-day work of end users, including new business processes and/or workflows related to the State's new Model of Practice. To the fullest extent possible, the training classes shall consist of trainees with similar job duties and materials and approach should reflect a user-specific focus, including the use of user-specific case scenarios. The Vendor shall organize training in an interesting, non-technical manner to keep the trainees' attention. Innovative training aides, case studies, scenarios, humor, and other learning tools that will engage the users and support information retention are encouraged.

If implementation of PBM solution is delayed after initial training has been completed, Vendor shall provide refresher training.

#### **2.7.6.7.1 Deliverable 14: Training Plan**

The purpose of the Training Plan is to identify the activities and define the curricula that State needs to support their PBM Solution and specific transactional training requirements. The Vendor shall include in the Training Plan delivery of user training as well as training State staff so that State may assume ongoing training responsibilities.

The Vendor shall provide a Training Plan that meets the requirements described above and, at a minimum, the following components:

- Overview stating the purpose and scope of the Training Plan that meets the requirements of this contract.
- Training Curricula:
  - Detailed description of the training model for adult learners.
  - Flow diagrams and detail for the training curriculum for each functional area and integration into the end-to-end business process.
  - Specific training curricula targeted and delivered to the different users in a manner that meets their specific needs.
  - Training Materials Development Plans:
    - Role of the 'Training Team.'
    - Documentation style standards for the development of training material (e.g., document format, references, acronyms, font).
    - Plan for review of training material.

- Approach to prototyping and testing training materials with training customers.
- Approach to modifying or adjusting training materials based on the results of the Evaluation of Training Effectiveness.
- ❑ Training Methodology and Delivery Plans:
  - Identification of the training mix including, but not limited to, Web-based learning in-person learning, learning-labs, and informal learning. Because of the constraints related to scheduling staff out of the office for multiple training sessions, Vendor shall develop a training mix that leverages use of online training tools and self-guided learning material that is supported by in-person training.
  - Identification of plan to motivate and engage users to learn about and use the system and complete the training.
  - The logistical plan for preparing and delivering the training solution including, but not limited to.
- ❑ Training Schedule: Schedule and timeline of training development, delivery, and evaluation. Schedule shall align with phased integration of data systems and the associated number of end users.
- ❑ Plan for Evaluation of Training Effectiveness.

#### **2.7.6.7.2 Deliverable 15: Training Material**

The Vendor shall develop training materials in such a way as to allow for training to continue beyond initial deployment. This construction includes the ability to modularize the material and embed it into existing State training programs. All training material shall have a consistent look and feel and shall be provided in a soft copy format so that the State may easily make modifications to the materials. All training materials shall be maintained to reflect the latest version of PBM Solution and the changes resulting from evaluations and use during acceptance. All training material shall be maintained online.

The Vendor shall be responsible for developing and providing training materials and for training State staff. The Vendor shall employ professional training staff (not technical staff) to conduct training sessions and to prepare training and user materials. The State shall have approval over Vendor-provided staffing used for training and over the format/content of the training to be given. State and Vendor staff shall work together to develop the format/content for the training and user materials that the Vendor shall produce. These materials shall be provided to the State in both hard and soft copy. The State must accept these materials before they are distributed to State staff for use.

Training Manuals, Guides, and Materials shall include, but is not limited to:

- Instructor/Trainer Guides shall provide the ability for State staff to perform the training on a continuing basis.
- Trainee Packages shall provide the trainees exercises and usable examples with which to practice the lessons provided during formal training.
- The User's Manual shall be as non-technical as possible and emphasize person-centered service delivery, program collaboration, and related business functions in the explanation of PBM features, functions, modules and tools and the detailed

procedures to deliver services. State shall provide input regarding person-centered service delivery, any relevant State policies, and information regarding State business processes. The System User Manual shall be designed for ease of use so that any user, regardless of his or her function, can readily locate, identify, understand and use the information. The manual shall include copies of relevant screens with instruction on the use and function of each, including the definition of all data elements. System User's Manual shall include a catalog of all reports, forms, letters, and other system-generated documents (generated either automatically by the System or by the user). This catalog shall include, at a minimum a copy of each report, form, letter, or document together with a description of its contents and step-by-step instruction on how to produce it.

- Desk Aids shall provide, at a minimum, quick access to solutions and information which users most frequently need.
- User tips which shall be designed as short messages that can be sent to recent trainees with reminders about short-cuts, features, and other relevant information to promote end-user adoption and use of the new PBM Solution.

#### **2.7.6.7.3 Deliverable 16: Documented Evidence of Successful End-User Training**

The Vendor shall provide Documented Evidence of Successful End-User Training. Evidence shall include at a minimum:

- Tracking of employee attendance and completion of training courses and modules
- An Evaluation of Training Effectiveness
- Actions addressing any deficiencies in the proficiency of the current cohort of trainees based on the results of the evaluation of training effectiveness
- An action plan to adjust or modify future training based on the evaluation outcomes

#### **2.7.6.8 TASK 7 — Deployment**

The Vendor shall produce a detailed and thorough plan for deployment of the planned functionality for each phase.

##### **2.7.6.8.1 Deliverable 17: Deployment Plan**

The Vendor shall provide a detailed Deployment Plan that documents all the activities that need to be accomplished to successfully migrate the new System from the testing environment to the production environment. The Plan shall provide a detailed schedule of activities with key "go-no go" decision points identified throughout the deployment process. In addition, the plan shall detail a back-out and recovery process to be triggered in the event the turnover to production fails.

##### **2.7.6.8.2 Deliverable 18: CMS Certification**

Upon full implementation of the State's new MMIS, the Vendor must ensure that the PBM Solution obtains CMS Certification to receive the maximum allowable Federal Financial Participation. At the time of full MMIS Certification, the Vendor will:

- Develop a CMS Certification Checklist
- Assist the State in preparing certification documents and reports
- Review and report on the progress and compliance with CMS Certification

#### **2.7.6.8.3 Deliverable 19: System Documentation**

The Vendor shall conduct a review with the State and identify any documentation that must be updated as a result of changes during the warranty period. The warranty period starts after the State's Final Acceptance. The Vendor shall update the documentation and provide it to the State for review and Final Acceptance.

The Vendor shall also transfer all finalized required documentation to the State.

#### **2.7.6.8.4 Deliverable 20: Performance SLAs**

The Vendor shall provide ongoing compliance monitoring and reporting for the Service Level Agreements (SLAs) summarized in section 2.3.3 (Performance Measures and Associated Remedies) above and included in detail in Template H Non-functional Requirements.

#### **2.7.6.8.5 Deliverable 21: Rollout**

When all Deliverables required by the Project Plan to be delivered prior to Rollout of the Pharmacy Benefits Management Solution have been delivered and accepted by the State, and Vendor determines that the Pharmacy Benefits Management Solution is installed and operational, and that necessary Training is complete, then Vendor shall provide State with written notice that the System is ready for Rollout. The Rollout shall thereafter occur as and when State in its reasonable discretion, deem appropriate. The State shall provide Vendor with advance written notice of the date of Rollout.

Vendor shall perform all tasks allocated to Vendor in the Deployment Plan, and shall otherwise provide sufficient assistance to the State in connection with the Rollout to assure a smooth and seamless Rollout.

### **2.7.7 Operations Scope of Work**

On an ongoing basis the Vendor will deliver business services, the details of which are provided in Section 2.2, Services to be Provided, Template F Functional Requirements and Template G Functional Requirements Approach.

The Vendor must confirm and refine the target performance areas identified in Template F Functional Requirements and Template H Non-functional Requirements. The Vendor must also propose methods of measurement; establish the baseline metrics for the agreed upon goal areas; and report on the level of achievement of the performance goals.

The Vendor is responsible for proposing the roles and the level of Vendor and State staffing required for operational activities.

The Vendor must operate and comply with a Change Management Plan, which will be jointly developed by the PBM Vendor and the State. The plan will describe how a Change Control Board (CCB) will manage the process for review, acceptance and rejection of change requests.

## **3.0 General Instruction and Proposal Requirements**

### **3.1 Questions and Comments**

Any Vendor requiring clarification of any section of this proposal or wishing to comment or take exception to any requirements or other portion of the RFP must submit specific questions in writing no later than December 27, 2013. Questions may be emailed to [kate.jones@state.vt.us](mailto:kate.jones@state.vt.us). Any objection to the RFP, or to any provision of the RFP, that is not raised in writing on or before the last day of the question period is waived. Every effort will be made to have the State's responses posted by January 3 2014, contingent on the number and complexity of the questions. A copy of all questions or comments and the State's responses will be posted on the State's website:

<http://www.vermontbidsystem.com>

### **3.2 Vendor's Conference**

A pre-proposal bidders' conference has been scheduled for January 7, 2014 **at 3:00 PM EST**.

Call in number: 877 273-4202

PIN: 5790552

While attendance is not mandatory, interested bidders are highly encouraged to participate in this conference call. Interested firms will have the opportunity to submit questions regarding the RFP requirements during the call. A sound recording of the meeting will be distributed upon request. Substantial clarifications or changes required as a result of the meeting will be issued in the form of a written addendum to the RFP.

### **3.3 Modification or Withdrawal of Proposal**

Prior to the proposal submission deadline set forth in Section 1.3, a Vendor may: (1) withdraw its proposal by submitting a written request to the State point of contact, or (2) modify its proposal by submitting a written amendment to the State point of contact. AHS may request proposal modifications at any time.

AHS reserves the right to waive minor informalities in a proposal and award a contract that is in the best interest of the State of Vermont. A "minor informality" is an omission or error that, in AHS' determination, if waived or modified when evaluating proposals, would not give a Vendor an unfair advantage over other Vendors or result in a material change in the proposal or RFP requirements. When AHS determines that a proposal contains a minor informality, it may at its discretion provide the Vendor with the opportunity to correct.

### **3.4 News Releases**

Prior to tentative award, a Vendor may not issue a press release or provide any information for public consumption regarding its participation in the procurement. After tentative award, a Vendor must receive prior written approval from the State before issuing a press release or providing information for public consumption regarding its

participation in the procurement. Requests should be directed to the State point of contact identified in Section 1.2.

This does not preclude business communications necessary for a Vendor to develop a proposal, or required reporting to shareholders or governmental authorities.

### **3.5 Incomplete Proposals**

AHS may reject without further consideration a proposal that does not include a complete, comprehensive, or total solution as requested by the RFP.

### **3.6 State Use Ideas**

The State reserves the right to use any and all ideas presented in a proposal unless the Vendor presents a valid legal case that such ideas are trade secrets or confidential information, and identifies the information as such in its proposal. A Vendor may not object to the use of ideas that are not the Vendor's intellectual property and so designated in the proposal that: (1) were known to the State before the submission of the proposal, (2) were in the public domain through no fault of the State, or (3) became properly known to the State after proposal submission through other sources or through acceptance of the proposal.

### **3.7 Property of the State**

The State of Vermont and AHS shall reserve the right to royalty-free, nonexclusive, and irrevocable licenses to reproduce, publish, or otherwise use and authorize others to use for State and Federal Government purposes, the copyright in any software and associated documentation developed under the resulting contract.

Except as otherwise provided in this RFP or the resulting contract, all products produced by a Vendor, including without limitations the proposal, all plans, designs, software, and other contract deliverables, become the sole property of the State.

All bid proposals and submitted information connected to this RFP may be subject to disclosure under the State's access to public records law. The successful bidder's response will become part of the official contract file. Once the contract is finalized, material associated with its negotiation is a matter of public record except for those materials that are specifically exempted under the law. One such exemption is material that constitutes trade secret, proprietary, or confidential information. If the response includes material that is considered by the bidder to be proprietary and confidential under 1 V.S.A., Ch. 5 Sec. 317, the bidder shall clearly designate the material as such prior to bid submission. The bidder must identify each page or section of the response that it believes is proprietary and confidential and provide a written explanation relating to each marked portion to justify the denial of a public record request should the State receive such a request. The letter must address the proprietary or confidential nature of each marked section, provide the legal authority relied on, and explain the harm that would occur should the material be disclosed. Under no circumstances can the entire response or price information be marked confidential. Responses so marked may not be considered and will be returned to the bidder.

1.10.1. All proposals shall become the property of the State.

1.10.2. All public records of DVHA may be disclosed, except that submitted bid documents shall not be released until the Vendor and DVHA have executed the

contract. At that time, the unsuccessful bidders may request a copy of their own score sheets as well as request to view the apparently successful bidder's proposal at DVHA Central Office. The name of any Vendor submitting a response shall also be a matter of public record. Other people or organizations may also make a request at that time or at a later date.

1.10.3. Consistent with state law, DVHA will not disclose submitted bid documents or RFP records until execution of the contract(s). At that time, upon receipt of a public records request, information about the competitive procurement may be subject to disclosure. DVHA will review the submitted bids and related materials and consider whether those portions specifically marked by a bidder as falling within one of the exceptions of 1 V.S.A., Ch. 5 Sec. 317 are legally exempt. If in DVHA's judgment pages or sections marked as proprietary or confidential are not proprietary or confidential, DVHA will contact the bidder to provide the bidder with an opportunity to prevent the disclosure of those marked portions of its bid.

### **3.8 Multiple Responses**

The Vendor may only submit one proposal as a Prime Vendor. If the Vendor submits more than one proposal, AHS may reject one or more of the submissions. This requirement does not limit a Subcontractor's ability to collaborate with one or more Vendors submitting proposals.

### **3.9 No Joint Proposals**

AHS will not consider joint or collaborative proposals that require a contract with more than one prime Vendor.

### **3.10 Use of Subcontractors**

Subject to the conditions listed in this RFP, the Vendor may propose to use a Subcontractor(s) to make a complete offer to perform all services. Any prospective Subcontractor that is not a wholly owned subsidiary of the Vendor will be subject to these conditions.

The conditions for proposing to use Subcontractors include, but are not limited to, the following:

1. Prior to any communication or distribution of State confidential information to the potential Subcontractor, the Vendor must provide the State with the name of the potential Subcontractor in advance and in writing. The Vendor will also provide contact information for the potential Subcontractor.
  - a. The State must give its written approval prior to the Vendor providing any State confidential information to a potential Subcontractor or another entity.
2. If selected, the Vendor will be the Prime Vendor for services provided to the State by approved Subcontractors
3. The Vendor will be ultimately responsible for the provision of all services, including Subcontractor's compliance with the service levels, if any.
4. Any Subcontractor's cost will be included within the Vendor's pricing and invoicing.

No subcontract under the contract may relieve the Vendor of the responsibility for ensuring the requested services are provided. Vendors planning to subcontract all or a portion of the work to be performed must identify the proposed Subcontractors.

The Vendor will require all Subcontractors operating in Vermont to carry Worker's Compensation coverage in the amounts required by Vermont law. The Vendor will also require Subcontractors to carry Comprehensive Liability Insurance including Bodily Injury coverage of \$100,000.00 per occurrence and Property Damage Coverage of \$25,000.00 per occurrence. The Vendor may provide the coverage for any or all Subcontractors, and, if so, the evidence of insurance submitted will so stipulate.

### **3.11 Instructions for Submitting Proposals**

#### **3.11.1 Number of Copies**

The Vendor is required to submit one clearly marked original proposal and seven (7) identical copies of the complete proposal, including all sections and exhibits, in three-ring binders, and one (1) electronic copy on a compact disc.

The bid should include a Technical Response and a separate Cost Response. AHS will not accept electronic and facsimile proposals. Any disparities between the contents of the original printed proposal and the electronic proposal will be interpreted in favor of AHS.

#### **3.11.2 Submission**

All bids must be sealed and addressed to:

Department of Vermont Health Access (DVHA)  
Kate Jones, Procurement Manager  
312 Hurricane Lane  
Williston, VT 05495-2087  
kate.jones@state.vt.us  
802-879-8256

#### **BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE REQUISITION NUMBER AND/OR PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be received and time stamped by the Office of Purchasing & Contracting located at 312 Hurricane Lane — Williston, VT 05495 by the time of the bid opening. Bids not in possession of the Office of Purchasing & Contracting at the time of the bid opening will be returned to the Vendor, and will not be considered.

Office of Purchasing & Contracting may, for cause, change the date and/or time of bid openings or issue an addendum. If a change is made, the State will make a reasonable effort to inform all bidders by posting at: <http://www.vermontbidsystem.com>

The bid opening will be held on January 31, 2014 at 312 Hurricane Lane, Suite 201, Williston, VT 05495 and is open to the public. Typically, the State will open the bid, read the name and address of the bidder, and read the bid amount. Bid openings are open to members of the public. However no further information

which pertains to the bid will be available at that time other than the bid amount, name and address of the bidder. The State reserves the right to limit the information disclosed at the bid opening to the name and address of the bidder when, in its sole discretion, it is determined that the nature, type, or size of the bid is such that the State cannot immediately (at the opening) establish that the bids are in compliance with the RFP. As such, there will be cases in which the bid amount will not be read at the bid opening. Bid results are a public record however, the bid results are exempt from disclosure to the public until the award has been made and the contract is executed with the apparently successful bidder.

### **3.11.2.1 DELIVERY METHODS**

**U.S. MAIL:** Bidders are cautioned that it is their responsibility to originate the mailing of bids in sufficient time to ensure bids are received and time stamped by the Office of Purchasing & Contracting prior to the time of the bid opening.

**EXPRESS DELIVERY:** If bids are being sent via an express delivery service, be certain that the RFP designation is clearly shown on the outside of the delivery envelope or box. Express delivery packages will not be considered received by the State until the express delivery package has been received and time stamped by the Office of Purchasing & Contracting.

**HAND DELIVERY:** Hand carried bids shall be delivered to a representative of the Division prior to the bid opening.

**ELECTRONIC:** Electronic bids (i.e. email) will not be accepted.

**FAX BIDS:** FAXED bids will not be accepted.

### **3.11.2.2 Proposal Submission Requirements**

Vendors must strictly adhere to the following response submission requirements:

1. Failure to follow any instruction within this RFP may, at the State's sole discretion, result in the disqualification of the Vendor's proposal.
2. The State has no obligation to locate or acknowledge any information in the Vendor's proposal that is not presented under the appropriate outline according to these instructions and in the proper location.
3. The Vendor's proposal must be received, in writing, at the address specified in this RFP, by the date and time specified. The State WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF QUESTION DOCUMENTS. Any proposal received after proposal opening time will be returned unopened.
4. Proposals or alterations by fax, email, or phone will not be accepted.
5. Original signatures are required on one copy of the Submission Cover Sheet, and Vendor's original submission must be clearly identified as the original.
6. The State reserves the right to reject any proposals, including those with exceptions, prior to and at any time during negotiations.
7. The State reserves the right to waive any defect or irregularity in any proposal procedure.

8. The Vendor must not alter or rekey any of the original text of this RFP. If the State determines that the Vendor has altered any language in the original RFP, the State may, in its sole discretion, disqualify the Vendor from further consideration. The RFP issued by AHS through the State of Vermont is the official version and will supersede any conflicting RFP language submitted by the Vendor.
9. To prevent opening by unauthorized individuals, all copies of the proposal must be sealed in the package. A label containing the information on the cover page must be clearly typed and affixed to the package in a clearly visible location.
10. The Vendor acknowledges having read and accepting all sections by signing the Submission Cover Sheet.
11. It is the responsibility of the Vendor to clearly identify all costs associated with any item or series of items in this RFP. The Vendor must include and complete all parts of the cost proposal in a clear and accurate manner. Omissions, errors, misrepresentations, or inadequate details in the Vendor's cost proposal may be grounds for rejection of the Vendor's proposal. Costs that are not clearly identified will be borne by the Vendor.

### **3.11.3 Additional Information or Clarification**

The State reserves the right to request additional information or clarification of a Vendor's proposal. The Vendor's cooperation during the evaluation process in providing AHS staff with adequate Responses to requests for clarification will be considered a factor in the evaluation of the Vendor's overall responsiveness. Lack of such cooperation may, at AHS' discretion, result in the disqualification of the Vendor's proposal.

1. Vendors may request additional information or clarifications to this RFP using the following procedures.
  - a. Vendors must clearly identify the specified paragraph(s) in the RFP that is/are in question.
  - b. Vendors must deliver a written document to the sole point of contact as identified in Section 1.2 of this RFP.
  - c. This document may be delivered by hand, via mail, email, or by fax. The State WILL NOT BE RESPONSIBLE FOR DELAYS IN THE DELIVERY OF QUESTION DOCUMENTS.
  - d. It is solely the responsibility of the Vendor that the clarification document reaches the State on time. Vendors may contact the sole point of contact to verify the receipt of their documents. Documents received after the deadline will be rejected. All questions will be compiled and answered and a written document containing all questions submitted and corresponding answers will be distributed to each Vendor that received the RFP.
2. Unsolicited clarifications and updates submitted after the deadline for Responses will be accepted or rejected at the sole discretion of AHS. Unsolicited clarifications in the evaluation and selection of lowest and best Proposal will be considered only if all the following conditions are met.

### 3.12 Proposal Instructions

Proposals must address all the requirements of the RFP in the order and format specified in this section. Each RFP requirement response in the Proposal must reference the unique identifier for the requirement in the RFP.

It is the Vendor's responsibility to ensure its Proposal is submitted in a manner that enables the Evaluation Team to easily locate all response descriptions and exhibits for each requirement of this RFP. Page numbers should be located in the same page position throughout the proposal. Figures, tables, charts, etc. should be assigned index numbers and should be referenced by these numbers in the proposal text and in the proposal Table of Contents. Figures, etc. should be placed as close to text references as possible.

Hard copy proposals are to be assembled in loose-leaf, three-hole punch binders with appropriate tabs for each volume and section. Do not provide proposals in glue-bound binders or use binding methods that make the binder difficult to remove.

At a minimum, the following should be shown on each page of the proposal:

- RFP #
- Name of Vendor
- Page number

Proposals in response to this RFP must be divided into two appropriately labeled and sealed packages marked Technical Proposal and Cost Proposal. All proposal submissions should be clearly labeled with the RFP number.

The contents of each package must be as follows:

- Package 1 — Technical Proposal
  - Technical Proposal addressing all requirements specified in the RFP using the response forms provided in Templates A through K.
- Package 2 — Cost Proposal
  - Cost Proposal using the form provided in Template L Cost Workbook.

#### 3.12.1 Proposal Format

The proposal must be structured in the following manner and must consist of all the sections separated into two (2) packages as listed below:

##### 3.12.1.1 Package 1 — Technical Proposal

This package of the Vendor's response must include Sections A through L as described below. Each section corresponds to a template designated with the same letter.

##### **Section A. RFP Cover Letter and Executive Summary**

This section of the Vendor's Technical Proposal must include a cover letter and executive summary stating the Vendor's intent to bid for this RFP.

The Vendor's response must include a transmittal (cover) letter; table of contents; executive summary; Vendor contact information and locations.

If the Vendor wishes to propose an exception to any Standard State Provision for Contracts and Grants or Terms and Conditions for Technology Contracts, it must notify the State of Vermont in the cover letter and further defined by completing Template B Vendor Experience, Section 6. Exceptions. Failure to note exceptions will be deemed to be acceptance of the Standard State Provision for Contracts and Grants. If exceptions are not noted in the RFP Response but raised during contract negotiations, the State reserves the right to cancel the negotiation if deemed to be in the best interests of the State of Vermont.

Submission for this section must be compliant with the instructions detailed in VT PBM Template A Cover Letter and Executive Summary.

### **Section B. Vendor Experience**

This section of the Vendor's Technical Proposal must include details of the Vendor's Experience.

The Vendor's Technical Proposal must include Vendor organization overview; corporate background; Vendor's understanding of the HHS domain; Vendor's experience in public sector; certifications and other required forms.

Submission for this section must be compliant with the instructions detailed in Template B Vendor Experience.

### **Section C. Vendor References**

This section of the Vendor's Technical Proposal must include Vendor's References.

The Vendor's Technical Proposal must include least three (3) references from projects performed within the last five (5) years that demonstrate the Vendor's ability to perform the Scope of Work described in the RFP. If the proposal includes the use of Subcontractor(s), provide three references for each.

Submission for this section must be compliant with the instructions detailed in Template C Vendor References.

### **Section D. Organization and Staffing**

This section of the Vendor's Technical Proposal must include a narrative of the Vendor's proposed Organization and Staffing approach.

The Vendor's Technical Proposal must include the proposed approach to: organization plan; organization chart; key staff; Subcontractors; staff contingency plan; staff management plan; staff retention and the Vendor's approach to working with the Pharmacy Benefits Management Solution Project staff.

Submission for this section must be compliant with the instructions detailed in Template D Vendor Project Organization.

### **Section E. Staff Experience**

This section of the Vendor's Technical Proposal must include a narrative of the Vendor's Staff Experience.

The Vendor's Technical Proposal must include the proposed approach to: roles and responsibilities; summary of skill sets; total years of experience in the proposed role; qualifications and resumes.

Submission for this section must be compliant with the instructions detailed in Template E — Staff Experience.

### **Section F. Functional Requirements**

This section of the Vendor's Technical Proposal must include a response to the Functional Requirements provided in Template F Functional Requirements.

The 'Response Columns' within each tab of the Functional Requirements matrix must be completed by the Vendor as detailed in Template F Functional Requirements.

The objective of the Functional Requirements response is to provide the Pharmacy Benefits Management Solution Project team with a method to develop an understanding regarding the degree to which each Vendor's solution has the potential of meeting the State project requirements.

### **Section G. Functional Requirements Approach**

This section of the Vendor's Technical Proposal must provide a narrative of the Vendor's proposed Functional Requirements approach. In response to Template G Functional Requirements Approach, the Vendor is requested to provide a narrative overview of how the proposed solution will meet the State's requirements.

Submission for this section must be compliant with the instructions detailed in Template G Functional Requirements Approach.

### **Section H. Non-Functional Requirements**

This section of the Vendor's Technical Proposal must include a response to the Technical Requirements provided in Template H Non-Functional Requirements.

The objective of the Non-Functional Requirements response is to provide the Pharmacy Benefits Management Solution Project team with a method to evaluate the degree to which each Vendor's solution satisfies the Pharmacy Benefits Management Solution Project Technical Requirements.

The 'Response Columns' within each tab of the Technical Requirements matrix must be completed by the Vendor as described in the instructions detailed in Template H Non-Functional Requirements.

### **Section I. Non-Functional Requirements Approach**

This section of the Vendor's response to the RFP must include a narrative of the Vendor's proposed Non-Functional Requirements approach. Submission for this section must be compliant with the instructions detailed in Template I Non-Functional Requirements Approach.

The Vendor's response must detail the approach to meet the various Non-Functional Requirements including, but not limited to: technical standards; application architecture; data architecture; Business Intelligence (BI) analytics; multichannel approach; user interfaces; external interfaces, portable architecture; software components; hardware components; system administration; system performance, availability and capacity.

### **Section J. Work Plan**

This section of the Vendor's technical Proposal must include a Work Plan that will be used to create a consistent and coherent management plan. This work plan will demonstrate that the Vendor has a thorough understanding for the scope of work and what must be done to satisfy the project requirements. Submission for this section must be compliant with the instructions detailed in Template J Work Plan.

The Work Plan must include detail sufficient to give the State an understanding of how the Vendor's knowledge and approach will:

- Manage the Work;
- Guide Work execution;
- Document planning assumptions and decisions;
- Facilitate communication among stakeholders; and
- Define key management review as to content, scope, and schedule.

### **Section K. Proposal Checklist and Supplements**

This section of the Vendor's Technical Proposal must include the completed checklist verifying that all the RFP response requirements including templates listed in Section 3.13.2 of this document and any RFP Attachments have been completed. Submission for the Proposal Checklist and Supplements must be compliant with the instructions detailed in Template K Response Checklist.

#### ***3.12.1.2 Package 2 — Cost Proposal***

This package of the Vendor's response must include Template L Cost Workbook as described below.

### **Section L. Cost Proposal Instructions**

The Cost Proposal response will be provided by the submission of Template L Cost Workbook. Vendors must complete this workbook as instructed and place it in a separate, sealed package, clearly marked as the Cost Proposal with the Vendor's name, the RFP number, and the RFP submission date.

Vendors must base their Cost Proposals on the Scope of Work described in Section 2.2 and associated sections of this RFP. The Cost Proposals must include any business, economic, legal, programmatic, or practical assumptions that underlie the Cost Proposal. The State reserves the right to accept or reject any assumptions. All assumptions not expressly identified and incorporated into the contract resulting from this RFP are deemed rejected by the State.

The Pharmacy Benefits Management Solution must include Implementation, Operational Services, Software, and Software Maintenance. The Vendor must include all one-time and ongoing costs in the Cost Proposal. Total Costs are required by the State for evaluation and budget purposes. The additional detail of costs is required for the State's understanding of the costs.

Costs must be based on the terms and conditions of the RFP, including AHS' General Provisions and Mandatory Requirements of the RFP (not the Vendor's exceptions to the terms and conditions). The Vendor is required to state all other assumptions upon which

its pricing is based in Template L Cost Workbook. Assumptions must not conflict with the RFP terms and conditions including AHS' General Provisions or Mandatory Requirements of this RFP.

Vendors are required to provide firm-fixed price (FFP) costs for implementation, including a proposed payment schedule based primarily on various phases of system functionality. The ongoing Service Provision and any other potential ongoing payments must be monthly based on units proposed by the Vendor (e.g., such measures as number and type of Vendor staff positions, transaction volumes, population base, hosting and support, etc.) to be specified by the Vendor.

If relevant, the Vendor must provide fixed Hourly Rates to the State for work to be performed. In addition, fixed Labor rates must be available for the State to use for Unanticipated Tasks as necessary.

Vendors must provide responses for all components of the costs, as required in Template L Cost Workbook following the instructions provided in the first tab of that workbook.

Vendors are responsible for entering cost data in the format prescribed by the Cost Workbook. Formulas have been inserted in the appropriate cells of the worksheets to automatically calculate summary numbers, and should not be altered. Further instructions for entering cost data are included in the worksheets. It is the sole responsibility of the Vendor to ensure that all mathematical calculations are correct and that the Total Costs reflect the Bid Amount for this RFP.

Completion of the Cost Workbook and worksheets is mandatory. Applicable purchase, delivery, tax, services, safety, license, travel, per diem, Vendor's staff training, Project facility, and any other expenses associated with the delivery and implementation of the proposed items must be included in the Vendor's costs and fixed Hourly Rates.

The Cost Proposal **MUST BE A SEPARATE SUBMISSION**, no Cost Information can be contained in the Technical Proposal submission, if there is Cost Information in the Vendor can be disqualified from consideration.

### 3.12.2 Proposal Crosswalk — Mandatory Templates

The table below lists the Mandatory Templates that the Vendor will submit as part of their Technical and Cost Proposals.

**Table 9. Mandatory Templates**

Response Template	Template/Attachment Elements
Template A	Cover Letter and Executive Summary
Template B	Vendor Experience
Template C	Vendor References
Template D	Project Organization and Staffing
Template E	Staff Experience
Template F	Response to Functional Requirements

Response Template	Template/Attachment Elements
Template G	Response to Functional Requirements Approach
Template H	Response to Non-Functional Requirements
Template I	Response to Non-Functional Requirements Approach
Template J	Work Plan
Template K	RFP Response Checklist
Template L	Cost Workbook

### 3.12.3 Order of Precedence

In the event of any conflict or contradiction between or among these documents, the Contract executed between the selected Vendor and the State shall control.  
Procurement Library

The table below describes the documents that are available in the Procurement Library for reference purposes.

**Table 10. Procurement Library**

File #	Procurement Library Item Filename
1	DVHA Drug Coverage Lists (2011) Web link: <a href="http://dvha.vermont.gov/for-providers/drug-coverage-lists-1">http://dvha.vermont.gov/for-providers/drug-coverage-lists-1</a>
2	Medicaid Drug Programs Data & Resources Direct Link Only Web Link: <a href="http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Medicaid-Drug-Programs-Data-and-Resources.html">http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Medicaid-Drug-Programs-Data-and-Resources.html</a>
3	Drug Coverage Information for Manufacturers and Providers Web Link: <a href="http://dvha.vermont.gov/for-providers/request-for-drug-coverage-070312.pdf">http://dvha.vermont.gov/for-providers/request-for-drug-coverage-070312.pdf</a>
4	Drug Utilization Review Board Description and Information Web Link: <a href="http://dvha.vermont.gov/advisory-boards/drug-utilization-review-board-description-information">http://dvha.vermont.gov/advisory-boards/drug-utilization-review-board-description-information</a>
5	DVHA Pharmacy Benefit Management Program Provider Manual (2012) Web Link: <a href="http://dvha.vermont.gov/for-providers/provider-manual-updated-100312.pdf">http://dvha.vermont.gov/for-providers/provider-manual-updated-100312.pdf</a>
6	Health Services Enterprise Architecture Web Link: <a href="http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/Health-Services-Enterprise-Architecture-v6-9.pdf">http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/Health-Services-Enterprise-Architecture-v6-9.pdf</a>
7	DVHA Maximum Allowable Cost List (2013) Web Link: <a href="http://dvha.vermont.gov/for-providers/2013-07-dvha-mac-for-Web-posting-final.pdf">http://dvha.vermont.gov/for-providers/2013-07-dvha-mac-for-Web-posting-final.pdf</a>
8	Medicare Part D Manual Web Link: <a href="http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/PartDManuals.html">http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/PartDManuals.html</a>
9	Pharmacy Program Coverage Grids 2012 Web Link: <a href="http://dvha.vermont.gov/for-providers/2012-coverage-grid-100412.pdf">http://dvha.vermont.gov/for-providers/2012-coverage-grid-100412.pdf</a>
10	Preferred Drug List and Clinical Criteria Web Link: <a href="http://dvha.vermont.gov/for-providers/preferred-drug-list-clinical-criteria">http://dvha.vermont.gov/for-providers/preferred-drug-list-clinical-criteria</a>
11	Prescription Drug Coverage Contracting Information (CMS) Web Link: <a href="http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/index.html">http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/index.html</a>
12	DVHA PBM Prior Authorization Process for Medications Web Link: <a href="http://dvha.vermont.gov/for-providers/pa-process-and-flow-chart-052813.pdf">http://dvha.vermont.gov/for-providers/pa-process-and-flow-chart-052813.pdf</a>
13	State Pharmaceutical Assistance Program Data Sharing User Guide (2008)

File #	Procurement Library Item Filename
	Web Link: <a href="http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/2008SPAPUserGuideFinal11-28-08.pdf">http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/2008SPAPUserGuideFinal11-28-08.pdf</a>
14	Single Formulary and Electronic Prior Authorization Recommendations (2012)  Web Link: <a href="http://dvha.vermont.gov/budget-legislative/single-formulary-electronic-pa-report-02-13-12.pdf">http://dvha.vermont.gov/budget-legislative/single-formulary-electronic-pa-report-02-13-12.pdf</a>
15	Vermont Software Products 2012  Web Link: <a href="http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/Vermont_Software_Products.pdf">http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/Vermont_Software_Products.pdf</a>
16	VT DII Strategic Plan 2013 — 2018  Web Link: <a href="http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/Vermont%20DII-Strategic-Plan-FY2013-2018%5B1%5D.pdf">http://bgs.vermont.gov/sites/bgs/files/pdfs/purchasing/Vermont%20DII-Strategic-Plan-FY2013-2018%5B1%5D.pdf</a>

### 3.13 Additional Terms and Conditions

#### **Hardware/Software**

Under any categories of IT service, the Contract may include the acquisition of hardware and/or commercial off-the-shelf (COTS) software to support the project. All hardware/software purchases must be compatible with Statewide and applicable Agency/Department IT architecture policies and standards and be approved in accordance with State bulletins and statutes. While a Vendor may propose to provide hardware and software as part of its proposal the State reserves the right to procure hardware and software from other sources when it is in the best interest of the State to do so. If applicable to the type of RFP, please describe the application and database architecture of the solution that you are proposing.

#### Software Licensing:

If the Solution will include software to be licensed from the vendor, Vendors shall insert software licensing requirements and anticipate volume. Vendor shall propose the licensing options available and to recommend the advantages of those various options. For example, licensing options may include:

- Named user
- Per server
- Per work team
- Concurrent User
- Enterprise (unrestricted)

#### **Required Project Policies, Guidelines and Methodologies**

The Contractor shall be required to comply with all applicable laws, regulations, policies, standards and guidelines affecting information technology projects, which may be created or changed periodically. It is the responsibility of the Contractor to insure adherence and to remain abreast of new or revised Laws, regulations, policies, standards and guidelines affecting project execution. Agency specific confidentiality and

privacy policies, such as Health Insurance Portability and Accountability Act (HIPAA) may apply. These may include, but are not limited to:

- The State's Information Technology Policies & Procedures at: [http://dii.vermont.gov/Policy\\_Central](http://dii.vermont.gov/Policy_Central)
- The State's Record Management Best Practice at: <http://vermont-archives.org/records/standards/pdf/RecordsManagementBestPractice.pdf>
- The State Information Security Best Practice Guideline at: [http://vermont-archives.org/records/standards/pdf/InformationSecurityBestPractice\\_Eff.20090501.pdf](http://vermont-archives.org/records/standards/pdf/InformationSecurityBestPractice_Eff.20090501.pdf)
- The State Digital Imaging Guidelines at **Error! Hyperlink reference not valid.** <http://vermont-archives.org/records/standards/pdf/ImagingGuideline2008.pdf>
- The State File Formats Best Practice at [http://vermont-archives.org/records/standards/pdf/FileFormatsBestPractice\\_Eff.20071201.pdf](http://vermont-archives.org/records/standards/pdf/FileFormatsBestPractice_Eff.20071201.pdf)
- The State File Formats Guideline at <http://vermont-archives.org/records/standards/pdf/FileFormatsGuideline2008.pdf>
- The State Metadata Guideline at <http://vermont-archives.org/records/standards/pdf/MetadataGuideline2008.pdf>

### 3.13.1 Hosted System Requirements

This section is included if the best option is for the system to be hosted at a site other than at the State of Vermont.

- A selected vendor shall be required to agree to terms acceptable to the State regarding the confidentiality and security of State data. These terms may vary depending on the nature of the data to be stored by the Contractor. If applicable, the State may require compliance with State security standards, IRS requirements, HIPAA, HITECH and/or FISMA compliance and/or compliance with State law relating to the privacy of personally identifiable information, specifically Chapter 62 of the Vermont Statutes. Further, a selected vendor hosting a State system may be a "data collector" for purposes of State law and shall be required to (i) comply with certain data breach notification requirements; and (ii) indemnify the State for any third party claims against the State which may occur as a result of any data breach.
- The selected Vendor must agree to host the State's solution within the continental United States of America.
- The State reserves the right to periodically audit the Contractor (or subcontractor) application infrastructure to ensure physical and network infrastructure meets the configuration and security standards and adheres to relevant State policies governing the system.
- The State reserves the right to run non-intrusive network audits (basic port scans, etc.) randomly, without prior notice. More intrusive network and physical audits may be conducted on or off site with 24 hours' notice.

- The Contractor will have a third party perform methodology-based (such as OSSTM) penetration testing quarterly and will report the results of that testing to the State.
- A selected vendor shall agree to cause an SSAE 16 Type II audit certification to be conducted annually. The audit results and the Contractor's plan for addressing or resolution of the audit results shall be shared with the State.
- A selected vendor shall agree to terms acceptable to the State regarding system backup, disaster recovery planning and access to state data.
- A selected vendor shall be required to agree to disclose the hosting provider which shall be acceptable to the State for purposes of the data to be stored and shall not change the hosting provider without the prior written consent of the State.
- A selected vendor shall be required to guarantee the service level terms of any hosting provider.
- A selected vendor shall agree to apply service level credits for the failure to meet service level terms.

### ***Application Security Standards***

The Contractor will review the application and certify it meets the following:

- Identify the key risks to the important assets and functions provided by the application and conduct an analysis of the Top 25 software errors (<http://cwe.mitre.org/top25>), or most common programming errors, and document in writing that they have been mitigated.
- Ensure all application code and any new development meets or exceeds the OWASP Application Development Security Standards outlined on the [www.OWASP.org](http://www.OWASP.org) site (currently [https://www.owasp.org/images/4/4e/OWASP\\_ASVS\\_2009\\_Web\\_App\\_Std\\_Release.pdf](https://www.owasp.org/images/4/4e/OWASP_ASVS_2009_Web_App_Std_Release.pdf)) and document in writing that they have been met.

Contractors will be expected to make the following warranties:

1. The Contractor has all requisite power and authority to execute, deliver and perform its obligations under the Contract and the execution, delivery and performance of the Contract by the Contractor has been duly authorized by the Contractor.
2. There is no outstanding litigation, arbitrated matter or other dispute to which the Contractor is a party which, if decided unfavorably to the Contractor, would reasonably be expected to have a material adverse effect on the Contractor's ability to fulfill its obligations under the Contract.
3. The Contractor will comply with all laws applicable to its performance of the services and otherwise to the Contractor in connection with its obligations under the Contract.
4. All deliverables will be free from material errors and shall perform in accordance with the specifications there for.
5. The Contractor owns or has the right to use under valid and enforceable agreements, all intellectual property rights reasonably necessary for and related

- to delivery of the services and provision of the deliverables as set forth in the Contract and none of the deliverables or other materials or technology provided by the Contractor to the State will infringe upon or misappropriate the intellectual property rights of any third party.
6. Each and all of the services shall be performed in a timely, diligent, professional and work person-like manner, in accordance with the highest professional or technical standards applicable to such services, by qualified people with the technical skills, training and experience to perform such services in the planned environment. At its own expense and without limiting any other rights or remedies of the State hereunder, the Contractor shall re-perform any services that the State has determined to be unsatisfactory in its reasonable discretion, or the Contractor will refund that portion of the fees attributable to each such deficiency.
  7. The Contractor has adequate resources to fulfill its obligations under the Contract.
  8. Virus Protection. Contractor warrants and represents that any time software is delivered to the State, whether delivered via electronic media or the Internet, no portion of such software or the media upon which it is stored or delivered will have any type of software routine or other element which is designed to facilitate unauthorized access to or intrusion upon; or unrequested disabling or erasure of; or unauthorized interference with the operation of any hardware, software, data or peripheral equipment of or utilized by the State.

### **3.13.2 Business Registration**

To be awarded a contract by the State of Vermont an offeror (other than an individual doing business in his/her own name) must be registered with the Vermont Secretary of State's office, <http://www.sec.state.vt.us/tutor/dobiz/forms/fcregist.htm>, and must obtain a Vendor's Business Account Number issued by the Vermont Department of Taxes, <http://www.state.vt.us/tax/pdf.word.excel/forms/business/s-1&instr.pdf>

### **3.13.3 Indemnification**

The State of Vermont has no legal authority to indemnify a vendor, and that issue is not negotiable.

### **3.13.4 Liquidated Damages**

AHS and the Vendor agree that failure by the Vendor to meet the performance standards and timelines set forth in the Contract will result in damages sustained by AHS and that it is difficult to quantify AHS' actual damages sustained by reason of such failure. For failure by the Vendor to meet a deliverable date, AHS may require the Vendor to pay liquidated damages per work day, for each and every day thereafter until such deliverable is completed and accepted as corrected and approved by AHS. The parties understand that liquidated damages are intended to be a last resort to expedite action on the part of Vendor and are not intended to be punitive. AHS, at its option, may begin default proceedings at any point during the period during which the Vendor has failed to meet timeliness, performance standard, documentation, work product, or deliverable date(s). AHS will not begin default proceedings prior to the beginning of the calendar month following the deliverable due date. The deliverable due dates will be defined in the final Schedule and Work Plan.

### **3.13.5 Taxes**

Most state purchases are not subject to federal or state sales or excise taxes and must be invoiced tax free. An exemption certificate will be furnished upon request covering taxable items. The Vendor agrees to pay all Vermont taxes which may be due as a result of this contract. If taxes are to be applied to the purchase it will be so noted in the response.

### **3.13.6 Required Statements**

- Certificate of Compliance
- Workers' Compensation — Self Reporting Form - For projects exceeding \$250,000, Vendor is required to self report detailed information including information relating to past violations, convictions, suspensions, and any other information related to past performance and likely compliance with proper coding and classification of employees.
- Workers' Compensation — Subcontractor Form - For projects exceeding \$250,000, Vendor is required to provide a list of Subcontractors on the job along with lists of Subcontractor's Subcontractors and by whom those Subcontractors are insured for workers' compensation purposes
- Offshore/Outsource Form

## 4.0 Proposal Evaluation

The State will use a formal evaluation process to select the successful Vendor(s). The State will consider capabilities or advantages that are clearly described in the proposal, which may be confirmed by key personnel interviews, oral presentations, site visits, demonstrations, and references contacted by the AHS. AHS reserves the right to contact individuals, entities, or organizations that have had dealings with the Vendor or proposed staff, whether or not identified in the proposal.

### 4.1 Evaluation Criteria

The State will evaluate proposals based on the following best value Evaluation Criteria:

- Vendor Experience, including:
  - Relevant Vendor Experience
  - Customer References
- Project Staff and Project Organization, including:
  - Project Organization
  - Key Project Personnel Experience
- Business Solution, including:
  - Functional
  - Technical
  - Implementation Approach
  - Ongoing Service Delivery Approach
- Cost
  - Initial implementation
  - Ongoing Operations

### 4.2 Initial Compliance Screening

The State will perform an initial screening of all proposals received. Unsigned proposals and proposals that do not include all required forms and sections are subject to rejection without further evaluation. AHS reserves the right to waive minor informalities in a proposal and award contracts that are in the best interest of the State of Vermont

Initial screening will check for compliance with various content requirements and minimum qualification requirements defined in the RFP. The State through AHS also reserves the right to request clarification from Vendors who fail to meet any initial compliance requirements prior to rejecting a proposal for material deviation from requirements or non-responsiveness.

### 4.3 Mandatory Qualifications

If the Vendor (Prime and/or Subcontractor) does not maintain these credentials or cannot demonstrate compliance with all of these requirements to the State, the Vendor proposal may be rejected.

- The Vendor must have at least five (5) years' experience with projects of similar size and scope to the State's that include design, configuration, implementation, and operation of a Medicaid Pharmacy Benefits Management solution in compliance with all federal and State regulations, which includes eligibility verification, POS claims adjudication, edits and transmission messaging, prior authorization programs, drug utilization review (DUR), PDL management, benefit design, and reporting.
- The Vendor must provide three project references.
- The PBM Solution proposed by the Vendor must have been previously implemented successfully in a State Medicaid environment. A successful implementation is defined as one in which providers can submit claims and the PBM system adjudicates claims and generates payments accurately. In addition, operational programs and services such as DUR, prior authorization, provider call centers, and utilization management have been implemented and are operating successfully.
- The Vendor's PBM solution must be able to function independently from the MMIS, interface to the current MMIS system, and interface with the new Core MMIS system chosen at a later date.
- The Vendor must have experience in implementing and managing Medicare Part D drug benefits, or be willing to contract with a Vendor who does have Part D experience.
- The Vendor must agree that they will be responsible to make any system modifications necessary to comply with all Federal and State regulations and mandates, as described herein, and to meet the deadlines imposed for such changes for the duration of this contract.

The Vendor is to demonstrate compliance with the above mandatory requirements in Template A Cover Letter and Executive Summary. If the Vendor's Proposal meets the above mandatory requirements, the Vendor's Proposal may be included in the next part of the technical evaluation phase of this RFP — the Competitive Field Determination.

#### **4.4 Competitive Field Determinations**

The State may determine that certain proposals are within the field of competition for admission to discussions. The field of competition consists of the proposals that receive the highest or most satisfactory evaluations. The State may, in the interest of administrative efficiency, place reasonable limits on the number of proposals admitted to the field of competition.

Proposals that do not receive at least 70% of the evaluation points for each of the evaluation criteria, may, at the sole discretion of the State, be eliminated from further consideration.

#### **4.5 Oral Presentations and Site Visits**

The State may, at its sole discretion, request oral presentations, site visits, and/or demonstrations from one or more Vendors admitted to the field of competition. The Key Project Personnel as identified in the Vendor's Proposal must be active participants in the oral presentations — the State is not interested in corporate or sales personnel being the primary participants in oral presentations. This event, if held, will focus on an

understanding of the capabilities of the Vendor and importantly identified Key Project Personnel's ability to perform consistent with the Vendor's proposal in meeting the State's requirements. The State will notify selected Vendors of the time and location for these activities, and may supply agendas or topics for discussion. The State reserves the right to ask additional questions during oral presentations, site visits, and or demonstrations to clarify the scope and content of the written proposal.

The Vendor's oral presentation, site visit, and/or demonstration must substantially represent material included in the written proposal, and should not introduce new concepts or offers unless specifically requested by AHS.

#### **4.6 Best and Final Offers**

The State may, but is not required to, permit Vendors to prepare one or more revised offers. For this reason, Vendors are encouraged to treat their original proposals, and any revised offers requested by the State, as best and final offers.

#### **4.7 Discussions with Vendors**

The State may, but is not required to, conduct discussions with all, some, or none of the Vendors admitted to the field of competition for the purpose of obtaining the best value for AHS. It may conduct discussions for the purpose of:

- Obtaining clarification of proposal ambiguities;
- Requesting modifications to a proposal; and/or
- Obtaining a best and final offer.

The State may make an award prior to the completion of discussions with all Vendors admitted to the field of competition if AHS determines that the award represents best value to the State of Vermont.

#### **4.8 Independent Review**

Bidder acknowledges and agrees that SOV is required pursuant to 3 V.S.A. § 2222 to obtain an independent expert review of this contract and the services to be rendered hereunder, which review shall be commenced as soon as practicable and be completed prior to contract signature. Such review will include, as required by law: (A) an acquisition cost assessment; (B) a technology architecture review; (C) an implementation plan assessment; (D) a cost analysis and a model for benefit analysis; and (E) an impact analysis on net operating costs for the agency carrying out the activity. Upon completion of the review, and upon SOV's request, Bidder will discuss the results of the review with the SOV and cooperate to address any aspects of the Contract or services that are identified in the review as SOV deems necessary. Supplier acknowledges and agrees that if necessary and as required by SOV, the Contract and/or applicable Statement(s) of Work will be amended to address the issues identified in the review.

## 5.0 Appendix 1 — Glossary of Acronyms and Terms

### A

**Ad Hoc Query:** Queries created by users to obtain information for a specific need as it arises.

**Affordable Care Act (ACA):** On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act. On March 30, 2010, the Healthcare and Education Reconciliation Act of 2010 was signed into law. The two laws are collectively referred to as the Affordable Care Act (ACA). The Affordable Care Act expands Medicaid eligibility: effective on January 1, 2014, Medicaid will be available for the first time to individuals without minor children earning less than 133% of the Federal poverty level (FPL).

**Agency of Human Services (AHS):** “the Agency,” Vermont’s agency of Health and Human Services.

### B

**Blueprint for Health:** “Blueprint”

**Business Intelligence (BI):** The process or capability of gathering information in the field of business; the process of turning data into information and then into knowledge.

**Business Process Analysis:** Methodology used for developing a system’s Functional Requirements by establishing an understanding of the as-is environment and identifying the to-be operational business and service delivery processes of the future system.

### C

**Care Management and Vermont Chronic Care Initiative:** VCCI

**Centers for Medicare and Medicaid Services:** CMS

**Chronic Care Information System:** CCIS

**Collaborative Application Life cycle Tool:** CALT is a collaborative tool that creates a centralized repository for storing, collaborating on and sharing deliverables and artifacts from IT projects in support of Medicaid administration and establishment of Exchanges.

**Commercial Off-The-Shelf (COTS):** Ready-made software applications.

**Common Enterprise Portal:** Enterprise portals are a type of composite application that pre-integrates the services needed to build contextual websites.

**Contract:** Binding agreement between the State of Vermont and the awarded Vendor.

**Contractor:** Resources brought to the projects by the awarded Vendor.

## D

**Dashboards:** Display Key Performance Indicators (KPIs) or business metrics using intuitive visualization, including dials, gauges and traffic lights that indicate the state of various KPIs against targets.

**Data Mart:** Analytical data stores, usually part of a data warehouse, that are designed to focus on specific business functions for a specific community within an organization.

**Data Mining:** The process of discovering meaningful correlations, patterns and trends by sifting through large amounts of data stored in repositories.

**Data Sharing:** Refers to the collaboration functionality (e.g., search, data exchange, communication mechanisms) or the work stream containing that functionality.

**Data Warehouse:** A repository of an organization's electronically stored data, designed to facilitate reporting and analysis.

**Database Management System (DBMS):** A set of computer programs that control the creation, maintenance, and the use of a database.

**DDI:** Designing, developing and implementing

**Department for Children and Families:** DCF — The State's eligibility and enrollment for Medicaid and all public assistance programs are administered by DCF.

**Department of Disabilities, Aging and Independent Living:** DAAIL is responsible for all community-based long-term care services for older Vermonters, individuals with developmental disabilities, traumatic brain injuries, and physical disabilities.

**Department of Mental Health:** DMH administers mental health programs across the State through multiple programs for both adult and children's services.

**Department of Vermont Health Access:** DVHA administers nearly all of the publicly funded healthcare programs for the State of Vermont.

**Disability Financial Assistance:** DFA.

**Distributed Query:** This query provides the ability to access data from multiple heterogeneous data sources. These data sources can be stored on either the same or different computers.

**Drug Utilization Review:** DUR

## E

**Economic Assistance:** EA

**Economic Services Division:** ESD conducts all eligibility determinations regarding applications for State supported financial and healthcare benefits.

**Enterprise Content Management: (ECM)** A formalized means of organizing and storing the State's documents, and other content, that relate to the State's processes.

**Enterprise Life Cycle:** ELC

**Enterprise Service Bus (ESB):** A software construct found in a Service-Oriented Architecture which provides fundamental services via a messaging engine.

**ETL:** Extract, Transform, Load — A process for transitioning data from one to another.

**Extraction, Transformation, and Load (ETL) Tools:** Tools that extract data from outside databases, transform the data to a usable form and load it into a target database.

## F

**Federal Data Hub:** A data services hub to help states verify the income, citizenship and other information about individuals when they seek health coverage through health insurance exchanges and for Medicaid and Children's Health Insurance Programs.

**Field Services Director:**

**File Transfer Protocol (FTP):** A standard network protocol used to copy a file from one host to another.

**Firewall:** A technological barrier designed to prevent unauthorized or unwanted communications between computer networks or hosts.

## G

**General Assistance:** GA

**Geographic Information System (GIS):** A system that processes geographic information such as mapping of geographic points or areas or using mathematical algorithms for measuring distance.

**Global Commitment to Health Waiver:** As part of the State Fiscal Year 2006 budget proposal process, the Douglas Administration presented the Plan for Saving the Vermont Medicaid System. With this long-term strategy Vermont proposed to replace its existing section 1115a waiver, the Vermont Health Access Plan (VHAP). The replacement is the Global Commitment to Health. With the Federal approval of this proposal, certain Federal Medicaid requirements found in Title 19 of the Social Security Act are waived. The result is that the Global Commitment to Health includes the tools necessary for the state, in partnership with the Federal government, to address future needs in a holistic, global manner.

**Government Accounting Office:** GAO

## H

**Health Benefits Exchange:** HIX, “the Exchange” Vermont’s implementation of a Health Insurance Exchange.

**Health Information Technology:** HIT

**Health Insurance Exchange:** HIX

**Health Insurance Portability & Accountability Act:** HIPAA

**HHS:** Health and Human Services

**Health Services Enterprise (HSE):** The overarching program structure that governs the HIX, the IE solution, the MSE and the HSE Platform.

**Hewlett Packard:** HP

**HSEP:** HSE Platform — “the Platform,” The shared services and infrastructure that will be shared across solutions.

## I

**ID:** Identification

**Identity Management:** The management of individual IDs, their authentication, authorization, and privileges/permissions within or across system and enterprise boundaries.

**IE:** Integrated Eligibility, may refer to Vermont’s Integrated Eligibility System, the functionality associated with the process of determining eligibility for multiple programs through the use of a single application or the work stream containing that functionality.

**Ineligible:** an individual does not qualify for Public Assistance at either initial or subsequent re-determination.

**Information Architecture:** A description of the information and data flows that are critical to a solution. This architecture illustrates the types of information and data that are collected by a solution and how the information is aggregated, stored, and used for reporting purposes.

**Information Systems Division:** ISD

**Interface:** A point of interaction between two systems or modules.

**Intrusion Detection System (IDS):** A device (or application) that monitors network and/or system activities for malicious activities or policy violations and produces reports to a Management Station.

**Independent Verification and Validation (IV&V):** Third party that oversees the project to ensure quality and timely delivery.

**K****L**

**LIHEAP: Low-Income Home Energy Assistance Program**

**Low-Income Subsidy: LIS**

**M**

**Maximum Acquisition Cost: MAC**

**Medicaid:** Provides low-cost or free coverage for low-income children, young adults under age 21, parents, pregnant women, caretaker relatives, people who are blind or disabled and those ages 65 or older.

**Medicaid Information Technology Architecture: MITA**

**Medicaid Management Information System MMIS**

**Metadata:** Information that describes various facets of an information asset to improve its usability throughout its life cycle.

**MDM: Master Data Management**

**Middleware:** Computer software that connects software components or applications. The software consists of a set of services that allows multiple processes running on one or more machines to interact.

**Modified Adjusted Gross Income: MAGI**

**Module:** A portion of a system that provides specific, discrete functionality

**M&O: Maintenance and Operations**

**N**

**Natural (NLP):** An ontology-assisted way of programming in terms of natural language sentence.

**National Institutes of Standards and Technology: NIST**

**O**

**Online Analytical Processing (OLAP):** Client and server based analysis tools, allowing for complex analytical and ad hoc queries with a rapid execution time.

**Online Transaction Processing (OLTP):** Systems that facilitate and manage transaction-oriented applications, typically for data entry and retrieval transaction processing.

**Open Source:** Practices in production and development that promote access to the end product's source materials or code.

**Operational Data Store (ODS):** A database designed to integrate data from multiple sources to make analysis and reporting easier.

**OPS:** Oracle Professional Services

**Oracle Process Automation:** OPA

## **P**

**Password:** Confidential authentication information, usually composed of a string of characters used to provide access to a computer resource.

**Person-centric approach:** an approach centered around the client and focused on delivering services to achieve an outcome.

**Pharmacy Benefits Management:** PBM

**PMO:** Project Management Office

**Portal:** A computing gateway that unifies access to enterprise information and applications.

**POS:** Point-of-Sale The combination of services and technology available at the Pharmacy at the time a medication is acquired.

**Potentially Eligible:** A person that may be eligible to receive benefits from HHS programs and services.

**Preferred Drug List:** PDL

**Primary Data Center:** PDC

**Process Flows:** A diagram depicting the set of activities required to perform a specific function in the future state.

**Proposal:** An offer from the State requesting specific services to a prospective Vendor.

## **Q**

**QA:** Quality Assurance

**Quality of Service (QoS):** The ability to provide different priority to different applications, users, or data flows, or to guarantee a certain level of performance to a data flow.

## R

**Relational Database Management System (RDBMS):** A Database Management System in which data is stored in the form of tables and the relationship among the data is also stored in the form of tables.

**Reach Up:** Reach Up (TANF) in Vermont helps families with children by providing cash assistance for basic needs and services that support work and self-sufficiency.

**Requirements Traceability Matrix:** RTM — Detailed list of requirements necessary for the proposed solution.

**RFP:** Request for Proposal

**Rich Internet Application (RIA):** Web application that has many of the characteristics of a desktop application, typically delivered either by way of a site-specific browser or via a browser plug-in.

## S

**SCHIP:** State Children's Health Insurance Program

**Service-Oriented Architecture (SOA):** A set of design principles used in application development characterized by the following attributes:

1. The system must be modular. This provides the obvious benefit of being able to "divide and conquer" — to solve a complex problem by assembling a set of small, simple components that work together.
2. The modules must be distributable — that is, able to run on disparate computers and communicate with each other by sending messages over a network at runtime.
3. Module interfaces must be "discoverable" — that is, clearly defined and documented. Software developers write or generate interface metadata that specifies an explicit contract, so that another developer can find and use the service.
4. A module that implements a service must be "swappable." This implies that it can be replaced by another module that offers the same service without disrupting modules that used the previous module. This is accomplished by separating the interface design from the module that implements the service.
5. Service provider modules must be shareable — that is, designed and deployed in a manner that enables them to be invoked successively by disparate applications in support of diverse business activities

**Seven Standards and Conditions:** In late April, CMS published guidance entitled *The Seven Standards & Conditions for Enhanced Funding*, which lists requirements that states must meet to leverage the 100%, 90/10, and other federally matched funding streams that support the ACA. The Seven Standards serve as a touchstone for the modular, flexible, interoperable design of the Health Services Enterprise and its emphasis on reusability of portfolio components.

**Shared Analytics Infrastructure:** SAI

**Simple Object Access Protocol (SOAP):** A protocol specification for exchanging structured information in the implementation of Web Services.

**Shared Analytics:** Refers to the business intelligence functionality or the work stream containing that functionality.

**Service portfolio management:** SPM

**Social Security Administration:** SSA

**Social Security's Supplemental Security Income:** SSI

**Software as a Service (SaaS):** Software that is developed to be delivered as a service. The software and supporting infrastructure are owned, delivered and managed remotely by an external provider.

**Software Development Kit (SDK):** A set of development tools that allows for the creation of applications for a certain software package.

**Solution Architecture:** A holistic description of a solution composed of business architecture, information architecture, and technology architecture views.

**Sovereign States Drug Consortium:** Sovereign States Drug Consortium (SSDC) is a Medicaid pool currently consisting of Iowa, Maine, and Vermont.

**Supplemental Nutrition Assistance Program:** (SNAP)

**State Medicaid Agency:** SMA

**State of Vermont:** "State" or "Vermont"

## I

**TANF:** Temporary Assistance for Needy Families

**Technology Architecture:** The technical layer on which a solution is based. The technical architecture is composed of all the major hardware and software technology entities required to enable the solution to meet the business and information requirements.

**Three Squares (3SquaresVT):** Food stamps program for Vermont

**ToT:** Training of Trainers

## U

**United States Department of Health and Human Services** DHHS

**Use Case:** A format used to capture the requirements from a client and user perspective. The purpose of the use cases is to illustrate *what* the system is expected to do, not *how* it is expected to do it.

**User Interface (UI):** The method or component users use to interact with a system.

## V

**Vendor:** System Integrator that is awarded the contract to provide the solution.

**Vermont Department of Health:** VDH — Sets the State's public health priorities and works with DVHA to help realize public health goals within the population served by DVHA.

**Vermont Information Technology Leaders:** VITL

**Vermont Health Access Plan (VHAP)** is a health insurance program for adults age 18 and older who meet income guidelines and have been uninsured for 12 months or more.

**Vermont Health Connect:** Vermont Health Connect (VHC) is the online health insurance exchange.

**Vermont Health Information Technology Plan:** Vermont Health Information Technology Plan (VHITP) is the operational planning document that contains the Health Information Technology (HIT) and Health Reform Information Technology systems.

**Virtual Private Network (VPN):** A network that uses a public telecommunication infrastructure, such as the Internet, to provide remote offices or individual users with secure access to their organization's network.

## W

**Web 2.0:** This term describes Web applications that facilitate interactive information sharing, interoperability, user-centered design, and collaboration on the World Wide Web. Examples include wikis, blogs, and mashups.

**Web Service Specifications:** Collectively referred to as “WS-\*” and pronounced “w-s-star.” These are industry-supported standards that provide the heterogeneity and interoperability that applications require.

**Web Services:** Web services are modular business services delivered over the Internet as and when needed. The modules can be combined, can come from any source, and can eventually be acquired dynamically and without human intervention, when needed. They are a key building block of a Service-Oriented Architecture.

**Web Services Description Language (WSDL):** An XML-based language that provides a model for describing Web Services.

**Wide-Area Network (WAN):** A computer network that covers a broad area (i.e., any network whose communications links cross metropolitan, regional, or national boundaries).

**Women, Infants, & Children: WIC**

**Work:** “The Work” in this RFP is defined as project services and ongoing operational and hosting services.

**Work Manager:** The Contractor’s liaison with the State under this Contract.

**X**

**XML (Extensible Markup Language):** A language similar to HTML that allows for the self-descriptive categorization, storage and transport of data.

**Y****Z**