

# City of Milwaukee

Request for Proposal for  
Managed Pharmacy Services

May 2011

**DUE: May 31, 2011**

Prepared by:  
Willis

Willis

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**A. BACKGROUND**

The City of Milwaukee, Milwaukee County, Milwaukee Public Schools (MPS), Milwaukee Area Technical College (MATC) and Milwaukee Metropolitan Sewage District (MMSD) are interested in the benefits of a single collective vendor for prescription drugs and are interested in having their own prescription benefit services evaluated individually as employer for their employees and retirees.

This group is committed to better understand the factors that drive health care costs and pursue a partnership with prescription benefit managers. Each governmental employer through this Request for Proposal process wishes to foster the creation of a strategy to ensure efficient delivery of health care that is appropriate provides optimal patient outcomes and supports prudent expenditures of financial resources. The five Units have approximately 30,000 employees, spouses and dependents combined covered under various medical plan options that include pharmacy benefits.

Each vendor has their own current relationship with a health provider. This RFP is for the purpose of a PBM. Each employer will be evaluating responses based on the ability of the vendor to:

- ✓ Minimize administrative costs;
- ✓ Maximize rebates in a thoughtful way recognizing that bigger rebates are not necessarily in the best interest of plan sponsors as large rebates stem from the use of more expensive medications;
- ✓ Utilize a consistent formulary, or separate formularies for each employer;
- ✓ Create consistent administrative processes and functions;
- ✓ Utilize consistent cost management processes (i.e. step therapy, generic substitution, therapeutic MAC's concurrent drug utilization management, etc.);
- ✓ Provide access to online interactive detailed reporting functions for Willis, the employer and the other parties that may be designated;
- ✓ Provide access to prior authorization approval processes;
- ✓ Allow regular electronic exchanges of eligibility information between the Units, their members and the PBM;
- ✓ Partner with the Units in the creation of innovative, custom processes designed to slow the upward trend in pharmacy costs; and
- ✓ Conduct educational programs for local physicians concerning pharmacy cost issues and special programs designed to improve the financial efficiency of the employer' pharmacy programs.

Of interest to the Units and their provider partners are quality service, administrative flexibility, real time reporting, good relationships with pharmacies, administrative efficiency and transparency.

**B. INTENT**

Over the last several year the pharmacy benefits landscape has changed. The industry is consolidating while at the same time new PBMs are entering the market place. The AWP lawsuit exposed issues concerning base pricing, there has been an increased focus of the way that discounts are measured and guaranteed, what drives larger rebates and large retailers are selling select generic drugs for a flat cost of \$2.00 per script and greater transparency to name a few of the issues that have emerged.

Of continued interest to the Units is the movement toward greater “transparency” – having a full understanding of contract terms, how performance guarantees are developed/measured, disclosure of reimbursement rates, how rebates are negotiated, how they are passed or not passed back to clients, etc. Further, as more medications become available through multiple sources as patients expire, there are tremendous opportunities to manage costs within class. The same can be said for generic medications within the same therapeutic class. The Units will also consider fully transparent vendors who charge only a monthly administrative fee.

Given the evolving landscape, it is matter of public trust and financial stewardship to periodically conduct a market due diligence to assess the markets ability to work in collaboration with the Units and local providers to deliver cost effective pharmacy programs and financing.

Willis of Wisconsin, in conjunction with the National Actuarial Practice, has been asked to conduct a rigorous market assessment for the City of Milwaukee to assess the service and financial capabilities of firms interested in responding to this Request for Proposal.

The City of Milwaukee and the other units are using this process to determine if collective purchasing will reduce the cost of prescription drugs programs. The City of Milwaukee will use this RFP to select a PBM. The other units may use this to select the same PBM.

**PLEASE NOTE: The unique prescription benefit design and separate accounting for each employer must be maintained.**

The Units want a proposal from you incorporating how you will meet these key requirements:

- Minimize administrative costs and thoughtfully maximize rebates (recognizing that bigger rebates come from more expensive medications that may not provide superior outcomes). The Units are seeking full pass through of rebates with a guaranteed minimum rebate. Rebate guarantees should be based on all drugs not just those for which rebates are obtained.
- Bend or eliminate trend in future years by striving for the lowest ultimate cost by delivering a transparent innovative programs that optimizes both the cost and clinical outcomes to the Units and their covered employees and dependents;
- Have the ability to deliver either a consistent formulary or multiple formularies for different Units which carefully balances rebates and lowest net cost and is updated as appropriate with sufficient notice of changes to Units, employees and providers;
- Provide monthly claims extracts and provide Willis with access to a robust real time ad hoc and standard data reporting system for City of Milwaukee claims
- Demonstrate the ability to provide at least the current level of cost management processes (i.e. ability to provide a therapeutic MAC for PPIs, step therapy, generic substitution, concurrent drug utilization management, OTC programs etc.);
- Provide a structured program to assist City of Milwaukee and the other Units in addressing potential abuse or diversion of narcotic medications such as oxycodine;

- Demonstrate the ability to implement new innovative programs to address opportunities that are uncovered through the ongoing analysis of both medical and pharmacy claims;
- Provide quarterly reporting on an individual Units and aggregate Units level regarding key cost drivers, effectiveness of cost management programs and overall financial performance. You must also be willing to make changes in these reports address the needs of the City of Milwaukee and the other Units on an ongoing basis;
- Provide online real time prior authorization approval processes access to the City of Milwaukee and the other Units as may be designated by the Units in the future;
- Provide specific communication support to reinforce current programs as well as new ones that may be implemented in the future;
- Provide a seamless retail and mail order process that is friendly to both employees and physicians. Note that the City of Milwaukee and the other Units have evaluated and will not pursue a mandatory mail order program;
- The City of Milwaukee and the other Units want to address trends where employees are increasingly dissatisfied with their medical plans because of poor and confusing communications, substandard customer service and employers are increasingly dissatisfied with a continued upward spiral in cost. Of equal concern is the perception of a deteriorating relationship between administrators and the provider community.
- The City of Milwaukee and the other Units plan designs are based on an approach where the member pays a significant percentage of the cost of medications. Therefore, it is vital that the PBM have the necessary on line and other educational tools to assist covered members in considering alternative medications that produce the same clinical outcome for them while producing lower cost to both the employer and employee.

To meet its key requirements, the City of Milwaukee and the other Units are seeking a three-year agreement with the successful vendor. The main objectives of this are:

- Employees and their dependents should perceive administration as equal to or better than the current program;
- The trend in prescription drug costs should continue to decrease, not increase;
- Continue to build on and expand the collaborative approach to working in partnership with all stakeholders (employers, employees) to better manage pharmacy costs while improving patient outcome;
- Work to develop methods to control costs as drugs become available generically or over-the-counter and others remain on patent – be willing to stand up to the drug manufactures and resist the “sirens” call of larger rebates;
- Demonstrate processes to identify either individuals or pharmacies that are abusing the program;
- Provide access to detailed information and be willing to integrate pharmacy data with medical claims data; and
- Be willing to work with participants and physicians to encourage acceptance of and compliance with cost management processes.

**Due Date for Response**

This procurement process for the City of Milwaukee is being overseen by the City of Milwaukee Employee Benefits Office and Willis of Wisconsin. The other Units will be using their own resources to meet their public sector procurement requirements.

- **Eight (8) hard copy proposals are due by 4:30 p.m. EST on Tuesday, May 31, 2011 to the City of Milwaukee, 200 East Wells Street, Room 706, Milwaukee, WI 53202 and each of the four other governmental units at their respective addresses. Those proposals should include terms for the unit alone and for the combined units.**

Proposals returned after the due date will not be considered. Your proposal must include the following by the stated due date.

- Both the hard copy and electronic copies of the response must be complete duplicates and include each of the following:
  - Section I - Signed *Signature by Bidder* page
  - Section III - *Questionnaire* - without reformatting
  - Section III - TBD
  - Section IV – TBD

These will be interpreted as your company's proposal. Therefore, it is important that any exceptions, deviations, etc. are noted on these forms.

All information contained in this Request for Proposal is confidential and proprietary to the extent permitted under State of Wisconsin Public Records Law. This information must be used solely for the purpose of responding to the City of Milwaukee and the other Units Request for Proposal.

The proposal is binding during the 180 day period following the due date. A proposal may not be withdrawn or changed during this period without written agreement from Willis and the City of Milwaukee.

#### **No Solicitation**

This process is being overseen by the City of Milwaukee and the other Units. As outlined, a formal selection process is being followed.

Vendors are not to contact the City or the other Units regarding this RFP. All questions are to be directed to Willis as noted below. The City of Milwaukee and the other Units may, at their option, hold a bidders conference to further answer questions to this RFP. Any responses to questions will be shared with all prospective bidders.

Any vendor who discusses this RFP with the City of Milwaukee or the other Units unless expressly authorized in writing the respective entity will be disqualified from consideration.

**Contacts**

Willis is assisting the City of Milwaukee with this effort. Please note e-mail addresses for electronic copies of the responses. All questions regarding the City of Milwaukee should be directed to:

Michael Brady  
City of Milwaukee  
Employee Benefits Director  
200 East Wells Street  
Milwaukee, WI 53202  
414-286-2317

[mbrady@milwaukee.gov](mailto:mbrady@milwaukee.gov)

For the City of Milwaukee  
Doug Ley  
Willis  
2323 N. Mayfair Road, Suite 600  
Milwaukee, Wisconsin 53226  
(414) 203-5248

[douglas.ley@willis.com](mailto:douglas.ley@willis.com)

**Contacts for the four governmental groups:**

**Milwaukee Public Schools**  
**Chris Toth**  
**Director of Benefits**

**Milwaukee County**  
**Gerald Schroeder**  
**Interim Director, Division of Employee Benefits**

**Metropolitan Milwaukee Sewage District**  
**Mickie Pearsall**  
**Director of Benefits**

**Milwaukee Area Technical College**  
**Lynn Fugina**  
**Compensation and Benefits Director**

**C. CONTRACT PERIOD**

Your terms must be guaranteed from January 1, 2012 through December 31, 2014. The ability to extend beyond this contract period with contractual maximums would be looked upon favorably.

**D. AUDIT**

You must agree to allow the City of Milwaukee and the other Units individually or as a group the rights to audit the financial and non-financial records of the prescription drug administrator and its agents as they relate to the administration of their programs whenever deemed appropriate. Such audits may be performed by the City of Milwaukee or employer personnel or outside auditors selected by the City of Milwaukee and the other Units.

**E. CLAIMS RECORD RETENTION/TRANSFER**

The claims administrator will be required to maintain all pertinent claim records for seven years from the date of each claim payment.

In the event of termination, the prescription drug administrator must agree to transfer to the City of Milwaukee and the other Units all required data and records necessary to administer the plans. This data would include, but not be limited to, the following:

- ☞ List of covered employees and dependents.
- ☞ Preauthorization information for specific medicines.
- ☞ Records or hard copy of claims transaction data as designated by the City of Milwaukee and the other Units.
- ☞ No fees required to retrieve data less than 2 years old.

**F. TIMETABLE**

Distribution of RFP	May 3, 2011
Proposals Due to Willis and the City of Milwaukee	May 31, 2011
Proposal Analysis	June 1 – June 22, 2011
Selection of Finalists	June 22, 2011
Interviews	6/22 – 6/29/11
Discussion of Contract Terms	
Notification of Final Decision	7/8/2011
Program Implementation	7/15/11 to 12/31/ 11



Program Becomes Effective	1/1/2012
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Upon selection of a new vendor, it is expected that contracts, necessary administrative forms, administrative manual, employee communications, deductible transfer data and other materials will be prepared as quickly as reasonably possible. The chosen administrator will be expected to bear the cost of installation of appropriate administrative systems, contract preparation, billing, network enhancements, related administrative manuals, enrollment forms, and communication with employees and providers.

## G. EXHIBITS

There are exhibits included with this RFP. You must complete each exhibit and provide these completed exhibits in your response.

The following exhibits included with this RFP need to be completed:

**Exhibit III Top 50 Pricing**

**Exhibit IV Financial Terms**

**Exhibit V Contract Terms**

**Exhibit VII Formulary Comparison**

Note: Please carefully review question C9 as it contains important information regarding your options to complete Exhibits II and III.

## H. INSURANCE REQUIREMENTS

Please confirm you maintain the following:

- Professional liability insuring against vendor's errors or omissions in the performance of the services outlined in this RFP in an amount of not less than \$2,000,000 per claim/aggregate.
- Workers Compensation Insurance with statutory limits covering all employees in accordance with the laws of the country, state, province or territory exercising jurisdiction over the employee.
- Employer's Liability Insurance with a minimum limit of \$1,000,000 per occurrence (per employee / per disease / policy limit)
- Carriers furnishing Workers Compensation and Employer's Liability Insurance shall be required to waive all rights of subrogation against The City of Milwaukee and the other Units and its officers, directors, stockholders, employees, subsidiaries and agents.
- Commercial general liability insurance with limits of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
- Coverage against theft or other misappropriation of funds, including Client's funds / property, by whatever means for the vendor, its directors, officers, partners, shareholders, employees or agents.
- Automobile Liability Insurance covering the use of all owned, non-owned and hired automobiles with a minimum combined single limit of \$1,000,000 per occurrence for bodily injury and property damage liability.
- Network Security and Privacy in the amount of \$5,000,000 per occurrence/aggregate.
- Upon execution of this agreement, and at any time upon request, Client shall submit to the City of Milwaukee and the other Units a certificate(s) of insurance reflecting the coverages listed above are

in force. Said certificate shall state that not less than thirty (30) days prior written notice shall be given to the City of Milwaukee and the other Units in the event of a cancellation of coverage.

The Commercial General Liability and Automobile Liability policies shall contain endorsements naming the City of Milwaukee and the other Units as an additional insured. All policies required there under shall be written by licensed insurers with A. M. Best ratings of at least A-VII.

In the event the vendor will utilize subcontractors to perform any of the services required in this RFP, the vendor shall require that the sub contractor comply with the above insurance requirements. A certificate of insurance should be provided to evidence that the client has the appropriate coverages in place.

**I. NON-DISCRIMINATION REQUIREMENTS**

The City is committed to affirmative action in accordance with State and Federal law and regulations providing for equal employment opportunity. The City will refuse to contract with any firm that has not evidenced its own commitment as an equal opportunity employer through the development of an affirmative action policy. The respondent agrees to provide such evidence to the City upon request.

Prior to contracting, the selected insurance carrier will be required to certify compliance with the following:

- I. In all hiring or employment made possible by, or resulting from, this agreement, there:
  - A. Will not be any discrimination against any employee or applicant for employment because of age, handicap, marital status, race, color, sexual orientation, religion, sex, national origin, ancestry, or lawful sources of income; and
  - B. Affirmative action will be taken to ensure that applicants are employed and that employees are treated during employment without regard to their age, handicap, marital status, race, color, religion, sexual orientation, sex, national origin, ancestry, or lawful sources of income.

This requirement shall apply, but not be limited, to the following:

- A. Employment, upgrading, demotion or transfer, recruitment or recruitment advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship.
  - B. There shall be posted in conspicuous places available to employees and applicants for employment, notices required to be provided by federal or state agencies involved setting forth the provisions of the clause.
  - C. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to age, handicap, marital status, race, color, religion, sexual orientation, sex, national origin, ancestry, or lawful sources of income.
- II. The plan agrees they will comply with applicable requirements of the Americans with Disability Act of 1990. 42 U.S.C. 12102, etc. seq.

You must agree to cause the foregoing provisions to be inserted in all subcontracts, if any, for any work covered by this agreement so that such provisions shall be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

**J. EVALUATION PROCESS**

Willis is assisting the City of Milwaukee and the other Units with several areas related to this RFP process. For example, Willis has assisted the Units in developing this RFP, as well as identifying critical selection criteria. A final recommendation and selection will be made via the following process.

The City of Milwaukee and the other Units have identified a project selection team for each employer. The analysis and selection will adhere to the following steps:

1. The City of Milwaukee and each employer will review and score the written responses to the RFP according to a predetermined scoring tool.
2. Willis will perform an evaluation of the financial terms and provide a summarization of the qualitative aspects of the RFP.
3. Willis will tabulate scores to the written responses to the RFP.
4. The financial terms of your response will be evaluated by a process where the lowest vendor overall financially will receive the highest possible score. Scores for the remaining vendors will be determined utilizing the following formula:

$$\text{Score} = (\text{number responding} \times [\text{lowest cost}] / \text{vendor cost})$$

5. Based on a composite evaluation of the financial terms and the project team's evaluation of the written responses to this RFP, two or more finalists will be selected.
6. Finalists will be expected to travel to Milwaukee, Wisconsin to be interviewed. Additionally, representatives of the City and the other Units may want to tour the PBM operations. During these tours, finalists will be subjected to a consistent set of predetermined questions. Each member of the evaluation team will independently score response to these questions.
7. A final recommendation and selection will be based on the weighted scores of the evaluation team with respect to the following:
  - ⇒ Scores regarding written responses to the proposal
  - ⇒ Scores regarding financial response
  - ⇒ Scores regarding finalist interviews

During the entire process, Willis will provide technical support, as well as objective tabulation of the responses and assistance in drafting a collective recommendation for each entities board or decision makers.

This RFP process and the terms you provide are to be based on the assumption that the City of Milwaukee and the other Units contracting with your organization collectively for the contract term. Any and all entities reserve the right independently or collectively to not contract with the respondent. If any one entity elects not to participate, your proposal becomes null and void. The City of Milwaukee and the other Units reserve the right to modify their final section process, to modify the factors for consideration and make their selection in the manner they choose.

**K. STATEMENT OF COMPLIANCE**

In preparing your proposal, you must adhere to the specifications outlined in this request for proposal document. In addition, the questionnaire must be responded to **fully and completely**. Respondents are advised that each and every question in this RFP must be completely answered or your response will be considered non responsive may be excluded from further consideration. In addition, the responses to this RFP will be incorporate by reference into the contract with the City of Milwaukee and the other Units.

In the event your proposal deviates from the requested specifications or you are unable to complete portions of the questionnaire for any reason, you are requested to clearly identify such deviations and omissions in your proposal.

All deviations from specifications outlined in this request for proposal document must be clearly outlined in your proposal to the City of Milwaukee and the other Units will assume you comply fully with all proposal requirements.

Further, the City of Milwaukee and the other Units are committed to meeting all State and Federal laws and regulations providing for equal employment opportunity. The City of Milwaukee and the other Units will refuse to contract with any firm that has not evidenced its own commitment as an equal opportunity employer. The respondent agrees to provide such evidence to the City of Milwaukee and the other Units upon request.

**We acknowledge receipt of this RFP and agree to the requirements and our responses except as listed below.**

\_\_\_\_\_  
Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

**Exceptions:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Please attach additional sheets if necessary.*

**L. BROKER REMUNERATION**

To ensure a level playing field for all prospective vendors all proposals should be quoted without any **commissions or fees**. If, through the nature of your agreement with other parties or PBMs you are required to pay fees or commissions those amounts must be disclosed as a separate line item and clearly stated as such in your response. Please delete all commissions or payments from your quoted core administrative fees and note them as a separate line item.

**M. QUESTIONNAIRE****A. Eligibility**

- A1 A full eligibility file will be sent to you daily or weekly. Please confirm that this is acceptable. File layouts can be provided upon request. Have you had experience with file transfers from First Service Administrators, Meritain and enrollment firms such as Hodges Mace and eBenefits?
- A2 Can you accept faxes of employee terminations so that they can be promptly handled to minimize program use by employees and dependents after coverage is terminated? Alternatively will you allow the City of Milwaukee and the other Units online access to make these changes immediately? How will you reconcile changes made on line with files received from the TPAs?
- A3 As with any eligibility process there is the possibility for files to become out of sync. How do you propose to address this?
- A4 When in 2011 would you need to receive the eligibility file in order to have identification cards delivered prior to January 1, 2012 to the City of Milwaukee and the other Units?

**B. Performance Guarantees**

- B1 Describe in detail performance guarantees you are willing to include in the contract regarding the implementation. Please be specific regarding penalties, incentives, and ways to monitor these performance guarantees.

The following are required guarantees. Please confirm that you agree to each and the penalty associated with a failure to meet the required measures:

- Program implemented and ID cards distributed by December 23, 2011
- 
- Generic efficiency rates for 2012, 2013 and 2014 by client (Generic Fill Rate GFR)
- The date by which quarterly and year end reports will be delivered
- Discount guarantees for the following areas:
  - 1. Retail/Generic
  - 2. Retail/Brand
  - 3. Retail/Specialty
  - 4. Mail/Generic
  - 5. Mail/Brand
  - 6. Mail/Specialty
- Mail order processing turn around time

- B2 For the above areas where applicable, clearly define the assumptions you will use in calculating your performance against the guarantees. For example:

- Are discounts entered on aggregate minimum post-AWP Settlement AWP basis:

- Do composite discounts assume that zero-balance due claims are calculated at actual ingredient cost?
  - Are any medications excluded?
  - Are zero-balance due claims valued at a 100% discount?
  - Do composite discounts include or exclude U&C, compound, and OTC claims.
  - Will composite discounts contain any shared savings elements – assume?
  - Will discounts in excess of guarantees accrue to the benefit of the City of Milwaukee and the other Units?
  - Do your composite generic discounts guarantees exclude any specific generic drugs such as single source generics?
- B3 If Generic Fill Rate, GFR, performance falls short of guarantees, PBM will credit the shortfall on a dollar-for-dollar basis. How will the performance against the goal be calculated? Will you do a separate calculation for retail and mail? If you miss the guarantee, how will you calculate what is due the City of Milwaukee and the other Units' members?
- B4 Please outline the conditions that will govern the drug mix performance guarantee.
- When will these performance guarantees be settled?
- B5 Many times single source generic medications may not be classified as generic. Please fully disclose the instances in which this may occur and how this is addressed in your reporting of performance as compared to guarantees.
- B6 Are you willing to offer a guarantee not to exceed average drug cost net of specialty medications for 2012, 2013 and 2014? If yes, please include this with pricing proposal and outline how this would work.

Here is a brief example of what the City of Milwaukee and the other Units are interested in:

*PBM is pleased to offer the City of Milwaukee and the other Units the following guarantee.*

*PBM guarantees that [name of City and other Unit] contract year one (2012) pharmacy drug cost will not exceed \$xx.xx per claim or employee.*

*PBM guarantees that [name of City of Milwaukee and the other Units] contract year two (2013) pharmacy drug cost will not exceed \$xx.xx per claim or employee.*

*PBM guarantees that [name of City and the other Units] contract year three (2014) pharmacy drug cost will not exceed \$xx.xx per claim or employee.*

Details

- Provide details of how this will be settled

Conditions

- Provide any limitations associated with this guarantee.

- B7 In addition to the required guarantees outlined above, please outline other guarantees you believe are appropriate and the financial penalties you will associate with a failure to reach those goals. Please note that each must stand alone and cannot be offset by exceeding the goals in other areas.

### C. Price and Utilization Management Processes

FOR EACH QUESTION, PLEASE DETAIL YOUR RESPONSE SEPARATELY FOR THE RETAIL AND MAIL ORDER PROGRAMS WHERE PROCESSES MAY DIFFER.

- C1 Please describe your ability to implement a proactive therapeutic alternative program. Under this program, after the first prescription is filled, would you seek authorization from the prescribing physician to dispense a therapeutically equivalent prescription drug on the formulary in place of a more expensive non-formulary or formulary drug?
- C2 The City of Milwaukee and the other Units may implement a therapeutic MAC process. This process applies the generic copayment and limits to reimbursement after the copayment for all medications in a defined class to a predetermined maximum allowable cost (MAC). If the members' cost is higher, they pay the difference.

The current program applies to Proton Pump Inhibitors (PPIs). If the member wanted a brand name equivalent medication such as Nexium, Protonix or Acifex, payment is limited to the "MAC" amount for Omeprazole. For individuals meeting certain clinical criteria, the care manager would have access to your system to allow the patient to access Prevacid or Nexium at the brand name copayment. Please describe whether your system would support this approach and how you would see it working. This may be expanded to other classes of medications in the future

- C3 Describe your approach to developing your Maximum Allowable Cost (MAC) program for generics. How many drugs are on your MAC list? What is the effective discount that your MAC pricing yields off of AWP? Do you bundle generics with rebate negotiations with manufacturers? How does this affect your MAC pricing? In addition, please also address the following:
- If the pharmacy bills less than the MAC price, is the client billed for the lesser amount or are they billed at the MAC level
  - If the copayment is less than the MAC price, what is the cost to the employee and then what is the employer billed?
- C5 How often do you update your MAC list in response to the changes in manufacturer prices and the number of firms dispensing a particular drug? How do you control repackaging to prevent a manufacturer from creating its own AWP to circumvent MAC pricing?
- C6 Do you enforce any MAC programs for name brand drugs based on a common purchase size requirement?
- C7 Please describe in detail how participating pharmacists are paid under your program. How do you agreements differ from chain to chain compared to independents? What is the typical contract term with each chain? Are the terms of the contract with major chains the same nationally or does it differ by region?

C8 Transparency of drug costs, rebates and administrative fees is important to the City of Milwaukee and the other Units. They have no problem paying an equitable fee for services rendered. However, they want to know what and how you are being paid behind the scenes. Please describe how your approach will provide verifiable transparency in fees, rebates and pricing. A report showing rebates for each client each quarter does not necessarily mean transparency. How will you prove the City of Milwaukee and the other Units is getting full pass through of rebates? Address your feelings about transparency; pass through pricing and traditional pricing approaches. The City of Milwaukee and the other Units are seeking full pass through with a guaranteed floor. If you have not quoted a separate fee for administration, how are you getting compensated?

C9 Please carefully review the plan design data in Exhibit I and the utilization data in Exhibit II

Exhibit I and II contains files and data you will need upon which to base your quote.

Exhibit III contains abridged files. Please provide your per pill pricing as of March 1<sup>st</sup> had the terms you are quoting for 2012 been in force. In other words you apply your discount terms to the current base price used as of March 1, 2011. The retail per pill costs should reflect a weighted average of the current claims distribution between CVS and Walgreens for your current SE Wisconsin book of business. Please indicate whether your pricing with these firms applies to the full state of Wisconsin or differs by region. For mail order apply the proposed terms to your mail per pill mail order pricing as of March 1, 2011.

Note: If you believe that a narrow network will provide better terms, please complete duplicate exhibits III and IV labeled narrow network and provide the details of that narrow network in Milwaukee and Lee Counties as compared to your standard network

Is your pricing for other vendors such as Wal-Mart and Publics the same as for CVS and Walgreens or different.?

C10 The City of Milwaukee and the other Units use Cura Scripts a subsidiary of Express Scripts to provide management of specialty medications. This is the fastest growing area of pharmacy spend for the City of Milwaukee and the other Units. Please describe your approach to helping the City of Milwaukee and the other Units address cost trends in this area.

**D. Vendor Information**

D1 Please confirm your organization's willingness to allow the City of Milwaukee and the other Units the right to independently audit your claims processing unit.

D2 Describe the history, organization and ownership of your company.

D3 Describe your malpractice and errors and omissions coverage for the mail order program. In addition, provide a copy of the Certificate of Insurance for your Errors and Omissions coverage and all stated insurance requirements.

**E. Claims Processing, Cost Management Edits and Customer Service**



- E1 Describe the procedure network pharmacists follow to collect proper co-pays and process claims in routine circumstances.
- E2 Describe the options available to collect co-payments from members under the mail order program when the co-payment is a percent of the cost.
- E3 Please detail common program edits. For example, does the program have a computer system linking, on a real time basis, the following edits?
- a. "Too soon" refills
  - b. Duplicate prescriptions
  - c. Number of refills
  - d. Day's supply
  - e. Concomitant therapies
- E4 Describe your drug utilization review procedures (DUR). Include a list of the criteria used in the DUR evaluation. How do you act on problems uncovered through DUR?
- E5 Please describe the procedures followed if there is a problem accessing the computer network system. Discuss situations where pharmacists have been unable to access the system and the steps you have taken to ensure such situations will not be repeated.
- E6 How many times have pharmacists been unable to access the system in the last 12 months? How have you dealt with it?
- E7 What are your customer service hours? Are pharmacists available during that time? Provide information for both your retail and mail order services. Please provide information regarding the information that is available to plan members through your member portal web site to help them manage their costs; understand the medications they are taking, etc.
- E8 Describe your capabilities to administer coordination of benefits.
- E9 How do you monitor participant satisfaction with your services?
- E10 Will you make a representative available to support the City of Milwaukee and the other Units during employee meetings to present the new program? Will you attend an annual benefit fair?
- E11 Provide samples of the communication materials you would mail to participants explaining the new program.
- E12 Please evaluate how well your pharmacy network covers the Milwaukee County area. Are you willing to pursue adding pharmacies to your provider network if you are selected as the vendor? Please indicate how successful you have been in upgrading your network for specific clients in the past. Do you have Internet access to your pharmacy directory? Is the Harrington Pharmacy a part of your network in Milwaukee County?
- E13 Describe your ability to provide claims history extracts to third party administrator's and utilization review firms so data can be mined and integrated data reporting provided.

- E14 Describe how participants access the mail order pharmacy. Outline the documentation that must be submitted, how prescriptions are filled, and anticipated turnaround time, including shipping. Can physicians phone prescriptions to your mail order facility?
- E15 There have been documented cases of abuse and resale of narcotic medications within one of the City of Milwaukee and the other Units. How will you detect, act on and prevent such abuses?

**F. Data Reporting and Access**

- F1 Please describe the systems you will utilize and show how you will provide online real time access to utilization data for the City of Milwaukee and the other Units and Willis to support analysis and input to decision support. Can Willis and others as designated by the City of Milwaukee and the other Units have direct access to this system or will they need to work through an account manager? Lack of direct access will not be viewed favorably.
- F2 Please provide a sample of your standard utilization reports both on line and paper.
- F3 Please outline the nature of the ad hoc reporting system you can make available to support reporting needs.
- F4 Please describe how you will provide the City of Milwaukee and the other Units, in total and individually, with access to a pharmacist to assist with data analysis, plan management and decision-making.
- F5 The employer needs access to a reporting system to support monitoring physician prescribing patterns. This must be on line and physician specific. Please describe the capabilities you have in this area to support the employer in this area. Provide samples of the reports that can be generated from the system.
- F6 The City of Milwaukee and the other Units and Willis work with a medical claim data aggregator known as Verisk, an Internet-based data analysis tool that enables the clients to identify potential high-cost claims and areas of high utilization through the use of data-driven, fact-based research, and to develop targeted intervention programs and monitor results.
- F7 Please confirm that you will be able to accept outstanding pre-authorization orders from the employer or the incumbent PBM to ensure continuation of care where applicable.

Appendix VII contains details concerning the data extracts needed for these systems. Please confirm that you can provide the necessary data monthly to support the Verisk system.

**G. Additional Information**

- G1 In your response, please include the following information:
- Copies of your standard prepaid claim submission envelopes, brochures, announcement letters, and educational materials that will accompany identification cards.

- A copy of your proposed contract.
- Your standard utilization and expense reports, plus a description of each report.
- Copies of your provider directories for Milwaukee County for the network you propose to use and your narrow network if quoted?

G2 Please confirm that you are able to administer the current plan designs outlined in Exhibit I.

G3 What is your source for post AWP pricing? Why did you select that source? How often is it updated?

G4 Please be advised and confirm your understanding that all information in your response and information concerning an ongoing business relationship between the parties is subject to the Wisconsin Public Records Law.

G5 Please describe your approach to formulary development. Please see Exhibit VI which outlines the current medications on the Express Scripts formulary for select medications. Please note if the medication is on your formulary and if not what medications are on your formulary for that class of medications.

G6 What is your firm doing in the area of behavioral research and communications that focus on therapy continuance, how people make decisions to change a course of therapy, view generic medications etc?

G7 What additional member education services can you offer that help make people better consumers and bend trend?

**EXHIBIT I – PLAN DESIGNS**

**Milwaukee Public Schools: Current PBM** \_\_\_\_\_

Drugs	Retail	Mail
Deductible		
Generic		
Preferred		
Non-preferred		

Out of Pocket Maximum

Generic Requirement

**Milwaukee County: Current PBM** \_\_\_\_\_

Drugs	Retail	Mail
Deductible		
Generic		
Preferred		
Non-preferred		

Out of Pocket Maximum

Generic Requirement

**Milwaukee Metropolitan Sewerage District: Current PBM** \_\_\_\_\_

Drugs	Retail	Mail
Deductible		
Generic		
Preferred		
Non-preferred		

Out of Pocket Maximum

Generic Requirement

**City of Milwaukee: Current PBM Navitus Health Solutions**

Drugs	HMO/EPO	Basic Plan
Deductible	0	0
Tier 1	\$5	20%
Tier 2	\$17	20%
Tier 3	\$25	20%
Out of Pocket Maximum	0	0
Generic Requirement		

**MATC: Current PBM**

Drugs	Retail	Mail
Deductible		
Generic		
Preferred		
Non-preferred		
Out of Pocket Maximum		
Generic Requirement		

**EXHIBIT II – Historical Utilization Data**

*(See Attachments)*

**EXHIBIT III – Pricing Exhibits Per Pill Prices**

*(See Attachments)*

**EXHIBIT IV – Financial Terms**

PBM Name: \_\_\_\_\_ Pricing Approach: \_\_\_\_\_

	2012	2013	2014
<b>Retail</b>			
Administrative fee per employee per month	_____	_____	_____
Administrative fee per claim	_____	_____	_____
Dispensing fee			
a. Brand legend	_____	_____	_____
b. Generic legend	_____	_____	_____
c. Compounded drugs	_____	_____	_____
d. Non-legend	_____	_____	_____
e. Specialty	_____	_____	_____
Basis of claim payment to retail pharmacy (% off AWP)*			
a. Brand legend	_____	_____	_____
b. Generic (exclude single source)	_____	_____	_____
c. Compounded drugs	_____	_____	_____
d. Non-legend	_____	_____	_____
e. Specialty	_____	_____	_____

\*If your claim payment to pharmacies is other than a percent off AWP, please describe your approach and estimate what the expected savings off AWP will be.

<b>Rebates</b>	2012	2013	2014
Minimum Guaranteed Rebate for all Retail Scripts along with full pass through	_____	_____	_____
Implementation Credit			

Please confirm that you are quoting full pass through of rebates and a minimum guarantee. Does your rebate calculation exclude or include zero pay claims? What do you define as zero pay claims? If you are willing to guaranteed costs over the three year as referenced on page 10 of this RFP, please provide the cost.

**EXHIBIT IV—CONTINUED**

	2012	2013	2014
<b>Other Fees - Please Specify*</b>			
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

\*List each type of fee (e.g., ID cards, data reports, toll-free lines, concurrent drug utilization reviews, etc.)

**EXHIBIT IV--CONTINUED**

PBM Name: \_\_\_\_\_ Pricing Approach: \_\_\_\_\_

	2012	2013	2014
<b>Mail Order</b>			
Administrative fee per employee per month	_____	_____	_____
Administrative fee per claim	_____	_____	_____
Dispensing fee			
a. Brand legend	_____	_____	_____
b. Generic legend	_____	_____	_____
c. Compounded drugs	_____	_____	_____
d. Non-legend	_____	_____	_____
e. Specialty	_____	_____	_____
Basis of claim payment to retail pharmacy (% off AWP)*			
f. Brand legend	_____	_____	_____
g. Generic	_____	_____	_____
h. Compounded drugs	_____	_____	_____
i. Non-legend	_____	_____	_____
j. Specialty	_____	_____	_____

\*If your claim payment to pharmacies is other than a percent off AWP, please describe your approach and estimate what the expected savings off AWP will be.

<b>Rebates</b>	2012	2013	2014
Minimum Guaranteed Rebate for all mail order Scripts	_____	_____	_____

Indicate whether this is a guarantee of estimated amount. If estimated indicate what portion of the rebate you will retain versus pass back to the City of Milwaukee and the other Units.

Please confirm that you are quoting full pass through of rebates and a minimum guarantee. Does your rebate calculation exclude or include zero pay claims? What do you define as zero pay claims? Please confirm that you are quoting full pass through of rebates and a minimum guarantee. Does your rebate calculation exclude or include zero pay claims? What do you define as zero pay claims? If you are willing to guaranteed costs over the three year as referenced on page 10 of this RFP, please provide the cost.



**EXHIBIT V – Contract Terms**

There is considerable variance in contract terms between PBMs that affect the terms quoted. Please note how your proposed contract with the City of Milwaukee and the other Units addresses each of these items. Further please comment on why your agreement is structured the way it is.

How do you define each of the following?

1. The **“Adjudicated Dispensing Fee”**
2. The **“Adjudicated Ingredient Cost”**
3. The **“Average Wholesale Price”** or **“AWP”**
4. A **“Brand”** claim
5. A **“Covered Drug(s)”**
6. A **“Dispense As Written”** or **“DAW”** claim
7. A **“Generic”** claim
8. The **“Ingredient Cost”** of a claim
9. **“MAC”** or **“Maximum Allowable Cost”**
10. A **“Member’s Copayment”**
11. A **“Paid”** claim.
12. A claim’s **“Sales Tax”**
13. **“Usual and Customary”** or **“U&C”**