



**Sovereign
States
Drug
Consortium**

**SERVICES TO PROCURE MEDICAID
SUPPLEMENTAL DRUG REBATE BIDS
Requests for Proposals
Questions and Answers**

General Questions

1. If the US Postal Service does not deliver to the location of the Office of Vermont Health Access, what services do?

Carriers that routinely deliver to this location include DHL, FedEx, and UPS.

2. Is the library posted on the web page of the Office of Vermont Health Access complete?

It is as of the posting of these answers.

3. What is the relationship of the member states in this procurement?

The member states are equal members in the Sovereign States Drug Consortium (SSDC) sharing in all responsibilities and decisions. Vermont has been designated to act as the agent of the SSDC in this procurement and will manage the resulting contract on behalf of the SSDC as determined by the member states. Those states are currently Iowa, Maine, and Vermont.

4. If a bidder provides services to a non-state agency, is this acceptable to use as a reference?

Yes. We require at least two (2) business references. Such a reference would be acceptable. However, note that if the bidder has provided such services to a state agency then it is expected that the state agency be a reference.

5. How will the selected vendor be evaluated?

On the six sole collective services identified on page 7 of the RFP as services are delivered and annually.

Administrative Operations

1. How frequently is professional staff from the current vendor available on site at the states' locations?

The current vendor is not required to be available on site at SSDC member states' locations solely for the purpose of supporting the procurement of Medicaid supplemental drug rebate bids.

2. Are some discussions accomplished electronically?

To date discussions on the procurement of Medicaid supplemental drug rebate bids have been accomplished electronically or telephonically (fax, email, conference call, etc.).

3. Would face-to-face meetings be effective?

While it might be sometimes effective, currently we believe that the value of face-to-face meetings is not sufficient to justify the cost. The SSDC welcomes input from the Bidder on their opinion of the most efficient and effective means to communicate periodic and annual information to the SSDC member states. However, the decision on the meeting formats will be decided by the SSDC member states.

4. What would be an estimate of the frequency of meetings?

SSDC meetings always occur at the onset and during of the annual bid period to:

- Identify collective and individual needs and strategies,
- Present bids to member states,
- Present renegotiated bids to member states, and
- Finalize selected bids.

Meetings may be requested by member states periodically during the year. Meetings may also be required as issues arise; e.g., a manufacturer contract issue or new drugs entering the market. Frequency is likely to be no more than quarterly and would be subject to mutual agreement.

Meetings regarding contract performance may be required at any time.

5. Will the states clinical staff be part of the discussions?

Each state's clinical staff in an integral part of operations.

Rebate Operations

1. Please elaborate on the degree of utilization data management required.

The responsibility under this RFP is limited to the compilation of data as described on page 29 of the RFP. The purpose of this compilation has two purposes. One is to inform the process of bid procurement in providing utilization information for the manufacturers. The other is to assess the value of bids offered or secured in comparison to a state's utilization. That includes not only member states but potential member states.

Utilization data management for pharmacy benefit management program or preferred drug list (PDL) performance purposes is not a responsibility of this vendor.

2. Please verify that the states may vary considerably in their formularies, their clinical criteria and in their approach to supplemental rebates. For example, different states may have single or multiple preferred drugs in a class. Preferred drugs may be all that meet some threshold rebate or may be limited to those offering the best rebate.

That would be correct. We prefer the flexibility to meet the individual needs of our states.

3. What happens if members of the pool have differing ideas?

We look to the vendor to make recommendations and then make our individual decisions. In some cases we have opted to stand together. In others we have chosen distinctly different selections.

4. Are member state rebate agreement templates available for review?

Rebate agreement templates can be found here:
<http://ovha.vermont.gov/rfps/sovereign-states-drug-consortium-sscd-request-for-proposals-for-services-to-procure-medicare-supplemental-drug-rebate-bids-1/>

5. Will the vendor be expected to maintain a net cost file.

Yes.

6. Will the vendor be given CMS rebate amounts (URAs) in order to know the net price of drugs before supplemental rebates?

The CMS rebate tape will be provided and the vendor will be responsible for calculating the CMS rebate amount for each state. The SSDC will require that this information be appropriately safeguarded and used solely for the support of the services for the SSDC.

7. Please verify that the SSDC anticipates that rebate negotiations will be an iterative process:
- The vendor may receive a rebate proposal, present it to the states, and a state or states may require additional negotiation of rebate terms and/or amount which the vendor would then present to the pharmaceutical manufacturer.
 - Any new terms would then be presented back to the states for as many iterations as necessary.

That would be correct.

8. Do member states let a manufacturer propose its own rebate arrangement?

Yes.

9. Does the SSDC accept bundled offers?

The member states are willing to consider them.

10. Relative to past performance is there a rebate amount target based on dollars or percent of drug spend or another metric?

At this time the SSDC does not require a target but the expectation would be these remain at the current level (post Medicare Part D implementation) or increase.

Areas for Improvement in Current SSDC Operations

1. Please describe any area(s) of the current supplemental rebate process (including contractor services), that the states are interested in improving. Please provide as much detail as possible.

We believe that the RFP describes the services that will optimally meet the SSDC's needs. A bidder may describe (and quote costs for) services that are in excess of those required in the RFP but the SSDC reserves the right to opt not to choose these separate services. Each such service must be described in a manner that makes it clear what this other "service" is that would improve returns and why it is outside the scope of work described. The description(s) and related costs quoted must be separated from the services required in the RFP. The description should include a demonstration of how that service has been successful.

Preferred Drug List

1. Are there any specific drugs or therapeutic classes that are *automatically* exempt from being put on a PDL or requiring PA (e.g. psychiatric or HIV medications)? Are these exemptions statutory or based on agency policy? Is this expected to change?

Iowa: Iowa operates two drug lists for the State Medicaid Program. The first is called the Preferred Drug List and within it all non-preferred drugs are available but subject to prior authorization. The second list is the Recommended Drug List. This group of drugs is not subject to prior authorization as specified by State law. These drug categories include drugs prescribed for the treatment of human immunodeficiency virus (HIV) or acquired immune deficiency syndrome (AIDS), transplantation, or cancer and drugs prescribed for mental illness with the exception of drugs and drug compounds that do not have a significant variation in therapeutic profile or side effect profile within a therapeutic class. The current interpretation of this provision by the Iowa Pharmacy and Therapeutics (P&T) Committee is that brand mental health drugs with generic versions available can be located within the PDL. This interpretation is subject to change. The statutory exemptions are subject to review by the Legislature at their discretion.

Maine: No drug classes in Maine are exempt from the PDL.

Vermont: By statute Vermont's preferred drug list is subject to the review of the Legislative Health Access Oversight Committee at their request. Such a review has occurred on drugs prescribed for the treatment of severe and persistent mental illness, including schizophrenia, major depression, or bipolar disorder. These drugs are currently subject to the PDL. By statute HIV and AIDS-related medications used by individuals with HIV or AIDS may be on the PDL but any utilization review procedures can be no more restrictive than the drug list and the application of the list used for the state of Vermont AIDS medication assistance program.

2. Are specialty drugs on the PDL?

Nothing prohibits them from being included on any states' PDL.

Clinical Requirements

1. Will the selected supplemental rebate bid procurement contractor have any involvement in developing or administering clinical policy?

No. Clinical policy is the responsibility of the member states and their individual agents.

Current Rebate Returns

1. How many manufacturers currently contract with the SSDC?

Approximately 60.

2. Can you provide the amount of supplemental rebates collected by each state in the Consortium? Can this be provided by Therapeutic Class or any other sub-grouping?

Have the states perform net savings analysis on the supplemental rebates? Are there any areas that any of the states believe should be providing higher rebates?

We estimate our collective total supplemental rebate return in our 2007 state fiscal years to be approximately \$25 to \$30 million. We prefer not to disclose rebates on a therapeutic class level in the interest of protecting the terms and conditions of agreements in place.

3. It is understood that the SSDC currently has supplemental rebate contracts with 60 manufacturers. Are those contracts with brand manufacturers exclusively? If not, what is the mix between brand and generic manufacturers?

It should be assumed that the majority of contracts are with brand manufacturers. We prefer not to disclose any additional information on this subject at this time.

4. Does the current rebate yield meet states' expectations and budgets?

We are pleased with current yield but believe that it is necessary to carefully manage the process to minimally maintain current levels of return and optimally improve them where possible.

5. How much revenue (or savings) have each of the states budgeted associated with supplemental rebates? If this isn't a budget item, what is the *anticipated* revenue/savings?

Iowa: Estimated revenue state fiscal year (SFY) 2007 ending June 30, 2007 \$13.3 million (state and federal).

Maine: Estimated revenue state fiscal year (SFY) 2007 ending June 30, 2007 is \$11 million (state and federal).

Vermont: Estimated revenue state fiscal year (SFY) 2007 ending June 30, 2007 \$3.9 million (state and federal).

Additional Services to Improve Rebate Returns

1. Should a bidder describe (and quote costs for) services that are in excess of those required in the RFP that might improve rebate returns?

The RFP expects the bidder to negotiate rebates to its maximum capacity and how that is accomplished is not specified. A bidder may describe (and quote costs for) services that are in excess of those required in the RFP but the SSDC reserves the right to opt not to choose these separate services. Each such service must be described in a manner that makes it clear what this other "service" is that would improve returns and why it is outside the scope of work described. The description(s) and related costs quoted must be separated from the services required in the RFP.

The description should include a demonstration of how that service has been successful.

Costs

1. Can the proposed reimbursement of costs be annualized?

A bidder may propose reimbursement of costs in an annualized manner. Recognizing that a majority of the work of this contract will occur in August, September, and October the bidder may propose some reimbursement paid at the time of service delivery. However we expect to pay the vendor on a monthly basis for some services to assure the delivery of coverage and administrative support of the SSDC and its activities throughout the year. A bidder proposing reimbursement on other than a monthly basis will need to enumerate what items are involved, identify a proposed reimbursement frequency, and detail the justification for each item.

2. Is the price for up to 4 years or for each of the 4?

The contract will be for an initial two (2) year base period. The SSDC may opt for up to two (2) extension years. A bidder should structure their proposal to quote a price for all four (4) years.

3. Please verify that it is permissible for a vendor to base *additional costs* on the size or number of additional state(s), or other factors, provided the additional costs are described and justified (RFP p. 23).

Page 23 does not accurately reflect our intention. They are reflected in the first, fourth, and fifth bullets.

The first bullet states “This contract will be a fixed price contract regardless of the number of Member States involved.” We believe that operational costs are likely to be largely the same regardless of the number of states that may participate over the term of the contract. As reflected in the fifth bullet, we allow for an accretion charge for the addition of member states to allow for a one-time charge for each additional member “to cover costs for incorporating that state into operations.” The fourth bullet requires a price for four (4) years. It should be noted that nothing precludes proposing annual adjustments to address potential increases in costs as long as it is understood that the final proposed cost is the maximum for up to that four (4) years that would consist of the initial two (2) year base Contract period and up to the allowed two (2) extension years.

We acknowledge that the sixth bullet states “The Bidder may propose a price increase or decrease based on added Member States.” That bullet should have been removed at the time of the release of the RFP. In addition the fourth and fifth column of the Cost Proposal chart on page 24 should have been removed.

A bidder may make such a proposal but the SSDC reserves the right to consider such a proposal as outside what is requested in this RFP. This means that:

- A proposal premised solely on the assumption of an increase for additional member states may be discarded.
- A proposal made without on the assumption of an increase for additional member states without a concurrent proposal for a fixed price contract will be disqualified if the proposal for an increase for additional member states is discarded.
- If any bidder's proposal of an increase for additional member states is discarded all bidders' such proposals will be discarded.
- If any bidder's proposal of an increase for additional member states is considered all bidders' such proposals will be considered.

Any proposal for an increase for additional member states must fully detail reasons for the increase over and above the membership accretion allowed. The description should be such that the individual additional costs are justified.

4. Will the SSDC be receptive to cost proposals based on conditions other than the accretion of member states or the option of the number of member states; for example, number of claims, other thresholds?

No.

5. How much do the three states currently pay GHS and MedMetrics Health Partners for supplemental rebate negotiation? Are their services comparable to those in the RFP? If not, please explain how they differ. Is payment currently a fixed amount, per claim, percentage of rebates, or some other arrangement?

GHS provides for select pharmacy benefit administrator (PBA) services to Iowa and Maine. MedMetrics provides for select PBA services for Vermont. As described on page 8 of the RFP, since the inauguration of the SSDC in November 2005 for bid contracts in calendar year 2006, GHS has acted as the SSDC supplemental rebate bid procurement negotiator under its PBA contracts with Iowa and Maine. Iowa and Maine extended those services to Vermont while we collectively identified conclusively the negotiator services required by the SSDC. Those services are the six **sole collective services** identified on page 7 of the RFP for which proposals are requested under this RFP and are considered separate from the related services otherwise identified on page 7 which are provided by GHS to Iowa and Maine and by MedMetrics to Vermont. To date payment for the six sole collective services have been under the general payment provisions of the Iowa and Maine contracts and the discreet charges for them individually or collectively are not separately identified in those contracts.

The purpose of this RFP is to obtain cost bids for the performance of those specifically six sole collective services. The bidders should cost them as they believe

is appropriate. A bidder may provide details regarding the pricing if they believe it will be necessary to assist the member states in evaluating the proposed charges. Since there will be no opportunity for Bidders to revise the pricing, and there will not be a Best and Final Offer (BAFO) process, the Bidder should carefully calculate and propose its prices for the services requested herein.

However, note that all rebates negotiated under this contract are payable in their entirety to member states. The vendor may not expect to share in the rebates.

6. How much have each of the states budgeted for this contract?

No predefined amount has been budgeted for this contract.