

Prepared for:

Sovereign States Drug Consortium



**Sovereign
States
Drug
Consortium**

SSDC Medicaid Supplemental Drug Rebate Bid Procurement Services

Programmatic/Technical Proposal -Original-

Prepared by:


MedMetrics
HealthPartners

May 25, 2007



May 24, 2007

Ann Rugg

Deputy Director

Office of Vermont Health Access

312 Hurricane Lane, Suite 201

Williston, VT 05495

Dear Ms. Rugg:

On behalf of MedMetrics Health Partners, Inc., I am pleased to submit the enclosed proposal for the Sovereign States Drug Consortium (SSDC) Request for Proposals (RFP) for Services to Procure Medicaid Supplemental Drug Rebate Bids.

MedMetrics is a non-profit pharmacy benefits management company (PBM) founded by two prominent healthcare organizations: the University of Massachusetts Medical School and University of Massachusetts Memorial Medical Center. For this proposal, MedMetrics partners with inPharmative, Inc., an organization whose major role is to manage the evaluation of drug rebates. Together, our two organizations provide the Consortium with a unique combination of talent, experience, and expertise to support the Consortium's growth and success while delivering the required services in a thoughtful manner.

Specifically, MedMetrics offers:

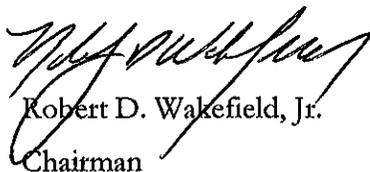
- A dedicated focus on clinical excellence and net cost management;
- A fiduciary business model which always places the best interests of clients and beneficiaries first;
- A unique focus on the public sector with a solid understanding of Medicaid and public sector health care delivery;
- Best-in-class systems to provide reporting, data transfer, and other administrative functions;

- A deep understanding of the pharmaceutical industry; and
- Experience and insight gained from working with the SSDC for the past 18 months to best inform how to provide an outstanding level of service and advance the mission of the Consortium.

In the event that the SSDC issues a contract to MedMetrics, I am authorized to bind MedMetrics to all of the requirements of the RFP in this letter. Further, MedMetrics accepts all terms and conditions contained in the RFP and Appendices thereto. Finally, I wish to certify that MedMetrics arrived at a price for this bid without any conflicts of interest.

As you know, we are very supportive of the mission of the SSDC and look forward to a strong and positive working relationship with the SSDC Member States. Please do not hesitate to contact me at 508-793-1182 if you have any questions regarding our proposal.

Sincerely,



Robert D. Wakefield, Jr.
Chairman

BIDDER INFORMATION SHEET

MedMetrics Health Partners, Inc.

100 Century Drive

Worcester, MA 01606

FEIN: 20-1031924

Contract Signatory: Robert D. Wakefield, Chairman

100 Century Drive

Worcester, MA 01606

p: (508) 793-1182

f: (508) 793-1199

robert.wakefield@umassmed.edu

Company Contact: Thomas E. Sullivan, Legal Counsel

100 Century Drive

Worcester, MA 01606

p: (508) 421-5607

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thomas_sullivan@medmetricshp.com

BUSINESS ORGANIZATION

State the full name and address of the bidder/bidder organization and, if applicable, the branch office or other subordinate element that will perform, or assist in performing, the work described in the bid.

The bidding organization is MedMetrics Health Partners, Inc., (“MedMetrics”) located at 100 Century Drive in Worcester, Massachusetts 01606.

Indicate whether the bidder operates as an individual, partnership, or corporation; if as a corporation, include the state in which it is incorporated.

MedMetrics is a non-profit corporation, organized under Chapter 180 of the General Laws of the Commonwealth of Massachusetts.

If appropriate, state whether it is licensed to operate in the SSDC states or agrees to be licensed in the event the bidder is selected as the prevailing bidder.

MedMetrics is registered with the Vermont Secretary of State and is licensed to do business in Vermont. Should we be selected as the contractor, MedMetrics agrees to register with, and obtain a license in, all necessary SSDC member states.

List all subcontractors: include firm name and address, contact person, and complete description of work to be subcontracted. Include descriptive information concerning subcontractor’s organization, abilities, and commitment to the contract period.

MedMetrics is fully responsible for meeting all requirements under any contract that may arise as a result of this RFP response, including oversight of tasks performed by our sub-contractors. InPharmative, a best-in-class organization that manages rebate services, partners with MedMetrics in this proposal to serve the SSDC. Our partnership with inPharmative is long-standing and our contractual relationship is committed for the duration of our commitment to the SSDC.

Key contact information for inPharmative is as follows:

inPharmative, Inc

Bob Rase, Pharm.D

10975 Benson Drive, Suite 100

Overland Park, KS 66210

For the SSDC, inPharmative will assist with the following tasks:

- Net drug cost management and reporting
- Data compilation and management
- Maintenance of web-based resources for bid solicitation, data-gathering and sharing, and routine communication regarding supplemental rebate processes, procedures and reporting
- Supplemental rebate data analysis and reporting
- Modeling of changes in PDL structure and the resultant net cost impact to individual Member States

The core relationship between MedMetrics and inPharmative leverages the combined strengths of our two organizations to provide outstanding rebate management services through:

- Software tools and support services to help pharmacy benefit managers more efficiently oversee drug manufacturer rebate contracts and better measure, financially model, and manage their overall net drug costs,
- A Web-based system to accurately manage contracts and quickly process rebate payments,
- Net-cost modeling capabilities that support financial management decision-making and actions, and
- Support services that add expertise and administrative cost-efficiency.

For the purposes of the services defined and offered in this proposal, “MedMetrics” will represent the combined team of MedMetrics and inPharmative to provide supplemental rebate management services to the SSDC.

Please provide annual audited financial reports for the past three (3) years for the Bidder and any subcontractor.

Attached hereto as Attachment A, please find a copy of the most recent three years’ worth of audited joint financial statements for Public Sector Partners, Inc. (PSP), and MedMetrics. Since PSP is the parent company of MedMetrics, it was decided to combine the two organizations’ financials during the audit process. Please note that only two of the three financial statements contain MedMetrics data, as the company has not yet been in existence for three years. The 2004 financial statement is for PSP alone. Also included in Attachment A are three years’ worth of financial statements for MedMetrics’ partner, inPharmative.

Identify all owners and subsidiaries that own more than five (5) percent of the organization.

MedMetrics is an independent non-profit corporation.

If the Bidder is an affiliate of another organization, submit the financial information for the parent company and describe the relationship.

N/A

Complete the required State of Vermont disclosure statement as found in Appendix A5.

MedMetrics' disclosure statement can be found as Attachment B.

LOCATION

Indicate the site or sites from which the Bidder will perform the relevant tasks embodied in this proposal. It is possible that the Contractor may wish to change the site(s) for some of these tasks during the contact term. Please describe the Bidder time line in this regard if applicable. Specifically identify where activities will take place.

The relevant tasks embodied in this proposal are performed at the MedMetrics corporate offices or those of its subcontractor, InPharmative. MedMetrics maintains our corporate offices at 100 Century Drive in Worcester, Massachusetts. InPharmative, Inc. maintains its offices at 10975 Benson Drive, Suite 100 in Overland Park, Kansas.

AFFILIATIONS

Describe all affiliations or ownership relationships with potential suppliers of pharmaceuticals or retail pharmacy services to any state or territory in the United States of America, including:

- Retail pharmacy services
- Mail order pharmacy services
- Drug manufacturing
- Drug distribution

In keeping with our core philosophy of offering a fiduciary relationship to our clients, MedMetrics remains free of any relationships that may appear to compromise our objectivity or misalign our financial incentives with those of our clients. As such, we maintain no affiliations with retail pharmacies, mail order pharmacies, drug manufacturers, or drug wholesalers/distributors outside of the contractual relationships required in the normal course of our PBM business.

Describe drug rebate activities performed on behalf of any other entity, including but not limited to states, insurers, and hospitals. Identify the entity or entities.

MedMetrics manages supplemental rebate activities for the Office of Vermont Health Access (OVHA) including, but not limited to:

- Supporting the clinical decision-making process for the Vermont PDL and the analysis of rebate savings opportunities from PDL positioning;
- Serving as the interface with the SSDC rebate negotiator to ensure Vermont's price negotiation needs are met;
- Securing the legal rebate agreements with manufacturers and processing the rebates;
- Providing rebate reports and net cost savings impact analyses from supplemental rebates, including on-line access to the analytical and reporting tool.

Starting in 2004, MedMetrics managed the rebate activities for the PSP Medicare-approved Discount Card, including activities such as:

- Negotiating and securing rebate agreements with all major drug manufacturers;
- Processing rebate payments (generating utilization data, invoicing, and reconciliation); and,
- Providing reports to CMS and CMS auditors.

InPharmative manages rebate administration activities for several Medicare, Medicaid managed care, and commercial health plans including, but not limited to:

- Providing the rebate administration system and software for organizations that hold their own rebate contracts;
- Providing administrative support services, such as maintaining the accuracy of contract data, processing payments (data submission, invoicing, reconciliation of payments) for some clients;
- Providing rebate and net cost optimization software, analysis and advice; and,
- Providing on-line standard dashboard and custom rebate and net cost reports.

Describe all subcontractor relations that will pertain to work required by this contract. Please indicate whether all appropriate business agreements required by HIPAA are current and available for audit by the State of Vermont.

At MedMetrics, we pride ourselves on our ability to create and sustain strong business relationships and our reputation as an honest and dependable business partner with “Best-in-Class” business partners – both in contracting with clients and subcontracting with service delivery partners. To negotiate supplemental rebates for the SSDC, we partner with inPharmative, Inc., an organization whose primary mission is to manage manufacturer contracts and rebates. We leverage our experience managing pharmacy plans and inPharmative’s experience with supplemental rebate management services and net drug cost management to offer optimal value to SSDC. In particular, the MedMetrics-inPharmative team is ideally positioned to provide strong behind-the-scenes support to the SSDC to manage the multi-state rebate pool.

All appropriate business agreements required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) are current and available for audit by the State of Vermont.

Explain how the Bidder can assure the SSDC that these relationships will not create a conflict of interest with the SSDC current or potential Member States and that the required State of Vermont disclosure will be met.

MedMetrics’ business model relies on transparent business practices and a fiduciary commitment to our clients. As a result, we gladly disclose business relationships to ensure that no conflicts of interest exist. Our current contractual relationship with inPharmative prevents that organization from engaging in business activities that would create direct conflicts of interest with the SSDC. We are willing to discuss how to best assure the SSDC Member States of this commitment and, as an existing vendor to the state of Vermont, have already obligated our organization to meet the disclosure requirements of Vermont state law and are willing to do so for other SSDC Member States.

Explain how the Bidder can assure the SSDC that manufacturer specific pricing and rebate information obtained in the course of the delivery of SSDC Medicaid supplemental drug rebate bid procurement services will be kept confidential and will not be used in the course of any other activity in which the Bidder is engaged.

MedMetrics contractually agrees to ensure that manufacturer-specific pricing and rebate information obtained in the course of performing services for the SSDC is confidential and will not be used in the course of any other client activity in which MedMetrics or inPharmative are engaged. Our business and confidentiality agreements with inPharmative specifically address the issue of confidentiality and guard

against any inappropriate use of data and information pertaining to MedMetrics client-related activities. The foundation of trust, including the commitment to maintain confidential information, is an important cornerstone of the foundation of our business relationship with our PBM clients and one that we take very seriously.

RELEVANT EXPERIENCE

The scope of work in this proposal includes drug rebate services. Describe the Bidder's experience in this.

We have 25 years of combined experience working with pharmaceutical companies. As a result, our organization possesses a deep understanding of the dynamics that occur between manufacturers and various market segments, including Medicaid managed care, Medicaid fee-for-service, and Medicare Part D plans. Given this deep knowledge and experience, we have multiple strategies to successfully negotiate and manage contractual relationships with manufacturers. For example, MedMetrics routinely and successfully demands evidence from manufacturers, backing our commitment to clinical excellence. We use information and business intelligence to maintain a professional and respectful relationship with pharmaceutical manufacturers; we understand the nuances of the pharmaceutical industry in a way that supports savvy business practices that are specifically designed to support our clients.

MedMetrics Reference:

Currently, MedMetrics serves as the Clinical Contractor for the State of Alabama Medicaid Program. In this role, MedMetrics:

- Coordinates all clinical activities and support for administrative/operational functions of the AL Medicaid Pharmacy & Therapeutics Committee;
- Conducts extensive literature review and developing comprehensive evidence-based drug class monographs for presentation to the P&T Committee;
- Conducts extensive literature review and develops comprehensive evidence-based monographs of individual new drug therapies for presentation to the P&T Committee;
- Develops and refines clinical coverage guidelines/protocols to support PDL management;

- Coordinates routine communications between AL Medicaid and numerous pharmaceutical manufacturers relative to P&T-related drug & drug class review activity;
- Assists in the development of policy and procedures relative to P&T activity; and,
- Conducts analysis of pharmacy claims data and developing recommendations to the State regarding additional cost savings initiatives worthy of consideration.

Reference contact information:

Kelli Littlejohn, R.Ph, Pharmacy Director

Alabama Medicaid

Ph: (334) 353-4525

E-mail: Kelli.Littlejohn@medicaid.alabama.gov

InPharmative, Inc. Reference:

InPharmative provides full rebate administration services for Horizon NJ Health's manufacturer rebate contracts. Specifically, for Horizon NJ Health, a managed Medicaid health plan, we:

- Maintain all rebate agreement terms in our rebate management system, keeping them up to date;
- Calculate and generate manufacturer rebate invoices and utilization data files that need to be sent to each manufacturer on a quarterly basis;
- Post the invoices and data in our system and allow manufacturers to download them from our website;
- Post payments in the system when rebate payments are received, generate reconciliation reports, and identify and resolve any discrepancies between invoiced and received amounts;
- Create a number of on-line standard dashboard and customized reports; and
- Support on an ad-hoc basis the analysis of new contract offers or other mechanisms to improve their rebates through better PDL or utilization management.

Contact information:

Ken Silvestri, Senior Pharmacy Reimbursement Analyst

Horizon NJ Health

Ph: 609-538-0700 x5643

E-mail: Kenneth_silvestri@horizonnjhealth.com

CONTRACTOR ORGANIZATION AND STAFFING

The Contractor is responsible for providing all resources necessary to deliver the services as specified in this RFP.

MedMetrics accepts responsibility for providing the resources and staff members necessary to deliver the services as specified in the RFP. MedMetrics supports timely service delivery at the highest level of quality, including services provided by our subcontractor, inPharmative, Inc.

METHODOLOGY AND APPROACH

A. GENERAL SUPPLEMENTAL DRUG REBATE ACTIVITY REQUIREMENTS

Describe any rebate activity experience.

Specifically, for the past 18 months, MedMetrics has worked directly with the SSDC and with manufacturers in the area of state supplemental rebate agreements, including, but not limited to, the following support activities within the State of Vermont:

- evaluating bids, terms and conditions;
- executing agreements with manufacturers;
- processing the rebate payments;
- evaluating the net cost impact from supplemental rebates;
- presenting PDL change recommendations secondary to supplemental rebate bid processes; and
- providing reporting to the State relevant to supplemental rebate activity.

Given our intimate familiarity with the SSDC structure, its goals and objectives, and the current advantages and disadvantages of existing rebate procurement procedures, we feel that we are in a unique

) position to now assume responsibility for procurement services and assist the member States in bringing SSDC procurement processes to a new level of quality and efficiency.

In particular, MedMetrics has experience managing drug formularies/PDLs, conducting and supporting P&T/formulary committees, providing clinical pharmacy services (such as Prior Authorization, medication management programs, and education programs for physicians and patients) and expertly facilitates relationships within the industry.

Further, we understand that supplemental rebate activity is more closely related to a managed care model as opposed to the traditional Medicaid CMS-federal rebate model and requires the ability to evaluate and incorporate rebates in a total net drug cost management scheme. We also recognize the critical importance of balancing rebate procurement functions with a strong understanding of and appreciation for the latest clinical evidence and the potential impact of rebating decisions on physicians, pharmacies, and members. For this reason, we employ and support all of our rebate management staff with solid clinical resources and expertise to facilitate the optimal balance of objectives.

) **Describe the entities that they are or have been a part of including any pooling or comparative program they manage or of which they are or have been a part.**

As a PBM, MedMetrics has not been interested in owning and orchestrating our own multi-state rebate pool, but instead, we have recommended membership in the SSDC to state Medicaid pharmacy programs as an option that is suited to our business model and more advantageous to Member States. We embrace the SSDC model and have the tools to administer and fully support a state-owned pool.

Currently, MedMetrics is providing supplemental rebate services, excluding negotiation of rebates, for the State of Vermont. Through our contract with Vermont Medicaid, we support the clinical decision-making process for the Medicaid PDL and the analysis of rebate savings opportunities from PDL positioning. MedMetrics interfaces with the current SSDC rebate negotiator to ensure Vermont's price negotiation needs are met. We secure the legal rebate agreements with manufacturers, process the rebates, and provide rebate detail and net cost savings impact reports.

) Additionally, our sub-contracted rebate administration business partner, inPharmative, Inc., brings extensive experience in managing all segments of the rebate process including dealing with drug manufacturers, information system support of rebate contract administration, and expert analysis of the impact of rebate decisions on overall net drug spend.

Where rebate activities are involved, bidders should describe in general the framework, conditions and processes used in negotiating rebates and/or in evaluating the rebate value in relation to the customer's or customers drug product utilization mix.

We use important principles to support rebate negotiation, including the evaluation of rebate value in relation to drug product utilization mix. Specifically, we:

- Use data – including clinical evidence, marketplace intelligence and data analyses – to support intelligent decision-making. Clinical integrity is of paramount importance to us in delivering services to our clients and as a result, we base all our decisions on clinical evidence, rather than potential profits that may accrue to manufacturers or others;
- Maintain an orientation toward integrated total cost management, thereby providing value to Member States through a perspective that takes all costs into account;
- Provide rebate services in an efficient, organized, and effective manner based on strong and clear communications that is supported by data.

We add value to the SSDC through our strong project management expertise and ability to provide behind-the-scenes support to ensure SSDC's success. In this manner, we maximize the SSDC's ability to negotiate with manufacturers. For example, we develop a calendar of live meetings, WebEx and conference calls to manage business issues under any contract. We help clients prepare for calls with advance information, analysis, and expert opinion prior to meetings that allow each member in the Consortium to play a role in the decision-making process.

Where comparative activities are involved, bidders should describe how those activities compare.

MedMetrics will conduct comparative analysis of different manufacturer bids and PDL requirements by looking at multiple factors such as clinical evidence supporting the preferential selection of a manufacturer's product, the current market share of products within the therapeutic category, the ease of market share shifting and potential difficulty or negative impact from switching patient medications, quantification of the overall net savings and other big picture market considerations (e.g. patent expiration & generic competition of a product).

B. MEMBER STATES' UTILIZATION DATA COMPILATION

Describe their experience in compiling data sets of the sort described.

MedMetrics possesses the experience and information systems capability to receive raw pharmacy claims files from various sources, such as different Member State Programs, and format that information in a variety of ways, such that reports can be generated by therapeutic categories, Member State clients, ranked by cost, and a number of other possibilities. We are confident that we can easily meet the requirements of this RFP with regard to data compilation.

Describe how that data would be compiled.

To effectively support the compilation of utilization data, we rely on SSDC Member States to provide a one-year data pull of pharmacy claims data in a timely manner. The data may be transferred via several different types of media based on the capabilities of each Member State, including CD, tape and secure data transfer. We will eagerly work with each Member State to assure that the data transferred is in an acceptable, standard format for data analysis.

Describe in what formats it would be made available for the review of Member States, manufacturers, and others that the Member States might specify.

MedMetrics' rebate management system is web-based and greatly facilitates the availability of data. The entire system is accessible via a secured Internet connection and operates in a Microsoft "point and click" environment. MedMetrics supports SSDC and Member States with system training and consultation.

Our rebate system allows Member States to view standard reports and/or to download Microsoft Excel® and Word® versions of their state-specific information. MedMetrics also provides standard and ad hoc utilization reports to manufacturers and others in both hard copy and electronic formats.

Describe how these formats will facilitate ready review.

Our custom-built, web-based system allows Member States the opportunity and the flexibility to review rebate performance in a timely manner and facilitate "what-if" analyses. For example, Member States are able to view their current utilization and rebate performance in a particular therapeutic class and then query how PDL changes in that class would affect utilization and financial outcomes. Alternatively, if a Member State has an existing preferred template, our system will allow the State to extract the data to allow data manipulation and review.

C. REBATE BID SOLICITATION

Describe their experience in working with multiple different entities to develop a positive group strategy.

MedMetrics' personnel have experience working with multiple entities to develop a positive group strategy. For example, in supporting the clinical formulary development process for the Alabama Medicaid program, we facilitate and support the Medicaid Pharmacy and Therapeutics Committee. Additionally, other personnel worked for a large multi-market national health plan whose job it was to bring Pharmacy Directors from different regions together to promote uniformity of formulary and drug manufacturer relationship strategies.

Describe their experience in soliciting drug rebates.

MedMetrics personnel have experience soliciting original rebate agreements with manufacturers for Argus Health Systems as well as soliciting and negotiating rebate agreements at Humana. Additionally, MedMetrics solicited the rebate agreements for Public Sector Partners Medicare-approved Discount Card.

Describe their experience in working with drug manufacturers or other entities in securing concessions of this sort.

Our staff has extensive background and experience negotiating with drug manufacturers for rebate concessions and formulary (PDL) terms and conditions in different market place segments including Medicare, Medicaid and Commercial plans. We also have worked closely with manufacturers on co-marketing and disease management programs, managed care educational programs for manufacturer representatives and clinical research projects.

Describe how they would notify manufacturers of the start of the bid procurement process.

We will maintain an accurate manufacturer contact list for the purposes of communication and notifications to manufacturers. We will use a combination of mail, telephone, electronic mail and messaging on our web-based bid submission vehicle to notify manufacturers of critical information, including a clear set of instructions and timeline requirements.

Describe what would be required of the manufacturers.

MedMetrics will revise the manufacturer requirements that are in place with the current SSDC vendor to redefine the PDL category tiers. MedMetrics will work with manufacturers to ensure that they understand the goals and mission of the SSDC as well as the Member States. We believe that the eight

current tiers are in large part misunderstood, ignored, and/or do not accurately categorize the PDL strategies of all the Member States. Our goal will be to streamline and improve the relevancy and clarity of different bid opportunities by manufacturers tied to different PDL-defined rules. We will use the AWP or WAC Discount or GNUP (Guaranteed Net Unit Price) methodology and ask manufacturers to submit individual state vs. collective state bid prices. We will also require that manufacturers submit a consistent net-of-rebate price across all NDCs for a given product.

Describe what vehicle(s) might be used to solicit bids.

MedMetrics provides a web-based vehicle for the purpose of efficient bid submission by the manufacturers; however, this is considered only a submission vehicle and not formal documentation of a legally binding offer. We allow manufacturers to submit their bids in writing (mailed or faxed) if they prefer.

Describe how it is envisioned that any identified vehicle facilitates the process for the manufacturers.

We believe that providing a web-based bid submission vehicle allows for convenient and efficient bid submission by manufacturers, making the process more understandable and accessible to manufacturers and reducing processing time. This also facilitates sharing of bid information with Member States.

Describe how the Member States can access or will be provided information while the solicitation process is underway so that they can assess the progress of the solicitation process.

MedMetrics maintains an electronic database of bid submissions in a secure environment that is accessible on-line by authorized staff of Member States. Additionally, our staff provides regular status reports on scheduled WebEx and conference calls or on an ad hoc basis if Member States desire.

Describe timeliness standards in making information available to SSDC Member States while the solicitation process is underway so that the states can assess the progress of the solicitation process and consider its potential impact on their PDLs.

MedMetrics works with the Member States to establish a Gantt chart / project plan of all critical tasks, meetings, deadlines and requirements for completion of tasks. Due to the importance of the tight schedule and the complexity of managing several states' schedules, we understand that adherence to the project plan is crucial and are committed to ensuring that adherence. Detailed progress is shared with Member States and manufacturers throughout the entire solicitation, negotiation and acceptance process.

D. BID PRESENTATION

Describe their experience in compiling data sets of the sort described.

MedMetrics has the core capability to compile pharmacy utilization data and the past experience of key personnel includes compiling manufacturer rebate pricing discount offers and assessing their relationship to net drug cost. We will compile the data and present it in a fashion that is easy to understand, for example, in addition to compiling rebate bid data, we will provide summary level data, analysis and expert commentary on overall effect of bids on net costs.

Describe how that data would be compiled.

Manufacturer bids are compiled via the use of a summary grid, often referred to as the "Bid Grid". Each Grid details manufacturer bids for a particular therapeutic class and specifies the net rebate amount based upon the number of pooled lives and the specific state-specific formulary status of the brand product. State-specific utilization data is included to support the bid presentation and facilitate the analytical process.

Describe in what formats it would be made available for the review.

The Bid Grids are made available to Member States via the rebate management system website or directly via mail or secure data transfer in Microsoft Excel® and Word® format for ready review and/or manipulation. In addition to providing rebate bids, we will present the rebate data in a consistent format that includes Price less CMS rebate less Supplemental rebate (equaling Net Manufacturer Cost) and then the additional State Medicaid Pharmacy Discount (to equal State Net Cost).

Describe how these formats will facilitate ready review.

The Bid Grid summarizes bid and net price information, by therapeutic class, in an easy to read, one-page format. This presentation allows Member States to quickly understand and compare manufacturer bid differences for varying levels of formulary availability of rebatable products as well as comparing the net unit cost for every product in the therapeutic category. For example, the one-page grid allows differences in net bid amounts for a product for which there is one other alternative (or preferred) brand name product to be readily contrasted with a scenario where there are two alternative products. Additionally, by providing summary level analysis and commentary on the impact of the bids on overall net drug cost the Member States can better make their PDL decisions.

Describe how this data might be presented; for example, by meetings, by e-mail, by Internet meetings, or other means.

MedMetrics feels strongly that this is an area of opportunity for the SSDC. Effective communication, discussion, and review of the manufacturers' bids are critical to the success of the SSDC's efforts. Toward that end, MedMetrics supports annual on-site meetings with all Member States for at least two days to take the time to review and approve manufacturer bids. An active discussion will result in a more engaged membership, providing for a stronger alliance in negotiations and a deeper commitment among SSDC Member States to the success of the Consortium. Additionally, timelines for bid procurement processes should be sufficient enough to allow Member States adequate time to carefully review all offers, evaluate current State-specific drug utilization patterns within each drug class, revisit current PDL options, and model the impact of any potential changes which may result from accepted or declined supplemental rebate bids. As such, MedMetrics proposes the proactive establishment of a meeting among Member States as soon after award determination as possible to establish and communicate the SSDC's annual bid submission timeline for 2008.

Finally, it is our belief that significant improvements can be made in the establishment of more routine communications between the Procurement Vendor and Member States throughout the course of the year. We feel it is important to routinely update the States as to any issues which may have arisen with agreed-upon contracts; to review and assess any bids on new products introduced to market after the annual bidding cycle is complete; to allow States the opportunity to address any outstanding questions relative to the most recent bidding cycle; and to collect input from each State with regard to follow-up PDL/DUR Board activity resultant from the latest round of supplemental rebate activity. Thus, in addition to the annual meeting, we propose the establishment of bi-monthly or quarterly off-cycle meetings which can be made via teleconference or WebEx, supplemented by routine email discussions.

Describe how this data may be made available to SSDC Member States in a timely fashion so that staff can adequately prepare for presentations.

MedMetrics is committed to providing the Bid Grids at least one week in advance of the Member State meetings via website and email distribution to assure instantaneous availability to Member States and allow each State sufficient time to gather their respective data and review current PDL options and clinical coverage criteria prior to discussing these bids as a group. For MedMetrics, the timely distribution of complete data is critical to the success of the bid presentation and review meetings. It is

crucial that SSDC Member States are informed so that they can be more fully engaged in the bid presentation and discussion. An approved schedule which provides for advance notice of the Bid Grids' availability will be vigilantly met.

Additionally, unlike the Bid Grid spreadsheets established by the present vendor, MedMetrics proposes that these grids encompass a comparative cost analysis of ALL branded drugs within each class, whether a supplemental rebate has been offered on each and every product or not. This will allow for a more fair and complete assessment of comparative costs of drugs competing within any given category. The importance of this cannot be underestimated as there may be circumstances in which manufacturers elect not to submit a supplemental rebate offer because their CMS rebate is so significant that it does not allow them room to offer additional discounting. In these cases, it is critical that Member States have the opportunity to evaluate the true comparative net cost of all products within the class.

Finally, MedMetrics also proposes the establishment of a web-based resource whereby Member States can review, in a secure manner, the comparative net costs of all products within a drug class at any point throughout the year. This resource would provide each State with a comparative net acquisition cost per unit of all branded agents within a drug class, based upon current State-specific reimbursement rates to pharmacies (AWP discounts), CMS rebates, and any accepted supplemental rebate offers.

Describe what is believed to be the most effective means of presentation and why.

MedMetrics believes that the most effective means of presentation involves a scenario where the Member State receives, via email or website, the Bid Grid information at least a week prior to an on-site meeting with fellow SSDC Member States and MedMetrics staff. The Bid Grid is created to be simple and easy to understand and all relevant data supporting the recommendations are attached. From there, an on-site meeting is scheduled with representatives of each Member State, to cover two business days in a central location, so that bid information can be presented in a thorough and efficient manner and Member States are allowed dedicated time for discussion of issues relative to each bid. We feel strongly that this combination of an informed membership, along with direct interaction with MedMetrics rebate experts, can result in a stronger Consortium, more thoughtful decision-making, and more optimal cost savings performance across the SSDC Member States.

Describe what is believed to be the least effective means of presentation and why.

More traditional means of bid presentation, such as the postal mailing of reports, tend to delay decision-making by Member States and limit the opportunity for a more complete assessment of rebating

) opportunities. Further, the lack of on-site (or videoconference) access to rebate experts potentially hinders this decision-making process by minimizing the opportunity for more focused and interactive discussion.

E. REBATE BID NEGOTIATION

Describe in detail the framework, conditions and processes used in negotiating rebates in this specific sense including in evaluating the rebate value in relation to the Member States' drug product utilization mix.

MedMetrics' extensive experience with Medicaid and other public programs, combined with inPharmative's experience with commercial managed care plans, has provided a knowledge of the business practices and priorities of the pharmaceutical industry that specifically informs our approach to rebate bid negotiations.

The negotiation process is led by the Director of Industry Relations, an experienced contracting professional who maintains direct communication with manufacturers and Member State PDL managers. With the support of internal clinical and data management resources, the Director and Contract Administrator analyze and make recommendations to the Member State PDL managers on strategies and potential impacts to control net drug costs through intelligent PDL decision-making and utilization management approaches. MedMetrics' personnel engage in face-to-face and telephonic negotiation with manufacturer representatives for the purpose of garnering acceptable supplemental rebate concessions.

To be clear, the success of the SSDC negotiation process requires personal contacts, ongoing communication, and strong business relationships. MedMetrics is successful because we routinely and successfully demand evidence from manufacturers, backing our commitment to unbiased clinical excellence. We use information and business intelligence to maintain a professional and respectful relationship with pharmaceutical manufacturers and, because we understand the nuances of the business practices of the pharmaceutical industry, we can design savvy negotiation practices specifically to support our clients.

Describe how they would envision gathering information from Member States and their staff to perform the negotiations.

MedMetrics would utilize the collective experience of Member States in the rebate negotiation process. Key to this effort would be the development of strong lines of communication between MedMetrics staff and personnel at each Member State. This would be accomplished via regular meetings and telephone

communication. Timely access to pharmacy claims data would also be critical. Automated processes to obtain this information would be established early in the SSDC transition process.

Describe how they will identify, schedule, and coordinate all meetings with the designated manufacturers on behalf of the Member State(s).

MedMetrics understands that behind-the-scenes support to Member States and the Consortium is critical for implementation and ongoing operation of the supplemental rebate program. To support Member States in meeting scheduling and other related tasks, MedMetrics establishes a calendar or Gantt chart of all critical tasks, meetings, deadlines and requirements for completion of tasks. This is shared and constantly referenced with Member States and manufacturers throughout the bidding and acceptance process.

Describe how they will evaluate the results to determine what proposals are most appropriate clinically and financially for the Member State(s) and provide the Member State(s) with options.

MedMetrics is committed to clinical integrity and thus places an emphasis on identifying proposals that are clinically appropriate. The analysis is performed by the Director of Industry Relations in conjunction with MedMetrics' clinical staff. MedMetrics prepares a detailed assessment of the clinical and financial appropriateness of the proposals, and options that Member States may consider. Finally, MedMetrics presents the assessment to Member States and provides access to MedMetrics in-house rebate experts to provide additional support to Member States to facilitate their decision-making, as necessary.

Describe how they would coordinate their activities with Member States and their staff.

A dedicated Contract Administrator coordinates scheduled meetings and conference calls across the Member States.

Describe timeliness standards in making information available to SSDC Member States while the negotiation process is underway so that the states can assess the progress of the process and consider its potential impact on their PDLs.

MedMetrics establishes and adheres to a Gantt chart of all critical tasks, meetings, deadlines and requirements for completion of tasks. This is shared and constantly referenced with Member States and manufacturers throughout the entire solicitation, negotiation and acceptance process.

Describe how they would communicate the results of the negotiations to the Member States.

MedMetrics has learned that electronic communication is often the most efficient mode of communication. Therefore, WebEx and e-mail is used to communicate the results of negotiation. Since explication and dialogue is desired or even required, scheduled conference calls are also utilized.

F. BID SELECTION NOTIFICATION

Describe their experience in compiling sensitive information for distribution.

In the course of daily operations, MedMetrics carefully considers the interests and needs of various stakeholders when compiling sensitive information for distribution. We have extensive HIPAA policies on distribution of data as well as access to data. Further, we recognize that information other than PHI may be deemed to be sensitive by the Member States; MedMetrics works with individual clients to understand their needs for confidentiality. Our web-based rebate management system is secure and requires approved user information for access; additional data distribution only occurs via secure methods, including secure file transfer, secure email, or password-protected CDs.

Jointly, MedMetrics and SSDC determine how to release data and to whom; MedMetrics collaborates with SSDC to determine under what circumstances and to whom we will distribute sensitive information.

Describe in what formats this data will be presented to manufacturers.

MedMetrics takes a personalized approach to dealing with pharmaceutical manufacturers in the area of rebate bidding. Selection notification is provided through personal meetings with the manufacturer and followed up via hard copy through the postal system. Data required by bidders will be aggregated by MedMetrics and provided to bidders in electronic format via secured means of data transfer, as mentioned earlier in this document.

Describe how the notification materials will be available to the Member States or their agents.

Copies of all appropriate bid selection documents are provided to Member States via secure methods agreed by all parties, preferably via our web-based rebate management system, but also available via secure email, secure file transfer, or password-protected CDs.

Describe how they will communicate the results of the final supplemental rebate agreements and the appropriate contacts to the Member States.

MedMetrics provides detail and summary reports of bid selection information to Member States through the rebate management system or via email.

Describe what safeguards will be utilized to assure that information is not inadvertently and inappropriately disseminated to parties that should not have access to it.

The web-based rebate management tool is secured with appropriate password protections. External access is granted only to approved staff at the Member States and manufacturers with specific access definitions by user ID. Any electronic data which is transferred between MedMetrics and Member

States will be properly protected in accordance with HIPAA standards via appropriate encryption methodology.

Internally, sensitive information is accessible only by the appropriate MedMetrics or inPharmative staff and dissemination policies are strictly adhered to.

G. GENERAL ADMINISTRATIVE FUNCTIONS

Describe what the communication vehicle will be with SSDC members to relay issues in an accurate manner.

MedMetrics is in close communication with representatives of the Member States on a regular basis and works closely with Member States to identify common issues and problems and facilitate resolution of these issues. The primary contact for the Member States is the SSDC Contract Administrator, and the Director of Industry Relations is also available to address issues as they arise. We anticipate that telephonic and email communication are the norm, as specific work requests are best maintained in writing to assure accuracy and will provide a dedicated email address that can serve as a distribution list or list-serve to encourage communication among Member States on the variety of issues for discussion. In any event, MedMetrics staff acts as the central point of contact for Member States and will assume responsibility to ensure that issues are addressed and resolved – by Member States, manufacturers or by MedMetrics staff – in a timely and efficient manner.

Describe timeliness standards in relaying issues to SSDC Member States.

MedMetrics provides timely response to Member State contacts within 2 business days. Twenty percent (20%) of MedMetrics' administrative fee supports this standard.

Describe their experience in operating a customer service support and managing and responding to telephonic, written, and e-mail inquiries timely and accurately.

MedMetrics prides itself in a commitment to higher standards of quality in customer service across all aspects of MedMetrics business. MedMetrics consistently meets, if not exceeds, performance goals and expectations with regard to response to customer inquiries in several key functional areas (e.g., clinical call center, account management, clinical resource support) where telephone, e-mail and written communications are daily routine.

Describe their experience and standards in the use of varied “mailing” options.

The development and distribution of effective, accurate, and thoughtful communication by MedMetrics on behalf of our clients is a critical component of our work as a full-service pharmacy benefits management organization. We have extensive experience in managing a variety of communication types using various vehicles; e.g., secure e-mail, email distribution lists, telephone and conference calls, US or overnight mail, and broadcast fax. Depending upon the anticipated mailing volume, the level of sensitivity of the material to be distributed, and the relative urgency in disseminating key information, we carefully assess the most appropriate communication vehicle to best meet the client’s needs. MedMetrics maintains a variety of internal quality assurance procedures to validate the accuracy, reliability, and security of such communications.

Describe their experience in developing and maintaining a website.

MedMetrics’ web-based resources for managing rebate information and reporting are well-established. We have maintained the site for more than four years and provide access to a variety of clients. The site offers a powerful, custom tool that is user-friendly in design. The tool has been improved over time and enhancements are made to respond to new offerings as well as client requests. This secure, password-protected tool can be made accessible via hyperlink from the MedMetrics portal, the Member States’ websites, or any other web presence that the SSDC chooses.

Describe a process for accurate reporting and monitoring of negotiated supplemental rebates in an SSDC approved format.

MedMetrics is willing to facilitate a process for identifying an approved format for reporting and monitoring of supplemental rebates. Using appropriate pharmacy claims data supplied by the Member State or their designated claims processor, MedMetrics assures accurate loading of data into the rebate administration system. Standardized reporting standards are applied to these data. Prior to dissemination, rebate administration personnel review reports for accuracy and completeness.

The MedMetrics rebate management system allows us to monitor rebates received from manufacturers and to track payments or transfers from our system. MedMetrics routinely performs internal audits of rebate figures and actively works with Member States should they wish to externally audit any of this information.

Describe their experience in providing various reports of the type which would be requested by SSDC Member States in an SSDC approved format.

MedMetrics' sophisticated systems capabilities support a nearly unlimited variety of reports that would satisfy the SSDC requirements. MedMetrics custom creates reports with SSDC input.

H. STAFFING AND TIME REQUIREMENTS

Director of Industry Relations (0.3 FTE) - will assume a lead role in overseeing and actively participating in all rebate negotiations with drug manufacturers, as well overseeing the development and implementation of all communication and operational processes required with this contract

SSDC Contract Administrator (1.0 FTE) - will serve as a primary point-of-contact for Member States and drug manufacturers in facilitating the processing of supplemental rebate bids, answering questions and managing all administrative activities relative to deliverables within this contract

Chief Clinical Officer (0.1 FTE) - will provide oversight of the Director of Industry Relations and their staff in ensuring access to all necessary resources to meet the requirements of this contract and providing clinical resource support as needed in the assessment and execution of supplemental rebate contracts

Data Analyst (0.5 FTE) - will assume responsibility for managing all pharmacy claims data routinely collected from Member States; compiling that data; formatting data for appropriate dissemination to manufacturers and Member States; and managing the development and dissemination of routine rebate performance reports

Web Developer (0.2 FTE) - will assume responsibility for managing the web-based resources required for collecting bid submissions, sharing data, analyzing data and reporting performance.

Contracts Mgmt Consultant (0.1 FTE) - will provide consultation to Member States in the evaluation of supplemental rebate bids, contracting processes, and SSDC infrastructure, as well as assisting in modeling the impact of PDL changes which may result from supplemental rebate processes

Administrative Assistant (0.2 FTE) - will provide routine administrative support in the management of rebate contracts, establishment of routine meetings, coordination of annual meetings, preparing and packaging hard-copy communications, etc...

I. DISASTER RECOVERY

In the event of a natural or man-made disaster, MedMetrics assures continued operation of the rebate process through a disaster recovery plan that provides timely access to back-up data. MedMetrics reduces the risk of a disaster or production outage by a number of in-house and remote measures. Additionally, MedMetrics maintains the ability to perform account management functions from remote locations. In the event of a disaster, modifications are made to the scheduled workload to permit the highest priority application systems to run as soon as possible. Partial or full mobilization of the Disaster Recovery Team may be necessary. Depending on the extent of damage, some restoration of system programming and production application data is performed. Most applications run at normal levels following the restoration and recovery process. All MedMetrics' subcontractors utilize data backup programs to assure the integrity of data in the event of catastrophic events.

J. REPORTS

In support of the rebate process, MedMetrics utilize a best-in-class rebate management information system built by experts in rebate administration and incorporating cutting-edge web technologies. MedMetrics has personnel with extensive knowledge and experience dealing with drug manufacturers, rebate contracting and its relationship to overall pharmaceutical and health benefits management. Additionally, MedMetrics' prospective net cost modeling application pulls all relevant drug cost information together in one cost analysis application, providing for accurate and accessible net cost savings determinations.

MedMetrics provides manufacturers and member states with standard and ad hoc reports that provide information essential to the proper management of the rebate program and for effective and timely decision making by all parties involved in the rebating process. All reports can be set up via web access for member state users, and can be set up at weekly, monthly or quarterly intervals. As specified in this RFP, MedMetrics provides the following standard reports:

- Member State comparative utilization report;
- Manufacturer contact list;
- Bid proposal report;
- Bid presentation report; and,

- Bid selection report.

MedMetrics also provides additional reports as necessary, including, but not limited to:

- Supplemental rebate agreements and products in force – monthly status report;
- Reconciliation report – shows amount billed vs. amount paid and the resulting difference;
- Ad hoc reports; and,
- Individual state compliance reports.

Sample reports are attached hereto as Attachment C.

K. PERFORMANCE STANDARDS

Service Performance Standards	Guarantee	Description of Penalty and Frequency
1. Member States' utilization data compilation	Produce compilations within 2 work weeks of request	20% of administrative fee on a quarterly basis. Measure actual turnaround time from date of receipt of a "clean" request. 95% or better adherence to standard.
2. Rebate bid solicitation	Provide a vehicle to allow manufacturers to submit bids in a minimum 30-day time frame	20% of administrative fee on an annual basis. Meet guarantee after vehicle is developed.
3. Rebate bid presentation	Provide Member States with a bid presentation no later than: <ul style="list-style-type: none"> • weekly during bid year cycle • 10 days after the close of the bid solicitation • weekly for mid-year proposals 	20% of administrative fee on a quarterly basis. Measure actual turnaround time from receipt date of a "clean" proposal. 95% or better adherence to standard.

<p>4. Rebate bid negotiation</p>	<p>Complete negotiations no later than 14 days after the Member State bid presentation</p>	<p>No guarantee due to lack of control of manufacturer negotiation and decision making process.</p>
<p>5. Bid selection notification</p>	<p>Notify manufacturers of the final disposition of their supplemental rebate offers no later than 7 days after the Member State bid presentation</p>	<p>20% of administrative fee on a quarterly basis. Measure actual turnaround time from date of negotiation completion. 95% or better adherence to standard.</p>
<p>6. General Administrative Functions</p>	<ul style="list-style-type: none"> • Provide timely response to manufacturers contacts within 2 business days • Provide timely response to Member State contacts within 2 business days 	<p>20% of administrative fee on a quarterly basis. Measure actual response time to contacts from members and manufacturers. 95% or better adherence to standard.</p>

Note: The maximum amount of administrative fee that MedMetrics guarantees in any fiscal year is 20%.