CONTRACT #21
RFS # 317.86-00102
FA # 10-30811

Finance & Administration
Benefits Administration

VENDOR:
CaremarkPCS Health, LLC

RECEIVED
OCT 20 2010
FISCAL REVIEW

STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
DIVISION OF BENEFITS ADMINISTRATION
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

Dave Goetz
COMMISSIONER

Phone: 615.741.4517
Fax: 615.253.8656

Laurie Lee
EXECUTIVE DIRECTOR

MEMORANDUM

TO: James White, Executive Director, Fiscal Review Committee

FROM: Laurie Lee

DATE: October 20, 2010

RE: Contract Amendment # 1 to CaremarkPCS Health, L.L.C. Edison ID No. 19195

This is a request to amend the contract between the State, Local Education, and Local Government Insurance Committees and CaremarkPCS Health, L.L.C. contract. This amendment corrects the Federal Employee Identification Number (FEIN). The original FEIN supplied by the contractor in their proposal and later in the contract document aligns with another corporate entity within the corporation. This revision will maintain compliance with federal tax laws.

The original contract is included as well as the the requested supplemental documents for this amendment.

Thank you for your consideration of this request.

Supplemental Documentation Required for Fiscal Review Committee

*Contact Name:	Marlene Alvarez	*Contact Phone:	615.253.8358
*Original Contract Number:	FA1030811	*Original RFS Number:	31786 - 00102
Edison Contract Number: (*if applicable*)	19195	Edison RFS Number: (*if applicable*)	31786 - 00102
*Original Contract Begin Date:	February 19, 2010	*Current End Date:	June 30, 2015

Current Request Amendment Number: (*if applicable*)	# 1
Proposed Amendment Effective Date: (*if applicable*)	November 1, 2010
*Department Submitting:	Finance and Administration
*Division:	Benefits Administration
*Date Submitted:	October 20, 2010
*Submitted Within Sixty (60) days:	No.
If not, explain:	The determination that this would require FRC approval was given to BA on 10-15-10. The error was detected 10-11-10 by the State.
*Contract Vendor Name:	CaremarkPCS Health, L.L.C.
*Current Maximum Liability:	$17,500,954.00

*Current Contract Allocation by Fiscal Year:
(as Shown on Most Current Fully Executed Contract Summary Sheet)

FY: 2010	FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY: 2015
$318,199.00	$3,818,390.00	$3,818,390.00	$3,818,390.00	$3,818,390.00	$1,909,195.00

*Current Total Expenditures by Fiscal Year of Contract:
(attach backup documentation from STARS or FDAS report)

FY: 2010	FY: 2011	FY: 2012	FY: 2013	FY: 2014	FY: 2015
$0.00	$0.00	N/A	N/A	$	$

IF Contract Allocation has been greater than Contract Expenditures, please give the reasons and explain where surplus funds were spent:	N/A
IF surplus funds have been carried forward, please give the reasons and provide the authority for the carry forward provision:	N/A
IF Contract Expenditures exceeded Contract Allocation, please give the reasons and explain how funding was acquired to pay the overage:	N/A

Supplemental Documentation Required for Fiscal Review Committee

*Contract Funding Source/Amount:	State:		Federal:	
Interdepartmental:		$17,500,954.00	*Other*:	
If "*other*" please define:				

Dates of All Previous Amendments or Revisions: (*if applicable*)	Brief Description of Actions in Previous Amendments or Revisions: (*if applicable*)

Method of Original Award: (*if applicable*)	RFP
*What were the projected costs of the service for the entire term of the contract prior to contract award?	$17,500,954.00

Supplemental Documentation Required for Fiscal Review Committee

For all new non-competitive contracts and any contract amendment that changes Sections A or C.3. of the original or previously amended contract document, provide estimates based on information provided the Department by the vendor for determination of contract maximum liability. Add rows as necessary to provide all information requested.

If it is determined that the question is not applicable to your contract document attach detailed explanation as to why that determination was made.

Planned expenditures by fiscal year by deliverable. Add rows as necessary to indicate all estimated contract expenditures.

Deliverable description:	FY: 2011	FY: 2012	FY:	FY:	FY:
N/A					

Proposed savings to be realized per fiscal year by entering into this contract. If amendment to an existing contract, please indicate the proposed savings to be realized by the amendment. Add rows as necessary to define all potential savings per deliverable.

Deliverable description:	FY:	FY:	FY:	FY:	FY:
N/A					

Comparison of cost per fiscal year of obtaining this service through the proposed contract or amendment vs. other options. List other options available (including other vendors), cost of other options, and source of information for comparison of other options (e.g. catalog, Web site). Add rows as necessary to indicate price differentials between contract deliverables.

Proposed Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					
Other Vendor Cost: (name of vendor)	FY:	FY:	FY:	FY:	FY:
N/A					

NON-COMPETITIVE AMENDMENT REQUEST:

APPROVED
Commissioner of Finance & Administration

1) RFS #	31786 - 00102
2) Procuring Agency :	Department of Finance and Administration
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Pharmacy Benefits Manager (PBM) for the State, Local Education and Local Government Insurance Plans.
4) Contractor :	CaremarkPCS Health, L.L.C.
5) Contract #	FA1030811
6) Contract Start Date :	February 19, 2010
7) CURRENT Contract End Date : (if ALL options to extend the contract are exercised)	June 30, 2015
8) CURRENT Maximum Cost : (if ALL options to extend the contract are exercised)	$ 17,500,954.00
PROPOSED AMENDMENT INFORMATON	
9) Amendment #	# 1
10) Amendment Effective Date : (attached explanation required if < 60 days after F&A receipt)	November 1, 2010
11) PROPOSED Contract End Date : (if ALL options to extend the contract are exercised)	June 30, 2015
12) PROPOSED Maximum Cost : (if ALL options to extend the contract are exercised)	$ 17,500,954.00
13) Approval Criteria : (select one)	☒ use of Non-Competitive Negotiation is in the best interest of the state
	☐ only one uniquely qualified service provider able to provide the service

14) Description of the Proposed Amendment Effects & Any Additional Service :

Corrects the Federal Employee Identification Number (FEIN) to 75-2882129.

15) Explanation of Need for the Proposed Amendment :

The Contractor provided the FEIN from another corporate entity to the State in their RFP proposal and that FEIN was used to create the original contract. This amendment corrects the FEIN.

16) Name & Address of Contractor's Current Principal Owner(s) : (not required for a TN state education institution)

CaremarkPCS Health, L.L.C., 2211 Sanders Road, Northbrook, IL, 60062

17) Office for Information Resources Endorsement : (required for information technology service; n/a to THDA)

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

18) eHealth Initiative Endorsement : (required for health-related professional, pharmaceutical, laboratory, or imaging service)

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

19) Department of Human Resources Endorsement : (required for state employees training service)

Documentation is ... ☒ **Not Applicable to this Request** ☐ **Attached to this Request**

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

Benefits Administration is seeking to correct information that was initially provided to the State regarding the FEIN.

21) Justification for the Proposed Non-Competitive Amendment :

This amendment is required to be in compliance with tax laws and have all payments go to the correct entity.

AGENCY HEAD SIGNATURE & DATE :
(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE & DATE 10/18/10

CONTRACT AMENDMENT

Agency Tracking #	Edison ID	Contract #	Amendment #
31786-00102	23653	FA1030811	1

Contractor Legal Entity Name	Registration ID
CaremarkPCS Health L.L.C.	133265

Amendment Purpose & Effect(s)

Revise the FEIN number for the Pharmacy Benefits Manager for the State, Local Education and Local Government Insurance Plans.

Amendment Changes Contract End Date: ☐ YES ☒ NO **End Date:** June 30, 2015

Maximum Liability (TOTAL Contract Amount) Increase/Decrease per this Amendment: **0**

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010			$318,199.00		$318,199.00
2011			$3,818,390.00		$3,818,390.00
2012			$3,818,390.00		$3,818,390.00
2013			$3,818,390.00		$3,818,390.00
2014			$3,818,390.00		$3,818,390.00
2015			$1,909,195.00		$1,909,195.00
TOTAL:			**$17,500,954.00**		**$17,500,954.00**

American Recovery and Reinvestment Act (ARRA) Funding: ☐ YES ☒ NO

Budget Officer Confirmation: There is a balance in the appropriation from which obligations hereunder are required to be paid that is not already encumbered to pay other obligations.

Speed Code	Account Code
Multiple Speedcodes	78901000

OCR USE

AMENDMENT ONE
TO CONTRACT NUMBER FA-10-30811-00 (EDISON # 19195)

This Amendment is made and entered by and between the State of Tennessee, State Insurance Committee, Local Education Insurance Committee and the Local Government Insurance Committee, hereinafter referred to as the "State" and CaremarkPCS Health, L.L.C., hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject contract is hereby amended as follows:

1. The following is added as contract section E23.:

   E.23. Federal Employer Identification Number. All references to FEIN, "75-2493381" shall be deleted and replaced with FEIN, "75-2882129."

The revisions set forth herein shall be effective on the date of final approval by the appropriate State officials in accordance with applicable Tennessee State laws and regulations. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF,

CAREMARKPCS HEALTH, L.C.C.:

SIGNATURE **DATE**

PRINTED NAME AND TITLE OF SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
AND LOCAL GOVERNMENT INSURANCE COMMITTEE:

M. D. GOETZ, JR., CHAIRMAN **DATE**

CONTRACT

(FA-type fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Agency Tracking #	Edison ID
31786-00102	19195

Contractor	Contractor Federal Employer Identification or Social Security #
CaremarkPCS Health L.L.C.	☐ C- or ☒ V- 75-2493381

Service

Pharmacy Benefits Manager for the State, Local Education and Local Government Health Insurance Plans.

Contract Begin Date	Contract End Date	Subrecipient or Vendor	CFDA #(s)
February 19, 2010	June 30, 2015	☐ Subrecipient ☒ Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010			$318,199.00		$318,199.00
2011			$3,818,390.00		$3,818,390.00
2012			$3,818,390.00		$3,818,390.00
2013			$3,818,390.00		$3,818,390.00
2014			$3,818,390.00		$3,818,390.00
2015			$1,909,195.00		$1,909,195.00
TOTAL:			$17,500,954.00		$17,500,954.00

American Recovery and Reinvestment Act (ARRA) Funding – ☐ YES ☒ NO

OCR USE
FA

Agency Contact & Telephone #
Marlene Alvarez- Manager of Procurement & Contracting
Tennessee Department of Finance & Administration,
Benefits Administration
312 Rosa L. Parks Avenue, Suite 2600
Nashville, Tennessee 37243
615.253.8358

Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

F&A Secured Document

FA1030811

Speed Code	Account Code
Multiple Speedcodes	78901000

Contractor Ownership/Control

☐ African American ☐ Person w/ Disability ☐ Hispanic ☐ Small Business ☐ Government

☐ Asian	☐ Female	☐ Native American	☒ NOT Minority/Disadvantaged	☐ Other

Contractor Selection Method

☒ RFP

☐ Competitive Negotiation *

☐ Alternative Competitive Method *

☐ Non-Competitive Negotiation *

☐ Other *

***Procurement Process Summary**

The contract was procured through the RFP process.

CONTRACT

(FA-type fee-for-service contract with an individual, business, non-profit, or governmental entity of another state)

Agency Tracking #	Edison ID
31786-00102	19195

Contractor	Contractor Federal Employer Identification or Social Security #
CaremarkPCS Health L.L.C.	☐ C- or ☒ V- 75-2493381

Service

Pharmacy Benefits Manager for the State, Local Education and Local Government Health Insurance Plans.

Contract Begin Date	Contract End Date	Subrecipient or Vendor	CFDA #(s)
February 19, 2010	June 30, 2015	☐ Subrecipient ☒ Vendor	

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2010			$318,199.00		$318,199.00
2011			$3,818,390.00		$3,818,390.00
2012			$3,818,390.00		$3,818,390.00
2013			$3,818,390.00		$3,818,390.00
2014			$3,818,390.00		$3,818,390.00
2015			$1,909,195.00		$1,909,195.00
TOTAL:			**$17,500,954.00**		**$17,500,954.00**

American Recovery and Reinvestment Act (ARRA) Funding – ☐ **YES** ☒ **NO**

OCR USE
FA

Agency Contact & Telephone #

Marlene Alvarez- Manager of Procurement & Contracting
Tennessee Department of Finance & Administration,
Benefits Administration
312 Rosa L. Parks Avenue, Suite 2600
Nashville, Tennessee 37243
615.253.8358

Agency Budget Officer Approval (there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Speed Code	Account Code
Multiple Speedcodes	78901000

Contractor Ownership/Control

☐ African American ☐ Person w/ Disability ☐ Hispanic ☐ Small Business ☐ Government

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☐ Asian	☐ Female	☐ Native American	☐ NOT Minority/Disadvantaged	☐ Other

Contractor Selection Method

☒ RFP

☐ Competitive Negotiation *

☐ Alternative Competitive Method *

☐ Non-Competitive Negotiation *

☐ Other *

***Procurement Process Summary**

The contract was procured through the RFP process.

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
AND LOCAL GOVERNMENT INSURANCE COMMITTEE
AND
CAREMARKPCS HEALTH, L.L.C.

This Contract, by and between the State of Tennessee, State of Tennessee, State Insurance Committee, Local Education Insurance Committee, and the Local Government Insurance Committee, hereinafter referred to as the "State" and CaremarkPCS Health, L.L.C., hereinafter referred to as the "Contractor," is for the provision of a pharmacy benefits manager for the Public Sector Plans, as further defined in the "SCOPE OF SERVICES."

The Contractor is a limited liability company.
Contractor Federal Employer Identification or Social Security Number: 75-2493381
Contractor Place of Incorporation or Organization: Delaware

A. SCOPE OF SERVICES:

A.1. The Contractor shall provide all service and deliverables as required, described, and detailed by this Scope of Services and shall meet all service and delivery timelines specified in the Scope of Services section or elsewhere in this Contract.

A.1.1. The Contractor shall provide pharmacy benefit management services, which shall include custom clinical programs as required, pharmacotherapy adherence, formulary management and a state-of-the-art online Point-of-Sale (POS) pharmacy claims processing system. This POS system shall include a state-wide retail pharmacy network, prospective/concurrent drug utilization review (DUR), retrospective drug utilization review (Retro-DUR), reporting capabilities, adjudication capabilities, and full pharmacy benefit member services for retail, mail order and specialty pharmacy benefits for members of the Public Sector Plans.

A.2. **Pharmacy Benefit and Policies**

A.2.1. The State will determine all pharmacy benefits and related policies. If the Contractor has a question on policy determinations, benefits, or operating guidelines required for proper performance of the Contractor's responsibilities, then the Contractor shall request a determination in writing from the State. The State will then respond in writing making a determination within thirty (30) days. The Contractor shall then act in accordance with such policy determinations and/or operating guidelines.

A.2.2. The State will have the sole responsibility for and authority to clarify and/or revise the Plan Documents (located on the State's website at www.state.tn.us/finance/ins/publications.html), which governs the structure of the pharmacy benefits available to members. It is understood between the parties that the program cannot and does not cover all benefit situations. In a case where the benefits are not referenced or are not clear, the Contractor shall clarify the State's intent with the State. The State shall have the exclusive and final authority to interpret the Plan Documents.

A.2.3. Unless otherwise directed by the State in writing, the Contractor shall not attempt to interpret statutes, regulations, plan documents, or policy materials. Rather, the Contractor shall refer, in writing, all questions regarding a policy interpretation to the contact designated by the State within one (1) business day of discovery of the issue in question.

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A.2.4. The Contractor shall possess and maintain full Pharmacy Benefit Management accreditation status with URAC, formerly the Utilization Review Accreditation Commission, during the entire term of this contract.

A.3. **Plan Implementation**

A.3.1. The pharmacy benefit for the Public Sector Plans will take effect and be fully operational thirty (30) days prior to the "go-live" date specified in Contract Section A.30. (Project Deliverables/Milestones).

A.3.2. The Contractor shall implement the systems required to process all Public Sector Plan pharmacy claims and all other services described herein. The Contractor shall work with the State to ensure that the program satisfies the functional and informational requirements as outlined by this Scope of Services, by the State and in the Plan Document.

A.3.3. The Contractor shall provide a dedicated full-time implementation team. All of the Contractor's implementation team members shall have participated, as team members, in the implementation of pharmacy benefit services for at least one other large employer (i.e. employers with pharmacy plans covering at least 100,000 lives). The Contractor's implementation team shall include a full-time licensed Pharmacist dedicated to this contract, and a full-time Account Manager dedicated to this contract, who will be the main contact with the State for all of the day-to-day matters relating to the implementation and ongoing operations of the contract. Also, the Contractor shall assign an Information Systems Project Coordinator (i) to serve as backup to the Account Manager and (ii) to coordinate activities among the Contractor and the State's existing vendors and all the internal and external participating and affected entities. The Account Manager should be dedicated full-time to this implementation project. Other implementation team members should be available as needed during the implementation but should be dedicated full-time to this project at least 60 days prior to go-live and one month after go-live.

A.3.4. All key Contractor project staff shall attend a project kick-off meeting at the State of Tennessee offices in Nashville, TN within the first thirty (30) days after the contract start date. State project staff shall provide access and orientation to the Public Sector Plans and system documentation, as requested by the Contractor.

A.3.5. The Contractor shall provide a project implementation plan to the State no later than thirty (30) days after the Contract start date. The plan shall be electronically maintained, daily, in Microsoft Excel or Microsoft Project. The plan shall detail all aspects of implementation, which includes all tasks with deliverable dates necessary to satisfactorily install the program no later than the go-live date specified in Contract Section A.30. (Project Deliverables/Milestones) and a description of the members on the transition team and their roles. The plan shall include a detailed timeline description of all work to be performed both by the Contractor and the State. This plan shall require written approval by the State. At a minimum, the implementation plan shall provide specific details on the following:

a. Identification and timing of significant responsibilities and tasks;
b. Names and titles of key implementation staff;
c. Identification and timing of the State's responsibilities;
d. Data requirements (indicate type and format of data required);
e. Data conversion plan including procedures for testing the conversion data;
f. Identification and timing for the testing, acceptance and certification of receipt of State's eligibility through Edison;
g. Identification and timing for testing and certification of claims payment and reconciliation process;
h. Drug formulary development consistent with the State pharmacy benefit;
i. Plan member communications;
j. Schedule of in-person meeting and conference calls;

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k. Transition requirements with the incumbent health plans; and

l. Staff assigned to attend and present (if required) at annual transfer/ educational sessions.

A.3.6. The Contractor shall schedule an implementation meeting on-site at the State of Tennessee offices in Nashville, TN no later than sixty (60) days prior to the pharmacy benefit go-live date.

A.3.7. The Contractor shall provide for a comprehensive operational readiness review (pre implementation audit) by the State, and/or its designee, at least sixty (60) days prior to the pharmacy benefit go-live date. [redacted] the comprehensive readiness review to ensure the plan design, eligibility and financial contract terms have been set up correctly. Such review by the State, and/or its designee, may include, but not be limited to, an on-site review of the Contractor's operational readiness for all services required in this contract (e.g. claims processing and payment, customer services, Contractor staff education, website development, etc.). The review may also include desk reviews of documentation that includes but is not limited to:

a. Interview Guide;

b. Policy and Procedures Manual;

c. Information systems; and

d. Any and all deliverables required under this Contract.

A.3.8. At its discretion, the State may conduct an additional, pre-implementation review of the Contractor's progress towards fulfilling the IT and telecommunication technology requirements of this Contract.

A.3.9. Contractor shall participate in all readiness review activities conducted by State staff and/or the State's designee to ensure the Contractor's operational readiness for all services required in this contract. The State will provide the Contractor with a summary of findings that may include areas requiring corrective action prior to the pharmacy benefit go-live date. The Contractor shall ensure that the State has the opportunity to thoroughly test the system prior to the go-live date and that any findings identified by the State are resolved prior to the go-live date.

A.3.10. The Contractor shall host one or more officials of the State (or agents of the State) onsite at its Call Center during the week preceding and/or the three weeks following the pharmacy benefit go-live date. These officials will help to coordinate activities with Benefits Administration staff and the Call Center. The State will be responsible for the costs of travel, food, and lodging for these officials as well as providing their own laptop computers with all necessary software required to access State of Tennessee services and systems available only via the State Intranet. The Contractor shall provide onsite workspace and access to a telephone, fax, copy machine, and Internet connection.

A.3.11. The Contractor shall conduct status meetings concerning project development, project implementation and Contractor performance at least bi-weekly during implementation and daily for the first month following the go-live date, unless otherwise approved by the State. Thereafter, all ongoing operational meetings shall be conducted on a State specified schedule, but shall occur no less than once a month. Such meetings shall be either by phone or on-site at the offices of the State, as determined by the State and shall include the Account Manager, Pharmacist and appropriate systems staff. [redacted]

A.3.12. No later than forty-five (45) days post-implementation, the State will complete an Implementation Performance Assessment, which will be provided by the Contractor. This assessment will be used to document the State's satisfaction with the implementation process.

A.4. **Staffing**

A.4.1. The Contractor shall provide an ongoing dedicated, full-time Account Team that can provide daily operational support as well as strategic planning and analysis. All members of the Account Team shall have previous experience administering pharmacy benefits for large employers (i.e. employers with over $250 million in pharmacy benefits claims annually). The Account Manager and the Chief Pharmacist should be dedicated full-time to the State throughout the full term of the contract. It is acceptable for other account team members (IT, Communications, etc.) to manage other responsibilities in addition to serving the State.

A.4.2. The Account Team shall be available for consultation with the State during the hours of 8:00 a.m. to 4:30 p.m. Central Standard Time, Monday through Friday, as required to fulfill the scope of services specified in this Contract.

A.4.3. The Contractor shall designate a dedicated full time licensed Chief Pharmacist as a member of the ongoing account team. This individual shall have over 5 years experience working at the executive level for a PBM and shall have the responsibility for providing the State with clinical pharmacological advice in the review and development of a specific formulary for the State Plans, pharmacy benefit design and utilization review activities to include Prior Authorization (PA), Step Therapy and other innovative approaches to managing the prescription drug benefits for the Public Sector Plans.

A.4.4. The Contractor shall designate a dedicated full time Account Manager as a member of the ongoing account team. The Account Manager shall be a member of the implementation team in order to ensure a seamless transition from implementation to ongoing operations.

A.4.5. The dedicated Account Manager shall have the responsibility and authority to manage the entire range of services discussed in this Contract and shall respond promptly to changes in benefit plan design, changes in claims processing procedures, or general administrative problems identified by the State.

A.4.6. At a minimum, the Account Manager shall meet in person with the State once a month and more often if required by the State. At its discretion, the State may allow the Contractor to participate in such meetings by teleconference.

A.4.7. The Contractor shall survey the State annually during the contract period to determine the State's satisfaction with the ongoing account team.

A.4.8. The Contractor shall train all Contractor staff and sub-contracted staff regarding all applicable aspects of the Public Sector Plan Pharmacy Program. The State may approve or disapprove the Contractor's Subcontractors or its staff assigned to this Contract prior to the proposed staff assignment. All Subcontractors must be approved by the State in writing prior to the performance of any work required under this contract. These requirements shall be applied to Contractor staff and subcontracted staff directly providing core PBM services that touch or affect the member, benefit or process such as pharmacy help desk and claims processing and does not apply to staff providing tertiary services such as janitorial, office supplies or printing.

A.4.9. The State may direct the Contractor to replace staff members or subcontractors providing core PBM services, as it deems necessary and appropriate. The decision of the State on these matters shall not be subject to appeal.

A.4.10. Key personnel commitments (i.e. Implementation or Ongoing Account Manager and Chief Pharmacist) made in the Contractor's proposal shall not be changed unless the Contractor receives prior written approval from the State. The Contractor shall notify the State at least ten (10) business days in advance, or as soon as the information is available, of proposed changes and shall submit justification (including proposed substitutions) in sufficient detail regarding education and experience equal to previous staff to the State to evaluate the impact upon the Contract. The decision of the State on these matters shall not be subject to appeal.

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A.4.11. If any key positions become vacant, then the Contractor shall provide a replacement with commensurate experience and required professional credentials within sixty (60) days of the vacancy unless the State grants an exception to this requirement in writing.

A.4.12. For matters designated as urgent by the State, the Contractor shall provide a response to the State within four (4) hours during normal business hours as listed in A.4.2. During non-business hours the Contractor shall provide a response to the State within twenty-four (24) hours. Staff members, from the respective business unit, with final decision making authority shall provide responses.

A.4.13. The Contractor shall participate in review meetings with the State on a monthly basis for the first six (6) months of the contract, and quarterly thereafter. In these meetings, the Contractor's account team and the State will review the operations and financial performance of the Public Sector Plan pharmacy benefit. These meetings will take place at the State of Tennessee offices in Nashville, TN. However, at its discretion, the State may allow the Contractor to participate in such meetings by teleconference.

A.4.14. For its work under this Contract, the Contractor shall employ no employees or contract with subcontractors that are on the U.S. Department of Health and Human Services' Office of Inspector General (OIG) exclusions list unless the Contractor receives prior, written approval from the State.

A.5. **Point-of-Sale Claims Adjudication (for Retail, Mail Order, and Specialty Pharmacy)**

A.5.1. The Contractor shall provide an integrated, electronic retail, mail order and specialty pharmacy Point-of-Sale (POS) claims processing system that can meet the needs of the State and the Public Sector Plans, as outlined by this Scope of Services.

A.5.2. The Contractor shall provide system design, modification, development, implementation and operation for the Public Sector Plan POS system, which uses the specified, current National Council for Prescription Drug Programs, Inc. (NCPDP) format. The Contractor's POS system shall allow it to interface with the existing pharmacy "switch" networks that connect pharmacy providers with the Contractor's system.

A.5.3. The POS system shall automate the entire pharmacy claims processing system and shall price and adjudicate claims online and in real time. The POS system shall adjudicate and process all retail, specialty and mail order electronic point of sale and paper claims incurred during the term of the contract in strict accordance with the State Pharmacy Benefits as contained in the State Plan Document, which is located on the State's website. (www.state.tn.us/finance/ins/publications.html)

A.5.4. The Contractor shall process [redacted] percent [redacted] of POS claims on a daily basis within [redacted] seconds. For this calculation the number of claims processed within [redacted] seconds during each twenty-four (24) hour period shall be the numerator and the number of claims processed during each twenty-four (24) hour period shall be the denominator. To measure compliance with this standard, the Contractor shall measure for each claim the time from when the claim is received by the Contractor's processor to the time the results are transmitted from the Contractor's processor. The Contractor's measure shall reflect the time required for all procedures required to complete claim adjudication.

A.5.5. The Contractor shall notify the State's Project Manager, via e-mail and phone, immediately upon knowledge of unscheduled or unapproved downtime involving more than ten percent (10%) of production for a period greater than 15 minutes. The Contractor shall also provide the State updates at regular intervals during a sustained downtime. The State will be presented with recovery options as appropriate. Upon full system recovery, the Contractor shall provide the State with a System Downtime Analysis describing root cause issues and actions to mitigate future downtime occurrences.

A.5.6. Enrolled network pharmacy providers such as retail pharmacies, specialty pharmacies, outpatient hospital retail pharmacies and mail order pharmacies will be responsible for submitting member claims through point-of-sale telecommunications devices. However, the Contractor shall also process paper claims within thirty (30) days of receipt when submitted by members or for members on behalf of a prescriber.

A.5.7. The Contractor shall ensure that retail network claims submitted by network pharmacy providers will be paperless for the members. The Contractor's agreement with network pharmacy providers shall obligate the network pharmacy providers to submit claims directly to the Contractor.

A.5.8. Regardless of the architecture of its Systems, the Contractor shall develop and be continually ready to invoke a business continuity and disaster recovery (BC-DR) plan. The BC-DR plan shall encompass all Information and Communications Technology as defined in this Contract. At a minimum the Contractor's BC-DR plan shall address the following scenarios:

a. Central and/or satellite data processing, telecommunications, print and mailing facilities and functions therein, hardware and software are destroyed or damaged;
b. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of transactions that are active in a live system at the time of the outage;
c. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that compromise the integrity of data maintained in a live or archival system; and
d. System interruption or failure resulting from network, operating hardware, software, communications infrastructure or operational errors that does not compromise the integrity of transactions or data maintained in a live or archival system but does prevent access to the System (i.e., causes unscheduled System Unavailability).

A.5.9. The Contractor shall provide the State results of the most recent test of its BC-DR plan thirty (30) days prior to the go-live date. In the event no such test has been executed or the results were not satisfactory to the State, then the Contractor shall periodically, but no less than annually, test its BC-DR plan through simulated disasters and lower level failures in order to demonstrate to the State that it can restore System functions per the standards outlined in this Section of the Contract.

A.5.10. In the event that the Contractor fails to demonstrate in the tests of its BC-DR plan that it can restore system functions per the standards outlined in this Contract, the Contractor shall submit to the State a Corrective Action Plan that describes how the failure will be resolved. The Contractor shall deliver the Corrective Action Plan within ten (10) business days of the conclusion of the test.

A.5.11. The POS claims system shall fully integrate the PA and Step Therapy programs, as described in sections A.10.10 and A.10.11, and have edits to verify eligibility, the current formulary, and claim completeness as claims are submitted.

A.5.12. The Contractor shall confirm eligibility of each member on the basis of enrollment information provided by the State, which applies to the period during which the charges were incurred. On a quarterly basis, the Contractor shall accurately process a minimum of [redacted] percent [redacted] of claims either filed directly by members and/or their prescriber(s), in accordance with the Liquidated Damages section (Contract Attachment B) of this contract. The Contractor shall provide Public Sector Plan pharmacy services only to eligible members. The Contractor shall track member utilization across all participating pharmacy providers (i.e. retail, mail, and specialty) and shall report member utilization to the State at the State's request.

A.5.13. The POS system shall generate a claim pay status of pay, suspend, or deny. The system shall allow a pharmacy to initiate a reversal (void) of a submitted claim. The telecommunications

system supporting the POS function shall be available for claims submissions by pharmacies twenty-four (24) hours-a-day, seven (7) days-a-week (except for regularly scheduled and separately approved downtimes) and shall be accessible and operational no less than [redacted] percent [redacted] of this time. Network pharmacy providers are responsible for purchasing POS hardware, software and all telecommunications linkages. The Contractor shall require all participating network pharmacy providers to have the POS function.

A.5.14. The Contractor shall apply a unique identification number to each claim and any supporting documentation. The Contractor shall use said identification number to recognize the claim for research or audit purposes. The Contractor shall ensure that all claims have been processed to completion (e.g. approved or denied). The Contractor shall ensure that safeguards are in place to protect the confidentiality of member information.

A.5.15. At the point of sale, the Contractor shall identify and deny claims that contain invalid provider numbers. Pharmacy providers shall submit claims and be identified by their individual and specific National Provider Identification numbers (NPI). Prescribers shall be identified on all pharmacy claims by their specific NPI or Drug Enforcement Agency (DEA) numbers, or any other identifying number as required by the State or HIPAA.

A.5.16. The Contractor shall identify and deny claims (unless specifically instructed differently by the State) that contain National Drug Code (NDC) numbers including non-covered drug codes, less-than effective (LTE) drug codes based on the Drug Efficacy Study Implementation (DESI), drug codes which are identical, related or similar (IRS) to DESI drugs and any terminated or obsolete drug codes. Such claims shall reject with situation specific messaging and error codes.

A.5.17. Upon conclusion of this contract, or in the event of its termination or cancellation for any reason, the Contractor shall be responsible for the processing of all claims incurred for eligible Public Sector Plan members rendered during the period of this contract [redacted] and according to the pharmaceutical price quoted for the year in which the pharmacy expense was incurred. The Contractor shall also be responsible for the payment of [redacted] The claims run out period shall commence the last six (6) months of the contract term unless otherwise directed by the State (e.g. beginning 1/1/15 through 6/30/15). In the event of its termination or cancellation for any reason, the Contractor shall be responsible for the processing of all claims incurred for pharmacy claims incurred during the prior term period of this contract. The Contractor shall process incurred claims in one of the two following ways: (1) in the event of a premature contract termination, for six (6) months following the termination date of the contract; or (2) in the event of a normal contract termination, for the last six (6) months of the term of the contract.

A.5.18. The Contractor shall maintain a dedicated toll-free number to support system operations. This Help Desk shall be available twenty-four (24) hours a day, seven days a week to respond to questions and problems from pharmacy providers regarding system operations and claims inquiries. The Contractor shall supply all the required information systems, telecommunications, and personnel to perform these operations. The Contractor's Help Desk and Help Desk representatives/operators shall be located in the United States.

A.5.19. The Contractor shall process all of the State's claims on the same platform during the term of this Contract and shall not transition the State from the claims adjudication platform that they are implemented onto during the term of this contract without prior written approval by the State.

A.6. **Claims Payment and Reconciliation**

A.6.1. The Contractor shall adjudicate claims as payable only if said claims are (i) for eligible members (ii) for approved services (iii) dispensed by in-network pharmacy providers and (iv) and in accordance with the payment rules and other policies of the State. The State will only pay for approved and correctly paid claims, not for rejected or reversed claims. Out of network claims

shall be paid via direct member reimbursement for (i) eligible members (ii) for approved services (iii) and in accordance with the payment rules and other policies of the State.

A.6.2. The Contractor shall pay the claim or advise the provider that a submitted claim is: (1) a "denied claim" (specifying all reasons for denial); or, (2) a claim that cannot be denied or allowed due to insufficient information and/or documentation (specifying all information and/or documentation that is needed from the provider in order to allow or deny the claim). An incomplete claim may be resubmitted with the information necessary to complete the claim. This resubmission shall constitute a new claim only for the purpose of establishing a timeframe for claims processing.

A.6.3. [redacted]

A.6.4. The Contractor shall provide a quarterly report to demonstrate the level of [redacted] pricing, as required in Section A.6.3.

A.6.5. The Contractor shall be responsible for ensuring that any payments funded by the State are accurate and in compliance with the terms of this contract, including the Liquidated Damages section (Contract Attachment B) of this contract; agreements between the Contractor and providers; and state and federal laws and regulations. Claims payment accuracy shall be [redacted] percent [redacted] or higher.

A.6.6. The Contractor shall notify the State within thirty (30) days of a retroactive termination of all claims paid on behalf of the affected plan member during the period covering the retroactivity. The State will require the Contractor to assist the State in the recovery of claims.

A.6.7. For the payment of all claims under this contract, the Contractor shall issue payments in the form of checks and/or Automated Clearing House (ACH) electronic funds transfer against the Contractor's own bank account. The Contractor shall maintain security and quality controls over the design, printing, and mailing of checks, as well as any fraud prevention features of checks. Additional requirements related to payments are listed in Section C.3 of the Contract.

A.6.8. The Contractor shall reimburse network pharmacies in Tennessee within fourteen (14) calendar days of claims receipt for no less than [redacted] percent [redacted] of "clean" claims and within thirty (30) calendar days of claims receipt for 100% of claims.

A.7. **Pharmacy Network**

A.7.1. The Contractor shall establish and maintain its broadest available national pharmacy provider network and a statewide Any Willing pharmacy provider network of retail, 90-day-at-retail, mail order, and specialty pharmacies. The network shall be adequate to provide covered pharmacy services and pharmacy location sites available and accessible in accordance with the Terms and Conditions as set forth by the State and in compliance with Tennessee Code Annotated Section 56-7-2359. The Contractor shall provide this said network through the entire term of the contract, including term extensions.

A.7.2. The Contractor shall execute pharmacy provider agreements with Any Willing pharmacy providers for retail, mail and specialty pharmacies that maintain all federal, state and local licenses, certifications, and permits, without restriction, required to provide pharmaceutical services and shall comply fully with all applicable laws and regulations.

A.7.3. The Contractor shall provide a list of pharmacies participating in the retail, 90-day-at retail, mail, and specialty networks on the Contractor's website at least thirty (30) days prior to the go-live date. The Contractor shall update the list at least quarterly.

A.7.4. The Contractor shall not require the State to mandate the use of mail order pharmacies.

A.7.5. Retail Network:

A.7.5.1. The Contractor shall maintain under contract a network of pharmacy providers to provide the covered services such that in urban areas, at leas[redacted] percent [redacted] of Public Sector Plan members, on average, live within five (5) miles of a retail pharmacy participating in the Contractor's network; in suburban areas, at least [redacted] percent [redacted] of Public Sector Plan members, on average, live within ten (10) miles of a retail pharmacy participating in the Contractor's network; and in rural areas, at least [redacted] percent [redacted] of Public Sector Plan members, on average, live within fifteen (15) miles of a retail pharmacy participating in the Contractor's network. The Contractor shall justify and document all exceptions, which are subject to prior written approval by the State.

A.7.6. 90-day-at-Retail Network:

A.7.6.1. In accordance with Any Willing Pharmacy Act (codified at TCA § 56-7-2359), the Contractor shall allow any willing network retail pharmacies in Tennessee that agree with the Contractor's terms and conditions for mail order pharmacy to participate in a 90-day-at-retail network.

A.7.7. Mail Order Network:

A.7.7.1. The mail order pharmacy shall possess sufficient staff and facilities capable of mailing [redacted] percent [redacted] or more of all Public Sector Plan member prescription orders filled from "clean" prescriptions not requiring pharmacy intervention within three (3) business days and [redacted] percent [redacted] of all prescriptions mailed to eligible Public Sector Plan members shall be dispensed with the correct drug strength and dosage form. The mail order pharmacy shall possess a current license to dispense controlled drugs (Schedule 2, 3, 4 and 5 substances).

A.7.7.2. The Contractor's mail order pharmacy will not be required to dispense prescriptions for greater than a one hundred two (102) day supply of covered drugs, per prescription or refill, subject to the professional judgment of the dispensing pharmacist, limitations imposed on controlled substances, and manufacturer's recommendations. Prescriptions may be refilled providing the prescription states that refills remain. All prescriptions will be filled in accordance with Tennessee state laws and regulations.

A.7.7.3. The Contractor shall guarantee that [redacted]

A.7.7.4. The Contractor shall guarantee that the AWP applied to mail order claims must be the actual National Drug Code-11 of the package size dispensed.

A.7.7.5. The PBM mail order service shall inform the member, the prescriber, and the State if it substitutes products that will result in a member co-pay or plan cost that is greater than the co-pay or plan cost that would have been incurred had the prescription been dispensed as written. The Contractor shall only engage in such substitutions when there are widespread marketplace drug availability issues with the more cost effective product, if there is a member safety issue or if there is a drug interaction or efficacy issue.

A.7.7.6. The mail order pharmacy shall communicate to the member, by phone or e-mail, any delays, beyond three (3) business days, in delivery of prescriptions. Members shall be notified of such delays within twenty-four (24) hours of the discovery of the delay.

A.7.7.7. The mail order pharmacy shall provide members refunds for monies owed back to them instead of maintaining credits at the mail facility.

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A.7.7.8. [redacted]

A.7.7.9. The Contractor shall obtain open refill files from the State's current mail order vendors if available.

A.7.7.10. The Contractor shall maintain a secure website supporting the mail order function, which allows members to access their pharmacy claims and request and pay for refills online. Said website shall be operational no later than thirty (30) days prior to the go-live date.

A.7.8. Specialty Network:

A.7.8.1. The specialty pharmacy network shall be the preferred pharmacy provider of certain drugs. The specialty pharmacy network shall guarantee [redacted] and possess unique clinical monitoring, member assistance, and distribution capabilities.

A.7.8.2. The Contractor or other third-party specialty pharmacy that has a written arrangement with the Contractor may provide specialty drugs. The Contractor shall add new specialty products and the pricing for these products to the list of specialty drugs only after providing written notice the State.

A.7.8.3. Unless otherwise directed by the State, the Contractor shall evaluate additions to its "specialty drug list" using the criteria that the Contractor provided as an explanation in the Contractor's proposal, unless the State approves an alternative approach in advance and in writing.

A.7.8.4. Unless otherwise directed by the State, the Contractor shall limit specialty drugs to a thirty (30) day supply, which it shall provide exclusively via specialty network pharmacies.

A.7.8.5. The contractor shall guarantee that the AWP applied to specialty claims will be the actual NDC-11 of the package size dispensed.

A.7.9. The Contractor shall lock members who meet the Contractor's lock-in guidelines into just one network pharmacy and one prescriber. The Contractor's lock-in guidelines shall be provided to the State for approval during plan implementation. The State and the Contractor shall work together to determine appropriate operational policies and procedures to handle emergency situations as they arise.

A.7.10. The Contractor shall annually provide the State with a GeoNetworks® report showing service and geographic access for the retail network, the 90-day-at-retail network and the specialty network, if applicable. The State will review the pharmacy network structure and shall inform the Contractor in writing of any deficiencies. The State and Contractor shall then mutually develop a plan of action to correct said deficiencies within sixty (60) days from the date the Contractor was first notified of the problem.

A.7.11. The Contractor shall generate and deliver to the State, within ten (10) business days of the end of each contract quarter, a Quarterly Network Changes Report. This report shall include all additions to the network and all pharmacies no longer participating in the network, as well as a reason for the removal.

A.8. **Formulary Management**

A.8.1. The Contractor shall design, develop, implement, administer and maintain the Public Sector Plan formulary, which shall include FDA approved drugs that have been evaluated for inclusion by the Contractor's Pharmacy and Therapeutics (P&T) Committee. The Contractor shall be the

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exclusive formulary administrator for the prescription drug benefit delivered under this contract during its term.

A.8.2. On the date the Contractor assumes full responsibility for the pharmacy benefits program, the Contractor shall assume responsibility for administering and maintaining the formulary, including the State's existing PA criteria and clinical programs.

A.8.3. After receipt of the State's written approval the Contractor shall implement their normal formulary. The Contractor shall allow formulary customizations at the State's request [redacted] including the ability to add over-the-counter (OTC) products.

A.8.4. The Contractor shall monitor Public Sector Plan formulary compliance, report compliance information to the State quarterly, and provide suggestions for improving formulary compliance.

A.8.5. The Contractor shall implement changes to the formulary, Step Therapy, PA and other clinical edit requirements within thirty (30) days of the State's approval or request. Additional time, beyond thirty (30) days may be granted with the state's prior written approval. Changes shall include modifications to the POS system and all supporting systems and documents. The Contractor shall notify pharmacy providers and affected plan members in writing at least fifteen (15) business days prior to the implementation, unless the Contractor and State mutually agree to a shorter notification time. The State must provide prior written approval for all pharmacy provider and member notifications.

A.8.6. The Contractor shall not implement or administer any program that results in the therapeutic switching of members from lower net cost products to higher net cost products. The only exceptions, which much receive approval from the State prior to implementation, include widespread marketplace drug availability issues with the more cost effective product, member safety or efficacy issues.

A.8.7. Final decisions for inclusion or exclusion from the Public Sector Plan formulary shall be at the sole discretion of the State.

A.8.8. Formulary Design and Development:

A.8.8.1. Based on recommendations by the Contractor's P&T Committee, the Contractor shall design the Public Sector Plan formulary to (i) maximize the prescribing and dispensing of safe and clinically effective drugs within each therapeutic class that are the most clinically effective as well as the most cost-effective (ii) focus on moving the more costly drugs, net of rebates, which do not have any significant clinical or therapeutic advantage over others in their class to a higher formulary tier (in certain instances, these drugs may be excluded from the formulary) and (iii) ensure that [redacted] percent [redacted] or more of mail order and 90-day at retail prescriptions and [redacted] percent [redacted] or more of retail prescriptions for multi-source drugs will be dispensed with a generic product. If there is widespread shortage of some generics, the corresponding brands can be counted as single source brands for purposes of this calculation. The exact drugs identified, as well as the time period for which this shortage existed, and the documentation to support the shortage should be provided to the State to allow exclusion of these drugs.

A.8.8.2. The Contractor's P&T formulary review process shall be an evidence-based review of clinical guidelines and medical literature to identify which agents and classes of drugs shall be included on the formulary. Within the classes of drugs determined to be included on the formulary, the Contractor shall determine which drugs within each class are safe, clinically effective, cost rational and provide equivalent clinical outcomes. The Committee's recommendations for inclusion on the formulary shall be based on a thorough review of clinical effectiveness, safety, and health outcomes, followed by an analysis of the relative costs of the drugs in each class under consideration. The Contractor shall, at the State's request, provide the State documentation describing the formulary review process, logic and

methodology utilized by the Contractor's P&T Committee. The Contractor may submit a summary description of the methodology utilized by Contractor's P&T Committee, however, the State retains the right to request additional information from the Contractor.

A.8.8.3. The Contractor shall identify therapeutic alternatives and opportunities for savings and report these opportunities at the quarterly review meetings with the State. The Contractor shall also present recommendations at the quarterly review meetings concerning therapeutic categories that should be avoided with regard to inclusion on the Public Sector Plan formulary, if applicable.

A.8.8.4. The Contractor may modify drugs included on the formulary as a result of factors including, but not limited to, medical appropriateness, manufacturer rebate arrangements, and patent expirations. The Contractor shall notify the State of modifications to the formulary, which will include a statement as to the reason for the modification. In the event that one of the top twenty drugs (by prescription volume) utilized by eligible members is being removed, the Contractor shall provide a more detailed analysis justifying the proposed removal of the drug from the formulary including financial analysis, member disruption analysis and member and pharmacy provider communication strategy.

A.8.8.5. Upon review and approval by the State, the Contractor shall implement formulary management programs, which may include cost containment initiatives, such as therapeutic interchange programs; communications with eligible members, participating pharmacies and/or physicians (including communications regarding generic substitution programs); and financial incentives to participating pharmacies for their participation.

A.8.8.6. The Contractor shall design, develop, implement, administer and maintain a listing of quantity limits for certain preferred and non-preferred drugs. The Contractor shall base this list on therapeutic best practices (current clinical guidelines) or opportunities to reduce the cost of the most appropriate dosage form. The Contractor shall include drugs and quantities on the quantity limits listing in the formulary documents and shall code these limits and pharmacy messaging into the POS system.

A.8.8.7. The Contractor shall, in collaboration with the State, coordinate its formulary development process and criteria with the Contractor's clinical program requirements (PA, Step Therapy, etc.) to ensure consistent processes and minimize member or prescriber impact.

A.8.8.8. The Contractor shall ensure that the Public Sector Plan pharmacy program and POS system include provisions for the dispensing of an emergency supply (i.e. early refill, member lost prescription, vacation supply, dose increase, etc.), as described and determined by the Plan Document.

A.9. Benefit Coverage/Plan Design

A.9.1. The Contractor shall support and administer the following if requested by the State:

a. Updated benefit plan design;
b. Co-pays/Co-insurance at retail, 90-day-at-retail, mail and specialty;
c. Mixed co-pays at retail and mail (fixed dollar + %);
d. Minimum/Maximum amounts with co-insurance;
e. Annual Out-Of-Pocket maximums per person and per family;
f. Out-Of-Pocket maximum per Rx;
g. Deductibles on brand name drugs only;
h. Deductibles based on network (deductible applies to 30-day retail only);
i. Therapeutic Class "Maximum Allowable Charges";
j. Therapeutic co-pays/co-insurance for specific drug classes such as asthma and diabetes;

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k. Co-pays/Co-insurance based on previous drug trials (e.g., higher co-pay if claims history does not include trial of first-line/preferred drug/drug class);

l. Co-pays/Co-insurance based on place of service (e.g., incentives to use preferred retail pharmacies, specialty pharmacies, etc.);

m. Co-pays/Co-insurance dependent on member's behavior (e.g. enrollment or stratification level in a disease management program); and

n. Co-pays/Co-insurance on the days supplied (e.g., a mail claim processed for a thirty (30) day supply).

o. Adjudication of pharmacy administrative fees and claims for the delivery of medications typically paid under medical benefits, such as vaccinations.

A.10. **Clinical Programs**

A.10.1. The Contractor shall utilize prescription drug claims data to enhance:

a. Drug utilization review;

b. Pharmacotherapy adherence initiatives;

c. Therapeutic management initiatives; and

d. Gaps in care analysis

A.10.2. The Contractor's clinical program offering shall include:

a. An evidenced-based approach;

b. Compliance (poor adherence);

c. Utilization management programs;

d. Information available via the web;

e. Outcomes data (savings and member impact); and

f. Custom programs based on the State's specific utilization

A.10.3. The Contractor shall provide clinical management utilization programs specific for specialty drugs/self-administered injectable medications. A clinician shall be available, through the specialty network pharmacy, to patients taking specialty medications twenty-four (24) hours a day, seven (7) days a week.

A.10.4. Unless otherwise directed by the State, the Contractor shall implement, no later than ninety (90) days after the go-live date, pharmacotherapy adherence programs for the following conditions: asthma, diabetes mellitus, chronic obstructive pulmonary disease, hypertension, and conditions requiring specialty pharmacy products and services. The Contractor's pharmacotherapy adherence programs shall target both members (e.g., by mail, email, and/or phone contacts) and providers (e.g., providing profile information, list of members with unfilled scripts or refills, etc.). The Contractor shall design pharmacotherapy adherence programs proven to: optimize the health status of members, therefore reducing the need for high cost medical intervention; assist members in obtaining prescriptions promptly; assist members in taking prescriptions as prescribed in terms of dose, dosing interval, and duration of treatment; identifying factors that decrease adherence; assisting members in understanding the importance of adherence; and working with physicians to eliminate factors decreasing adherence such as complicated dosing or unaffordable medications.

A.10.5. The Contractor shall provide a written report quarterly to the State which details the number and type of pharmacotherapy adherence interventions (including summary information by age, sex, condition, plan type, etc. and detailed breakouts by unique member). The Contractor shall also provide its estimates of the State's return on investment (ROI) for each of the pharmacotherapy adherence programs. If the ROI does not equal the State's investment, the Contractor shall work with the State to make improvements to the programs that impact the ROI.

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A.10.6. The State reserves the authority to "carve out" any of the pharmacotherapy adherence programs during the term of the contract upon a ninety (90) day notice to the Contractor. If the State notifies the Contractor of its intention to exercise this option, the Contractor shall remain responsible for the performance of the pharmacotherapy adherence programs up to the go-live date of the carve-out. Contractor fees (Contract Section C.3) will be adjusted due to this reduction in service requirements.

A.10.7. The Contractor shall provide a Therapeutic Substitution and Generic Dispensing Program with provisions for written, phone, and/or face-to-face contact with prescribing physicians and plan members in order to advise them of the potential saving resulting from substituting a costlier drug with a lower cost medically appropriate alternative drug. The Contractor shall report results of the program to the State on an annual basis. The Contractor shall receive approval from the State prior to implementing member-targeted activities.

A.10.8. The Contractor shall guarantee a minimum annual increase in generic utilization of no less than [redacted] percent [redacted] for the first three (3) years of the contract and no less than [redacted] percent [redacted] for the last two (2) years of the contract.

A.10.9. The Contractor shall only communicate with members about pharmacotherapy alternatives or alternative places of service when a change will save both the member and State monies (net of co-pays).

A.10.10. Step Therapy

A.10.10.1. The Contractor shall administer and maintain a Step Therapy program that promotes the use of the most cost-effective drug therapy for a specific indication, regardless of drug class.

A.10.10.2. At the State's request, the Contractor shall implement a Step Therapy program, targeting all brands, for the following drug classes: Proton Pump Inhibitor's (PPIs), Angiotensin II Receptor Blockers (ARBs), Angiotensin-Converting Enzyme (ACE) Inhibitors, Cholesterol lowering medications, Antidepressants, Antihyperlipidemics, Pain (Rheumatoid Arthritis/Osteoarthritis), Antiasthmatics, and Narcotic and central analgesics. At the State's request, additional drug classes may be targeted for Step Therapy at any time during the term of the contract and shall be implemented by the Contractor [redacted] All members using PPIs prior to the go-live date shall not be subject to the PPI Step Therapy program (i.e. they will be "grandfathered" in).

A.10.10.3. As the formulary is re-evaluated and/or expanded, the Contractor shall develop proposed Step Therapy criteria for non-preferred drugs and certain preferred drugs and present those criteria to the State for review and input (e.g. Non-steroidal Anti-inflammatory Drugs). The Contractor shall base these recommendations on therapeutic best practices and drive utilization to the most cost effective agents or classes.

A.10.10.4. The Contractor shall describe the drugs and the criteria included in the Step Therapy program on all formulary documents. The Contractor shall code these criteria into the POS system such that the system shall have an edit on all drugs in the target classes that pharmacy providers submit for dispensing. Before the new drug may gain approval through a PA, the Contractor shall review the claims history of prior use of a more cost-effective drug and approve the PA only if such evidence is present.

A.10.11. Prior Authorization (PA)

A.10.11.1. The Contractor shall fully disclose, in writing, all PA criteria and procedures to the State during plan implementation.

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A.10.11.2. The Contractor's POS system shall determine whether a prescribed drug requires PA and if so, ensure that the member received the necessary approval prior to authorizing the transaction and permitting reimbursement. All PA services [redacted]

A.10.11.3. The Contractor shall ensure that Call Center staff evaluates [redacted] percent [redacted] of all urgent PA requests and notifies the prescribing physician within twenty-four (24) hours, in writing or via phone or fax. The Contractor shall ensure that the Call Center staff evaluates [redacted] percent [redacted] of all non- urgent PA requests and notifies the prescribing physician within forty-eight hours, in writing or via phone or fax. The Contractor shall implement an agreed upon set of edits and PA criteria on the go-live date. Additional PA edits may be implemented at the State's direction at any point during the term of this Contract [redacted]

A.10.11.4. The Contractor shall submit a quarterly PA report, which includes PA statistics including, but not limited to the number of PAs submitted, the number approved and denied and the purpose of the PA (clinical edit, emergency override, etc.).

A.10.12. The State has the ability to "opt-out" of any clinical program.

A.10.13. Prior to implementing any program or service for which the Contractor receives external funding, the Contractor shall disclose the details of such program and such sources of external funding to the State. The State shall have the authority to opt-out of any such program that the State determines is not in the best interest of its members.

A.10.14. The Contractor shall support the State's efforts to develop a Medication Therapy Management (MTM) program. Such assistance shall include providing requested member pharmacy data, communicating with and educating participating network pharmacies, and assisting in the identification of members who should receive MTM services.

A.11. **Prospective/Concurrent Drug Utilization Review (DUR)**

A.11.1. The Contractor shall furnish a fully automated Prospective/Concurrent Drug Utilization Review system that meets all applicable state and federal requirements. The DUR function shall meet minimum federal DUR regulations as well as the additional specifications in Contract Section A.11. and be flexible enough to accommodate any future edit changes required by the State. The Contractor shall recommend to the State, annually at review meetings, new DUR edits that improve quality and reduce pharmacy program costs.

A.11.2. Prior to authorizing claims and permitting reimbursement, the Contractor's system shall provide DUR services that apply State-approved edits to all claims. The edits shall provide clinically appropriate information described in section A.11.3 to the dispensing pharmacist.

A.11.3. The Contractor's POS system shall apply the results of DUR processing in the claim adjudication process. Claims that reject as a result of DUR processing shall include situation specific messaging and error codes that enable the pharmacy provider to take appropriate actions. The Contractor may use an existing DUR package which meets all applicable state and federal requirements but shall make any modifications required by the State. The Contractor's system shall include the following minimum DUR features at installation:

a. Potential Drug Problems Identification - The Contractor's system shall perform automated DUR functions. The system shall automatically identify and report issues to the pharmacy provider including, but not limited to:

i. Problems that involve potential drug overutilization;

ii. Problems that involve therapeutic duplication of drugs when the submitted claim is associated with other drugs or historical claims identified for a given member;

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iii. Problems that involve drug use contraindicated by age, gender and presumed diagnosis codes on historical claims for a given member;

iv. Problems that involve drug use contraindicated by other drugs on current or historical claims for a given member (drug-to-drug interactions);

v. The level of severity of drug-to-drug interactions;

vi. Potentially incorrect drug dosages or a change to the quantity per prescription to ensure the most cost-effective strength is dispensed;

vii. Potentially incorrect drug treatments;

viii. Potential drug abuse and/or misuse based on a given member's prior use of the same or related drugs; and

ix. Early refill conditions and provide, at the drug code level, the ability to deny these claims. The Contractor shall customize refill-too-soon edits.

b. POS Pharmacy Provider Cancel or Override Response to DUR Messages – Prior to the final submission of POS pharmacy claims, the Contractor's system shall automatically generate DUR messages in a manner that shall enable a pharmacy provider to cancel submission of the claim or to submit it if it is a message that can be overridden by the pharmacy.

c. Flexible Parameters for Generation of DUR Messages - The Contractor's system shall have the ability to transmit new or revised DUR messages and to define the DUR criteria that activate these messages.

d. DUR Member Profile Records - The Contractor's system shall provide and maintain member profiles for DUR processing of submitted claims. The Contractor shall base member profiles on presumed diagnoses from pharmacy claims and other data available.

e. Disease/Drug Therapy Issues Screening - The DUR system shall have the capability to screen for drug therapy concerns by specific drugs relative to high-risk diseases, to include but not limited to: cardiovascular disease; diabetes; psychiatric disease; and respiratory disease.

f. Patient Counseling Support - The Contractor's system shall present DUR results to pharmacy providers in a format that supports their ability to advise and counsel members appropriately.

A.12. Retrospective Drug Utilization Review (Retro-DUR)

A.12.1. The Contractor shall provide a Retrospective Drug Utilization Review (Retro-DUR) program supported by licensed clinical pharmacists. The Contractor shall develop, maintain and update a set of evidence-based clinical criteria, which the Contractor shall use to detect potential problems such as poly-pharmacy and related over-utilization, underutilization, drug-to-drug interactions, therapeutic duplications, incorrect drug dosage and duration of treatment, possible fraud and abuse issues, and other instances of inappropriate drug therapy as may also be related to a member's age or disease state. The Contractor's Retro-DUR system shall:

a. Provide provider practice analyses that includes identification of key performance indicators such as generic dispensing rate, controlled substances, formulary compliance, etc.;

b. Trend providers' prescribing habits and identify those who practice outside of their peers' norm;

c. Identify patients who may be abusing resources through poly-pharmacy utilization patterns or visiting multiple providers;

d. Identify patients with excessive use of controlled substances or other highly abused medications;

e. Produce reports that detail patient and prescriber trends and that identify potential quality of care problems and/or potential fraud and abuse; and

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f. Have in place an intervention process and a system for tracking prescriber response to the interventions.

A.12.2. The Contractor shall utilize the evidence-based clinical criteria to conduct quarterly prescriber and member profile reviews. The State and the Contractor shall mutually agree on the number of member and prescriber profile reviews to be conducted at the quarterly review meeting. The Contractor will notify the State in writing of the focus of, and methodology to be used in, the profile reviews at least thirty (30) days prior to the initial review start date.

A.12.3. The Contractor shall complete quarterly prescriber and member profile reviews and distribute results/interventions, as recommended by the Clinical Pharmacist, to prescribers within ninety (90) days of the end of the quarter. The Contractor shall implement Interventions designed to address problems identified during profile reviews. These interventions may include mailings, phone calls, faxes, or face-to-face visits. Other interactions may occur after receiving approval from the State. Mailings shall consist of an intervention letter to the prescriber and/or pharmacy provider detailing the reason for the letter, the purpose of the intervention and providing educational Information. Member profile(s) illustrating the potential problem and suggesting corrective action may also be included. The State will approve any summaries, correspondence or other documents produced as a result of the review process prior to their distribution.

A.12.4. The Contractor shall maintain a system capable of tracking all interventions and determining cost savings related to the specific interventions.

A.12.5. DUR and Retro-DUR Reporting

A.12.5.1. The Contractor shall have a quailfied DUR Clinical Pharmacist, dedicated to the Public Sector Plan, prepare presentations and attend meetings with the State to present DUR and Retro-DUR data, findings, utilization, and recommendations for improvement. Such presentations shall occur up to four (4) times annually, as requested by the State. The Contractor shall present, at a minimum, the following reports/information for each of the State sponsored plans, which shall convey rolling twelve (12) month trends. The State and the Contractor shall review the Contractor's methodology and develop a mutually agreeable process to calculate the savings associated with each clinical edit following contract award.

a. Utilizing-members data;
b. Utilization by age demographics;
c. Utilization by top twenty (20) therapeutic classes determined both by number of claims and by payment amount;
d. Top twenty (20) drugs as ranked by claim count and by total payment;
e. DUR data including totals of DUR messages sent and savings associated with the top twenty (20) drugs associated with each DUR edit;
f. Retro-DUR reviews, summary of the interventions and estimated cost savings information as associated with both member and provider profile review and Interventions;
g. Distribution of Clinical Alerts as prepared monthly by the Contractor's Clinical Management staff; and
h. Any additional reports included in the Contractor's standard DUR reporting package.

A.12.5.2. The Contractor shall report quarterly the outcomes of the Retro-DUR initiatives. The Contractor's system shall track the impact of DUR initiatives by comparing specified data elements pre- and post-intervention. At the State's request, the data elements tracked will vary according to the focus of study and/or type of intervention employed and may include, but shall not be limited to:

a. Drug change within a sixty (60) or ninety (90) day period of the intervention, or within another time period as otherwise directed by the State;
b. Total number of drugs pre- and post- intervention;

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c. Change in dose/dosing frequency of medication within a sixty (60) or ninety (90) day period of intervention or within another time period as otherwise directed by the State;

d. Daily dose of drug in question pre- and post-intervention;

e. Assessment of various interactions (as relevant to the activity) pre- and post-intervention which may include drug-to-drug interactions (e.g., number of drugs identified and severity index), pregnancy interactions, disease state interactions, therapeutic duplications, allergy interactions, and age-related medication problems;

f. Compliance with national guidelines (e.g. percentage of patients with CHF on beta-blocker, diuretic, etc.) depending on the disease state targeted by the Retro-DUR initiative;

g. Generic medication utilization;

h. Emergency supply frequency;

i. Formulary compliance; and

j. Patient adherence as defined by medication possession ratio.

A.13. **Financials**

A.13.1. Other than those addressed in this contract, the Contractor shall not collect any additional fees, rebates, premiums, or revenue from the State of Tennessee.

A.13.2. Ingredient Cost

A.13.2.1. The Contractor shall guarantee the AWP used to price claims will be the one associated with the actual NDC-11 submitted by the pharmacy, and used to fill the prescription. The Contractor shall communicate any exceptions to this rule (e.g., compound prescriptions, etc.) to the State in writing and such exceptions shall be mutually agreed upon by both parties. This requirement applies to retail, mail order and specialty.

A.13.2.2. If using various sources to price claims [redacted]

A.13.2.3. The Contractor shall guarantee that in the event there are changes in the marketplace to the baseline measure used for the ingredient costs of drugs (e.g. AWP) the Contractor shall adjust accordingly to provide an equivalent price so as to maintain the parties' relative economics. The Contractor shall provide notice to the State and the conversion shall be agreed upon in writing before any changes are made.

A.13.2.4. The Contractor shall apply a MAC-list at mail pharmacies and at 90-day-at-retail network pharmacies for generic medications. [redacted] The Contractor shall use the same MAC list for network pharmacies and the State and shall provide the most current MAC list to the State on a quarterly basis in a spreadsheet format.

A.13.2.5. The Contractor shall utilize a brand/generic indicator based on data elements available from only one nationally recognized source like First DataBank, Medi-Span, etc. unless a change in the indicator will lower the price for the State or the State agrees that the change is acceptable.

A.13.2.6. The Contractor shall guarantee that actual reimbursement rate to network pharmacies for pharmaceuticals [redacted]

A.13.2.7. The Contractor shall apply "lowest-of-pricing" logic at retail, mail, 90-day-at-retail, and specialty pharmacies, which means that the plan and plan members will pay the lesser of (i)

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co-pay/co-insurance, (ii) contracted rate (discounted average wholesale price (AWP)), or maximum allowable cost (MAC), if available) plus dispensing fee or (iii) Usual and Customary (U & C). In no event will the member or plan cost share be greater than the contracted cost.

A.13.2.8. The Contractor shall not charge a minimum co-pay/co-insurance for any mail, retail, 90-day-at-retail, or specialty pharmacy claims.

A.13.2.9. [redacted]

A.13.2.10. The Contractor shall provide, during the first quarter of each calendar year, an annual reconciliation between the average network discounts achieved and the guaranteed average discount amounts for retail, 90-day-at-retail, mail and specialty for the previous calendar year.

A.13.3. Dispensing Fees

A.13.3.1. The Contractor shall provide, during the first quarter of each calendar year, an annual reconciliation between the dispensing fees paid and the guaranteed maximum average dispensing fee amount for the previous calendar year.

A.13.3.2. The Contractor shall adhere to the additional requirements related to dispensing fees listed in Section C.3 of the Contract.

A.13.4. The Contractor shall adhere to rate guarantee requirements listed in Section C.3 of the Contract.

A.14. **Pharmacy Rebates**

A.14.1. Any actions, approved by and implemented at the request of the State, which negatively affect the Contractor's guaranteed rebate amounts, may result in a contract amendment to the Contractor's guaranteed rebate amount. The Contractor shall substantiate the proposed adjustment, and the State must approve the adjustment through a contract amendment. The Contractor shall cooperate with the State by providing any requested documentation to the State, which may be necessary to substantiate the adjustment.

A.14.2. The Contractor shall adhere to the additional requirements related to pharmacy rebates listed in Section C.3 of the Contract.

A.15. **Market Check Provision**

A.15.1. [redacted]

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[redacted]

A.16. **Data Integration and Technical Requirements**

A.16.1. The Contractor shall maintain an electronic data interface with the State's Edison System, for the purpose of processing State member enrollment information [redacted]. When the Contractor requires the exchange of Protected Health Information (PHI) with the State of Tennessee, the State requires the use of second level authentication. This is accomplished using the State's standard software product, which supports Public Key Infrastructure (PKI). The Contractor shall design a solution, in coordination with the State, to connect to the State's Secure File Transfer Protocol (SFTP) server using a combination of the password and the authentication certificate. The initial sign-on and transmission testing will use a password. Certificate testing may also be performed during the test cycle. Subsequent production sign-on will be done using the authentication certificate. The Contractor will then download the file and decrypt the file in its secure environment. The State of Tennessee uses public key encryption with Advanced Encryption Standard (AES) to encrypt PHI. If the State adopts a different or additional encryption standard or tool in the future, the Contractor is expected, with adequate notice, to cooperate with the State to maintain the security of protected information according to all applicable State and Federal standards.

A.16.2. Notwithstanding the requirement to maintain enrollment data, the Contractor shall not initiate data changes to the system without the State's approval. This prohibition shall include, but not necessarily be limited to: initiation, termination, and/or changes of coverage.

A.16.3. At least thirty (30) days prior to the go-live date specified in contract section A.30, the Contractor shall load, test, verify and make available online for use the state's eligibility information. The Contractor shall certify, in writing, to the State that the Contractor understands and can fully accept and utilize the eligibility files as provided by the State.

A.16.4. The Contractor shall maintain, in its computer system, in-force enrollment records of all Public Sector Plan members. Specifically, the Contractor shall perform the following tasks:

A.16.4.1. Daily Enrollment Update: To ensure that State plan members' enrollment records remain accurate and complete, the Contractor commits to retrieve, via secure medium (see A.16.1), daily enrollment data electronic transfer files from the State, in the State's Edison 834 file format (see Contract Attachment C), for members who are maintained in the State's Edison System [files will include full population records for all members and will be in the format of ANSI ASC X12.84, Benefit Enrollment and Maintenance (834), version 004010X095A1, with a few fields being customized by the state].

A.16.4.2. The Contractor shall complete and submit to the State a *Daily File Transmission Statistics Report* (format to be provided by the State), within twenty-four (24) hours of receipt of the file. The Contractor shall submit this report via email to designated State staff.

A.16.4.3. The Contractor and/or its subcontractors, as applicable, shall post [redacted] percent [redacted] of electronically transmitted enrollment updates within one (1) business day of receipt of the daily file and [redacted] percent [redacted] shall be posted within three (3) business days of receipt of the daily file.

A.16.4.4. The Contractor and/or its subcontractors, as applicable, shall resolve all discrepancies identified by the processing of the enrollment file within five (5) business days of receipt of the file from the State. The State and the Contractor shall work to develop a process for responding to invalid or non-processed records.

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A.16.5. State Enrollment Data Match: Upon request by the State, not to exceed four (4) times annually, the Contractor shall submit to the State, in a secure manner, its full file of State members, by which the State may conduct a data match against the State's Edison database. The purpose of this data match will be to determine the extent to which the Contractor is maintaining its database of State members.

A.16.5.1. The State will communicate results of this match to the Contractor, including any Contractor requirements, and associated timeframes, for resolving the discrepancies identified by the data match.

A.16.6. The Contractor shall reconcile, within ten (10) working days of receipt, payment information provided by the State. Upon identification of any discrepancies, the Contractor shall immediately advise the State.

A.16.7. The Contractor shall maintain a duplicate set of all records relating to the pharmacy payments in electronic medium, usable by the State and Contractor for the purpose of disaster recovery. Such duplicate records are to be stored at a secure, fire, flood, and theft- protected facility located away from the storage location of the originals. The Contractor shall update duplicate data processing records, at a minimum, on a daily basis and shall retain said records for a period of sixty (60) days from the date of creation. At the end of the contract term or upon notice of termination or cancellation of this contract prior to the term date, the Contractor shall convey the original and the duplicate data processing records medium and the information they contain to the State on or before the date of termination or cancellation.

A.16.8. The Contractor shall transmit, in a secure manner as approved by the State, prescription drug claims data to the State's current health care decision support system (DSS) vendor and, if directed by the State, to the Department of Finance and Administration, Office for Information Resources in the format detailed in RFP Appendix 7.8 DSS Vendor File Format, or in a mutually agreed upon format. The data feed(s) shall be provided [redacted] The Contractor shall transmit the claims data, via a mutually agreed upon secure methodology no later than fifteen (15) days following the end of the calendar quarter, or more frequently as mutually agreed to by both parties during, and following, the term of this contract until all claims incurred during the term of this contract have been paid. The Contractor shall ensure that all claims processed for payment have complete NDC codes, valid provider identifications, and other identifying variables as contained in the file layout in RFP Appendix 7.8 - DSS Vendor File Format.

A.16.9. The Contractor shall adhere to the additional requirements related to the State's DSS vendor listed in Section C.3. of the Contract.

A.16.10. For each quarter of the contract term, and any extensions thereof, claims data shall meet the quality standards detailed in the Liquidated Damages section of this contract, as determined by the State's health care decision support system vendor.

A.16.11. The Contractor shall provide transmittal of pharmacy data via secure medium to any additional third parties including the State's Third Party Administrator(s) (TPAs), Health Management contractor(s), Mental Health/Substance Abuse contractor(s) or others as identified by the State. Unless otherwise directed by the State and provided the specific data is captured in Contractor's systems, the Contractor shall provide, [redacted] data feeds of pharmacy claims to the third parties during the term of the contract and following the term of this contract until all claims incurred during the term of this contract have been paid. This data shall be provided in the format specified by the State.

A.16.12. The Contractor shall load all current PAs, overrides, and open refills (mail and retail) that exist for current members from all existing PBMs no later than thirty (30) days prior to the go-live date.

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A.16.13. The Contractor shall accept at least one (1) year of historical data from each current PBM contractor. This includes, but is not limited to, pharmacy claims history, provider data, recipient data, preferred drug list, PAs, refills, lock-in and reference data. If requested, the data will be used to transfer prescriptions to the Contractor's mail and specialty pharmacy.

A.16.14. The Contractor shall store claims data online for a minimum of twenty-four (24) months post-adjudication, or for a period of time as otherwise approved by the state.

A.16.15. The Contractor shall agree to transfer to the State, within sixty (60) days of notice of termination, all required data and records necessary to administer the plan(s)/program(s), subject to state and federal confidentiality considerations. The transfer may be made electronically via secure medium, in a file format to be determined based on the mutual agreement between State and the Contractor.

A.17. **HIPAA Compliance**

A.17.1. The Contractor shall maintain staff responsible for ensuring HIPAA compliance and resolving HIPAA issues related to this contract.

A.17.2. The Contractor shall ensure that the electronic data processing (EDP) environment (hardware and software), data security, and internal controls meet all present standards, and will meet all future standards, required by the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104-191. Said standards shall include but not limited to the requirements specified under each of the following HIPAA subsections:

- Electronic Transactions and Code Sets
- Privacy
- Security
- National Provider Identifier
- National Employer Identifier
- National Individual Identifier
- Claims attachments
- National Health Plan Identifier
- Enforcement

The Contractor shall maintain an EDP and electronic data interface (EDI) environment that meets the requirements of this contract and meets the privacy and security requirements of the Health Insurance Portability and Accountability Act of 1996.

A.18. **Privacy & Confidentiality**

A.18.1. These privacy and confidentiality standards apply to all forms of assistance that the Contractor provides.

A.18.2. The Contractor shall develop, adopt, and implement standards, which are, at a minimum, compliant with the HIPAA statute and the HIPAA privacy and security rules in 45 Code of Federal Regulations Part 164, to safeguard the privacy and confidentiality of all Protected Health Information (PHI) about members. For example, the Contractor shall ensure that it does not have completed forms containing PHI sitting in public view, left in unsecure boxes or files, or left unattended in any off-site location (e.g., in an automobile, etc.). The Contractor's procedures shall include but not be limited to safeguarding the identity of members as plan members and preventing the unauthorized disclosure of PHI. The Contractor will comply with the HIPAA amendments in the American Recovery and Reinvestment Act, Public Law 111-5, and any implementing regulations when they become effective.

A.18.3. The Contractor shall not use or further disclose protected health information (PHI) other than as permitted or required by HIPAA and the Business Associate Agreement; or as required by law. Use of PHI for payment, treatment, or health care operations may include disclosure only as permitted by HIPAA, including when such information is strictly necessary to resolve the issue or concern under discussion and the person has adequate permission or legal authority

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to review such information. In the absence of exigent circumstances, the Contractor shall not disclose any member's PHI to another business associate for pecuniary gain unless the State specifically authorizes such disclosures in advance and in writing.

A.18.4. The Contractor shall use appropriate safeguards to prevent the unauthorized use or disclosure of the PHI. Contractor shall report to the State any unauthorized use or disclosure of the PHI.

A.18.5. The Contractor shall mitigate, to the extent practicable, any harmful effect that is known to the Contractor of a use or disclosure of PHI by the Contractor in violation of the requirements of the federal privacy rule.

A.18.6. The Contractor shall provide access to PHI in a "designated record set" in order to meet the requirements under 45 CFR §164.524.

A.18.7. The Contractor shall make any amendment(s) to PHI in a "designated record set" pursuant to 45 CFR §164.526.

A.18.8. The Contractor shall document such disclosures of PHI and information related to such disclosures as would be required to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR §164.528.

A.18.9. The Contractor shall (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains, or transmits, (ii) report to the State any security incident (within the meaning of 45 CFR § 164.304) of which the Contractor becomes aware, and (iii) ensure that any Contractor agent, including any subcontractor, agrees to the same restrictions and conditions that apply to the Contractor with respect to such information.

A.18.10. The Contractor shall not sell Public Sector Plan member or prescriber information unless it is aggregated blinded data, which is not identifiable on a client or member basis. The Contractor shall not use member or prescriber identified or non-aggregated information for advertising, marketing, promotion or any activity intended to influence sales or market share of a pharmaceutical product. The Contractor shall comply with all privacy and security requirements of the Health Insurance Portability and Accountability Act of 1996.

A.19. **E-Prescribing**

A.19.1. The Contractor shall provide services offered through SureScripts, which include formulary look-up, prescription medication history and true electronic prescribing.

A.19.2. The Contractor, through its connection to SureScripts, shall make available, [redacted]o any licensed health care providers and organizations authorized by the State and providing services in the state, a complete prescription medication history.

A.20. **Provider Education**

A.20.1. The Contractor shall develop and implement ongoing, broad-based educational programs and notification processes for the Public Sector Plan prescriber and pharmacy provider community. The Contractor shall design these programs and processes with the goal of improving awareness of Public Sector Plan pharmacy program policies and procedures and increasing formulary compliance rates. Semiannual educational initiatives shall include, but not be limited to: pharmacy provider and prescriber letters, formulary distribution, POS messaging, training sessions, website postings of the formulary and other educational materials. The Contractor shall implement agreed upon communication strategies through direct involvement with prescribers and pharmacy providers via a combination of site visits, telephone support, internet-based application, and direct mail. No later than thirty (30) days prior to the go-live date, the Contractor

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shall submit educational plans and recommended training sessions to the State for review and approval.

A.20.2. Educational topics shall include, at a minimum: PA criteria and processes; how to access and use the formulary; POS edits; Step Therapy criteria and processes; quantity level limits; and specialty medication processes.

A.20.3. The Contractor shall ensure that all prescribers and pharmacy providers have timely and complete information about all drugs on the Public Sector Plan formulary. The Contractor shall make such information available through written materials, Internet sites, and electronic personal data assistants (PDA).

A.20.4. The Contractor shall develop and produce letters and other program materials to be shared with prescribers and pharmacy providers. Such materials shall contain information related to the operation of the Public Sector Plan pharmacy program. The Contractor shall prepare and maintain a document suitable for printing or posting to the State website, which provides the formulary and all applicable drug PA criteria including Step Therapy algorithms. The Contractor shall obtain prior written approval from the State for all materials.

A.20.5. The Contractor shall distribute all PA Call Center toll-free telephone numbers, facsimile numbers, web addresses and e-mail addresses, as well as the appropriate mailing address for PA requests, at all prescriber and pharmacy provider training sessions and education programs.

A.20.6. Annually, the Contractor shall offer recommendations to the State regarding provider education.

A.21. **Appeals**

A.21.1. The Contractor shall maintain a formal two (2) level grievance procedure, by which members and providers may appeal decisions and disputes regarding pharmacy administration and pharmacy benefit coverage. The Contractor shall comply with the appeals provisions set forth in the State's Plan Document. Certain pharmacy issues are not appealable including, but not limited to, co-pay/co-insurance amounts, formulary decisions, and network coverage. The Contractor may subcontract the grievance procedures to an Independent Review Organization.

A.21.2. At least thirty (30) days prior to the go-live date, the Contractor shall provide to the State two (2) written copies describing in detail the Contractor's grievance procedures. The State reserves the right to review the procedure and make recommendations, where appropriate.

A.21.3. The Contractor shall decide pre-service appeals within thirty (30) days and post-service appeals within sixty (60) days. The Contractor shall offer an expedited appeals process. If a denial of coverage or authorization can reasonably be expected to prevent a covered Individual from obtaining urgently needed medications, then a request for an expedited consideration may be submitted by the member, their duly authorized representative or treating physician. The Contractor shall determine if the request qualifies for an expedited review and shall respond with seventy-two (72) hours.

A.21.4. The Contractor shall include notification of a member's right to appeal in any member communications regarding pharmacy benefit coverage decisions.

A.21.5. The State sponsors an appeal process available to members of self-insured plan options after the Contractor's appeal process has been exhausted. The Contractor shall have the appropriate qualified professionals available to participate in the State appeal process and be available to attend the State appeals meetings when requested by the State. The Contractor shall have a qualified individual available to provide support to the State Appeals Coordinator in the research and development of appeals.

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A.21.6. The Contractor shall respond to all inquiries in writing from the State within one (1) week after receipt of said inquiry. In cases where additional information to answer the State's inquiry is required, the Contractor shall notify the State immediately as to when the response can be furnished to the State.

A.22. **Customer Services**

A.22.1. The Contractor shall operate and maintain a dedicated toll-free customer service phone line manned by qualified benefits specialists for State Public Sector Plan member and pharmacy provider inquiries twenty-four (24) hours a day, seven days a week. Contractor personnel shall be trained to answer questions regarding all aspects of the State's pharmacy benefit including, but not limited to, eligibility, plan design, participating pharmacies, clinical programs, pharmacotherapy adherence programs, mail order pharmacy, and the specialty network. The Contractor's toll-free customer service line shall be open and staffed with trained staff at last two (2) weeks prior to go-live. The dedicated toll-free customer service phone number shall become the property of the State of Tennessee upon the termination of this Contract. The Contractor shall transfer said number to the State [redacted] such that the State or its designee can maintain this same number for continuous, uninterrupted use by members needing assistance with pharmacy services after the termination of this Contract.

A.22.2. The Contractor's Call Center and Call Center representatives/operators shall be located in the United States.

A.22.3. The Call Center shall have call management systems and communications infrastructure that can manage the potential call volume and achieve the performance standards described in this Contract.

A.22.4. The Contractor's call management systems shall be scalable and flexible so they can be adapted as needed, within negotiated timeframes where applicable, in response to program, benefit or enrollment changes.

A.22.5. The Contractor's call center shall be equipped with TDD (Telephone Device for the Deaf) or TTY (Teletype) in order to serve the hearing impaired population.

A.22.6. The Contractor's Call Center shall have at least one member services representative who is bilingual in English and Spanish available twenty-four (24) hours a day, seven days a week.

A.22.7. The Contractor's call center shall answer, by a person, [redacted] percent [redacted] of calls within five (5) minutes (300 seconds).

A.22.8. The Contractor shall maintain an Average Speed of Answer (ASA) of less than [redacted] and after the call is answered the Contractor may only put callers on hold in order to (a) make outbound calls as necessary and (b) to research a caller's issue.

A.22.9. The Contractor's Call Center shall maintain a blocked call rate of less than [redacted] percent [redacted] per quarter.

A.22.10. The Contractor's Call Center shall maintain an Abandoned Call rate of not more than [redacted] percent [redacted]

A.22.11. The Contractor shall provide customer service/call center statistics for Public Sector Plan members to the State on a quarterly basis.

A.22.12. The Contractor's call management systems shall provide greeting messaging when necessary. The Contractor may play canned music for the callers while they are on hold; the Contractor shall also play messages about pharmacotherapy adherence, clinical programs that the State has adopted, the Tobacco Quitline, and other subjects as approved by the

State. The Contractor shall not play advertising or informational messages for callers while they are on hold unless approved in advance and in writing by the State (or the State directs the Contractor to play certain messages). Additionally, the Contractor's systems shall provide a message that notifies callers that calls may be monitored by the Contractor and the State for quality control purposes.

A.22.13. The Contractor's call management system shall record and index all calls such that the Contractor can easily retrieve recordings of individual calls based on the phone number of the caller, the caller's name, the date/time of the call, or the Call Center representative who handled the call. The Contractor shall provide a full recording of each call upon the State's request, using only the member's name or identifier to locate the call(s).

A.22.14. The Contractor shall have the ability to allow the State to monitor calls from a remote location.

A.22.15. The system shall transfer calls to other telephone lines as necessary and appropriate, including transfers to Benefits Administration's Service Center and other external Call Centers, as designated by the State.

A.22.16. The Contractor may use an automated interactive voice response (IVR) system for managing inbound calls, provided that the caller always has the ability to leave the IVR system and wait in queue in order to speak directly with a live-voice representative rather than continue through additional prompts. The Contractor's decision tree and menu are subject to State review and approval.

A.22.17. The Contractor shall inform callers of their likely wait times as they enter the queue. Additionally, the Contractor shall have voice-mail capabilities such that Callers can record messages when all Call Center representatives/operators are occupied tending to other callers. The Contractor shall also provide a "dial back" option that allows callers to receive a call back from the next available Call Center representative. Note that calls receiving a call back pursuant to this provision are not counted as "abandoned."

A.22.18. The Contractor shall have the ability to make outbound calls without interrupting the ability of callers to continue to access the Call Center.

A.22.19. The call management system shall enable the logging of all calls, including:

a. The caller's identifying information (e.g., employee ID);
b. The call date and time;
c. The reason for the call (using a coding scheme approved by the State in advance and in writing);
d. The Call Center representative/operator that handled the call;
e. The length of call; and
f. The resolution of the call (and if unresolved, the action taken and follow up steps required).

Additionally, the call management systems shall maintain a history of correspondence and call transactions for performance management, quality management and audit purposes. This history will contain the actual information, a date/time stamp that corresponds to when the transaction took place, the origin of the data management transaction (the State and/or one of its Agent(s), the Customer, etc.) and the Contractor representative/operator that processed the transaction.

A.22.20. The Contractor shall provide members and pharmacy providers with an option on the toll-free telephone number to immediately consult with a licensed pharmacist between the hours of 7am – 7pm CST Monday through Friday. Outside of the hours of 7am – 7pm CST Monday through Friday, members and pharmacy providers will have an option to receive a call back from a pharmacist within one (1) hour. This Help Desk shall be available twenty-four (24)

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hours a day, seven days a week to respond to questions and problems from pharmacy providers and members. The Contractor shall supply all the required information systems, telecommunications, and personnel to perform these operations.

A.22.21. The Contractor's customer service representatives shall have access to an application, which allows them to review alternative drug therapies (i.e., formulary status, generic alternatives available, etc.) and run "test claims" for members who may request this information.

A.22.22. The Contractor shall maintain a full service staff to respond to inquiries, correspondence, complaints, and problems. The Contractor shall answer, in writing, [redacted] percent [redacted] of written (mail and e-mail) inquiries from members concerning requested information, including the status of claims submitted and benefits available through the pharmacy program within five (5) business and [redacted] percent [redacted] within ten (10) days.

A.23. **Member Communication/Materials**

A.23.1. The Contractor shall, in consultation with and following approval by the State, print and distribute all pharmacy benefit member enrollment materials such as I.D. cards, welcome packets, network directories, letters, administrative forms and manuals.

A.23.2. Unless otherwise specified, the Contractor [redacted] related to the design, development, revision, printing, and distribution of all materials that are required to be produced under the terms of the Contract. The Contractor shall ensure that up-to-date versions of all printed materials can be downloaded from its website. This provision excludes enrollment forms, which are the State's responsibility.

A.23.3. At the State's request, the Contractor shall notify members, in writing, of any pharmacy benefit plan changes (i.e. changes to co-pays/co-insurance, formulary changes, etc.) no less than thirty (30) days prior to the implementation of the change.

A.23.4. Postage and production costs incurred by the Contractor, which are the direct result of communications requested by the State for benefit plan changes that have been initiated by the State [redacted] Such costs shall be billed on a monthly basis to the State in addition to regular invoices and shall include substantiating documentation, including a line-item description of the postage and production costs incurred by the Contractor.

A.23.5. The Contractor shall ensure communications sent to members are specific to the State's plan design. Exemption of incidental pieces such as newsletters and health promotional pieces will be considered by the State if the Contractor guarantees that pieces will be generic in nature and do not address State Plan eligibility issues or specific coverage issues.

A.23.6. The Contractor shall have the exclusive responsibility to write, edit, and arrange for clearance of materials (such as securing full time use of a stock photograph used in brochures for perpetuity) for any and all materials contemplated under this Contract.

A.23.7. The Contractor shall distribute materials that are culturally sensitive and professional in content, appearance, and design.

A.23.8. All materials produced by (or at the direction of) the Contractor for use in the course of this Contract are subject to prior, written approval by the State. The Contractor shall provide the State with draft versions of all materials at least fourteen (14) days prior to planned printing, assembly and/or distribution (including web posting). The Contractor shall not distribute any materials until the State issues written approval to the Contractor for the respective materials.

A.23.9. The Contractor shall provide electronic templates of all finalized materials in a format that the State can easily alter, edit, revise, and update, as well as hard copy.

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A.23.10. The Contractor shall, to the extent practicable, use relatively large and legible fonts in its materials. Additionally, the Contractor shall make maximum use of graphics to communicate key messages to populations with limited literacy or limited English proficiency. The Contractor shall also prominently display the Call Center's telephone number in large, bolded typeface and hours of operation on all materials.

A.23.11. Unless otherwise approved in advance by the State, the Contractor shall design all printed materials at the sixth (6.0) grade reading level or lower using the Flesch-Kincaid Index or other suitable metric that the State approves in advance and in writing. The Contractor shall evaluate materials using the entire text of the materials (except return addresses). When submitting draft materials to the State for approval, the Contractor shall provide a certification of the reading level of each piece of material.

A.23.12. The Contractor shall update printed and Web-based versions of all materials no less than quarterly. However, the Contractor shall produce corrected versions of the individual materials at the State's direction. Reimbursement for member materials containing an error, which were approved by the State, shall occur as outlined in Section C.3 of the contract.

A.23.13. Member Identification Cards

A.23.13.1. The Contractor shall provide eligible members with identification cards and shall establish a process that allows enrollees to request replacement cards. The cost of creating and mailing I.D. cards shall be [redacted]

A.23.13.2. Initial member identification cards must be mailed to all eligible members no later than twenty-one (21) days prior to the go-live date. Thereafter, I.D. cards shall be mailed to eligible members no later than ten (10) days from receipt of the new enrollment or change in enrollment. Identification cards shall contain unique identifiers for each member; such identifier shall NOT be the member's Federal Social Security Number.

A.23.13.3. Upon request by the State, the Contractor shall be able to process pharmacy claims using a state-assigned or TPA-assigned ID number on a TPA-issued card in lieu of a separate, PBM-assigned number on a PBM-issued card. The requirements for processing such pharmacy claims using a state-assigned or TPA-assigned ID number on a TPA-issued card shall be no more onerous on or costly to the member, the provider, the TPA(s), and/or the State than the requirements for processing such claims using the PBM-assigned ID number on a PBM-assigned card.

A.23.14. On an annual basis, at least two months prior to the State's annual transfer period, the Contractor shall provide to the State, in electronic format, information regarding the pharmacy benefit. Such information shall include a network list, toll-free customer service number, website, website logon information, information on the retail, 90-day-at retail, mail, and specialty networks, current formulary, clinical program policies and procedures (Step Therapy, PA, etc.), a confidentiality statement, procedures for accessing services, and other updates and/or changes that may be helpful to the State's members.

A.23.15. The Contractor shall mail a welcome packet to all members no later than twenty-one (21) days prior to go-live. Thereafter, all members shall receive a welcome packet within ten (10) days of receipt of their enrollment in the Public Sector Plan pharmacy program. The welcome packet shall include, at a minimum, an I.D. card, a network list, toll-free customer service number, website, website logon information, information on the retail, 90-day-at retail, mail, and specialty networks, current formulary, clinical program policies and procedures (Step Therapy, PA, etc.), and a confidentiality statement.

A.23.16. The Contractor shall use first class rate for all mailings, unless otherwise directed by the State.

A.24. Website

A.24.1. The Contractor shall have available an up-to-date website dedicated to the State's Public Sector Plan pharmacy benefit. The website shall be available on the Internet and fully operational, with the exception of member data/Protected Health Information one (1) week prior to the commencement of claims processing. The Contractor shall design the website to aid prescribers, pharmacists and members in all aspects of the pharmacy program. The Contractor shall update documents posted to the website within five (5) business days of the State's approval of changes to said documents.

A.24.2. The Contractor shall submit the text and screenshots of the website to the State for review and approval at least one (1) month prior to the commencement of claims processing. However, the Contractor shall not re-submit to the State any materials that it plans to post on the website, provided that the State has already reviewed and approved these materials pursuant to this Contract. Additionally, the Contractor shall obtain prior, written approval from the State for any links from the site to a non-governmental website or webpage.

A.24.3. The Contractor shall have the responsibility to "host" the website on a non-governmental server, which shall be located within the United States. The Contractor shall have adequate server capacity and infrastructure to support the likely volume of traffic from plan members without disruption or delay.

A.24.4. To ensure accessibility among persons with a disability, the Contractor's website shall comply with Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d) and implementing regulations at 36 CFR 1194 Parts A-D.

A.24.5. The website shall contain a home page with general pharmacy information with links to dedicated areas for prescribers, pharmacists and members. The Contractor shall utilize appropriate security measures, including password protection, to ensure the protection of member data/PHI. Each area of the website shall contain information that shall answer the most common questions that each group would ask and documents required by each group to utilize the Public Sector Plan pharmacy benefit. This shall include, but is not limited to:

a. Home Page, which includes, but is not limited to:
   - i. General information related to pharmacy benefit, and recent changes occurring within the Public Sector Plan Pharmacy Program;
   - ii. An interactive formulary with links to Clinical Criteria, PA criteria, Step Therapy criteria, and Quantity Limits;

b. Prescriber Page, which includes, but is not limited to:
   - i. An interactive formulary, complete with hot-links from drugs to the PA criteria established for those drugs and also linked to drug specific PA forms and drug specific web-based PA application;
   - ii. A search function, which allows providers to enter a drug name and be routed to the drug in the interactive formulary;
   - iii. Procedures for obtaining PAs, Call Center hours of operation and contact numbers;
   - iv. Printable education material specific to prescribers.

c. Pharmacist Page, which includes, but is not limited to:
   - i. An interactive inquiry system using pharmacy providers' identifying number (i.e. NCPDP, NPI, etc) to verify the status of pending payments, and other supported function(s) as deemed necessary by the State;
   - ii. An online listing of the Contractors MAC drug list;
   - iii. Printable online pharmacy handbook and Provider Education Material specific to Pharmacists;

d. Member Page, which includes, but is not limited to:

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i. A description of the pharmacy benefit including limitations, exclusions and out-of network use;

ii. Current formulary by therapeutic categories;

iii. Information regarding what to do if the member is unable to fill a prescription because PA is required, but has not been obtained;

iv. Printable education material specific to members;

v. List of pharmacies participating in the retail, 90-day-at retail, mail, and specialty networks;

vi. Online search, by address or zip code, to locate the network pharmacies nearest to the member;

vii. Application allowing review of claims history;

viii. Direct reimbursement claim forms for use by eligible members who do not have their identification cards at the point of sale;

ix. Pharmacotherapy alternatives (i.e. formulary status, generic alternatives available, etc.) and cost of each; and

x. Amounts the State paid for their prescriptions.

A.24.6. The website shall also have the following services/capabilities:

a. E-mail notification of next refill to member, and

b. Cost comparison on the web, along with alternatives.

A.25. **Reporting & Systems Access**

A.25.1. The Contractor shall submit monthly operational/performance reports by which the State can assess the Public Sector Plan's activity and performance. The Contractor shall submit reports electronically, and shall include information such as enrollment, utilization, prescription sources and types, plan expenses, member demographic information and other information as requested by the State. The Contractor and the State shall work to develop a mutually agreeable reporting format. All standard reports shall be distributed to the State within fifteen (15) days of the end of the previous month.

A.25.2. The Contractor shall provide access to any online reporting system to a minimum of three (3) State employees and a maximum of five (5) State employees no later than one (1) week prior to the system go-live date. Additional users may be added at any time at the State's request.

A.25.3. The Contractor shall provide a minimum of three (3) State employees and a maximum of five (5) State employees with access to the Contractor's eligibility system no later than one (1) week prior to the system go-live date. Additional users may be added at any time at the State's request.

A.25.4. To maintain the privacy of personal health information, the Contractor shall provide to the State a method of securing e-mail for daily communications between the State and the Contractor.

A.25.5. The Contractor shall train the three to five State staff with access to the Contractor's system on all Contractor systems and tools no less than (30) days prior to the go-live date however, such training may consist of a demo/training as long as a full walkthrough training is provided no later than three days after go-live. Such training may be delivered remotely or in-person.

A.25.6. At the State's request, the Contractor shall provide reporting specific to the activity and outcomes associated with all of the utilization management tools and programs provided by the Contractor. The Contractor shall deliver such reports to the State within five (5) business days of the State's request. Additional time may be granted with the state's prior written approval.

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A.25.7. The Contractor shall provide the State access to an ad-hoc reporting liaison to assist in the development of reports that cannot be generated using the Contractor's standard reporting package. The Contractor shall deliver such reports to the State within five (5) business days of the State's request. Additional time may be granted with the state's prior written approval. If requested by the State, the Contractor shall deliver up to ten (10) reports annually deemed as "urgent" by the State within twenty-four (24) hours [redacted]

A.25.8. The Contractor shall provide the State a Compliance Report, no later than sixty (60) days following the end of each quarter, which captures performance related to the requirements outlined in the Liquidated Damages section of the Contract.

A.25.9. The Contractor shall provide the State a report, no later than sixty (60) days following the end of each quarter, illustrating the Contractor's compliance with financial terms inclusive of AWP (or its equivalent), discounted ingredient cost and dispensing fees.

A.25.10. The Contractor shall provide the State a report, no later than sixty (60) days following the end of each quarter, illustrating the rebate payments due to the State summarized at the NDC-11 or NDC-9 level.

A.25.11. The Contractor shall provide the State a monthly report describing open service issues at the plan level.

A.25.12. Within thirty (30) days of the contract start date, the Contractor shall provide the State the most recent copy of the Contractor's SAS 70 report. Thereafter, a copy shall be provided to the State annually.

A.26. **Returned Mail**

A.26.1. The Contractor shall ensure that the U.S. Postal Service returns all undeliverable mail and mail forwarding information to the Contractor, not to the State. For all mailing materials, the Contractor shall, unless otherwise directed by the State, use the "Address Service Requested" endorsement as described in Section 507.1.5 of the U.S. Postal Service's Domestic Mail Manual (DMM).

A.26.2. The Contractor shall process all returned mail from any mailings to members or providers to determine if the member or provider has moved, if the Contractor has the wrong address, and/or if the member or provider is communicating other information to the Contractor or to the State. If the U.S. Postal Service indicates that a new address is available, the contractor shall send the member a "Notice of Address Change Instructions" within three (3) business days and communicate the updated address information to the State within thirty (30) days. The Contractor shall track returned mail and shall report monthly to the State the number of pieces of returned mail, the reason the mail was returned and action taken by the Contractor. The Contractor shall include in this report a list of all members whose mail was undeliverable due to an incorrect address provided by the State.

A.26.3. The Contractor shall forward any "undeliverable" mail to the Agency Benefits Coordinator or Benefits Administration as directed by the State.

A.27. **Member Satisfaction Survey**

A.27.1. The Contractor shall perform, following review and approval by the State, member satisfaction surveys. The Contractor shall conduct the survey no more frequently than once during each calendar year at a time mutually agreed upon by the State and the Contractor and shall involve a statistically valid random sample of members. The State reserves the right to review and mandate changes in the survey it feels are necessary to obtain valid, reliable, unbiased results. Those changes may include, but are not limited to, changes in the research design, units of

analysis or observation, study dimension, sample size, sample frame, sample method, coding, or evaluation method. Based upon the results of the survey, the Contractor and the State will jointly develop an action plan to correct problems or deficiencies identified through this activity.

A.28. **Audits and Fraud**

A.28.1. With provision by the State of thirty (30) days notice, and with the execution of any applicable third party confidentiality agreements, the State or its qualified authorized independent auditor (experienced in conducting pharmacy audits) has the right to examine and audit the services and pricing (including rebates) provided by the Contractor to ensure compliance with all program requirements and contractual obligations. For the purpose of audit requirements, Contractor shall include its parents, affiliates, subsidiaries and subcontractors. All eligibility and claims data belong to the State.

A.28.2. At the State's discretion, the State or a qualified authorized designated representative may perform such examination and audits. The State is responsible for the cost of the authorized third party representative for such audits.

A.28.3. The Contractor shall provide access, with thirty (30) days notice from the State, at any time during the term of this contract, and for three years after final contract payment (longer if required by law), to the State's authorized independent auditor to audit the services provided under this contract. The State reserves the right to request that documentation be provided for review at the independent auditor's location, the State's location, or at the Contractor's corporate site.

A.28.4. The State has the right to audit more than once per year if the audits are different in scope or for different services. The State also has the right to perform additional audits during the year of similar scope if requested as a follow-up to ensure significant/material errors found in an audit have been corrected and are not recurring or if additional information becomes available to warrant further investigation.

A.28.5. The State will have access to any data necessary to ensure the Contractor is complying with all contract terms, which includes but is not limited to, one hundred percent (100%) of claims data, which includes at least all NCPDP fields from the most current version and release; retail pharmacy contracts; pharmaceutical manufacturer agreements; mail and specialty pharmacy contracts to the extent they exist with other vendor(s); utilization management reviews; clinical program outcomes; appeals; information related to the reporting and measurement of Liquidated Damages; etc.

A.28.6. Pharmacy rebate audits can include, but are not limited to, review and examination of manufacturer rebate contracts, rebate payments, special discounts, fee reductions, incentive programs or the like with pharmacy manufacturers, and program financial records as necessary to perform an accurate and complete audit of rebates received by the State. Upon request by the State, or its designated authorized independent auditor, the Contractor shall provide full disclosure of rebates received by the Contractor, its affiliates, subsidiaries, or subcontractors on behalf of the State. This disclosure shall include line item detail by NDC-11 and line item detail by pharmaceutical manufacturer showing actual cost remitted and other related claim and financial information as needed to satisfy the scope of the audit.

A.28.7. The Contractor shall disclose to the State's authorized independent auditor any administrative fees or other reimbursements received in connection with any rebates, discounts, fee reductions, incentive programs, or the like received by Contractor as a result of the drug manufacturer payments, which include volume of pharmaceutical use by, or on behalf of, the State. In addition, the Contractor shall, upon request by the State, disclose fees or other reimbursements received in connection with any grants, educational programs or other incentive programs received by the Contractor on behalf of the State.

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A.28.8. The Contractor shall provide reasonable cooperation with requests for information, which includes but is not limited to the timing of the audit, deliverables, data/information requests and the Contractor's response time to the State's questions during and after the process. The Contractor shall also provide a response to all "findings" received within thirty (30) days, or at a later date if mutually determined to be more reasonable based on the number and type of findings.

A.28.9. The State is not responsible for time or any costs incurred by the Contractor in association with an audit including, but not limited to, the costs associated with providing reports, documentation, systems access, or space.

A.28.10. Audits shall include third party confidentiality agreements between the auditor and the party being audited. The State shall provide at least thirty (30) days notice and all parties involved shall sign and execute applicable third party confidentiality agreements prior to such an examination and audit.

A.28.11. If the outcome of the audit results in an amount due to the State, one hundred percent (100%) of the payment of such settlement will be made by the Contractor within thirty (30) days of the Contractor's receipt of the final audit report [redacted] Any amount due the State which is not paid by the Contractor within (30) days of the Contractor's receipt of the final audit report [redacted] Once an audit report is issued the Contractor shall have an opportunity to comment on any findings in the report. If the Contractor disagrees with a finding resulting in a payment to the State, the State will review the Contractor's comments, but if the State retains the original audit findings the Contractor will be responsible for any payment to the State.

A.28.12. The Contractor is expected to assist the State in identifying fraud and perform fraud investigations of members and providers, in consultation with the State, for the purpose of recovery of overpayments due to fraud. Reviews shall include all possible actions necessary to locate and investigate cases of potential, suspected, or known fraud and abuse. In the event the Contractor discovers evidence that an unusual transaction has occurred that merits further investigation, the Contractor shall simultaneously inform the State and the Division of State Audit, in the Office of the Comptroller of the Treasury. The State will review the information and inform the Contractor whether it wishes the Contractor to:

a. Discontinue further investigation if there is insufficient justification; or
b. Continue the investigation and report back to the State and the Division of State Audit; or
c. Continue the investigation with the assistance of the Division of State Audit; or
d. Discontinue the investigation and turn the Contractor's findings over to the Division of State Audit for its investigation.

A.28.13. The Contractor shall refer all media and legislative inquiries of any type to Benefits Administration, which will have the sole and exclusive responsibility to respond to all such queries. However, the Contractor shall respond directly to audit requests from the Comptroller, to audit requests from divisions within the Department of Finance & Administration, and to subpoenas; in all such instances, the Contractor shall copy the Benefits Administration on all correspondence.

A.29. Pharmacy Audits

A.29.1. The Contractor shall audit a random sample of at least 5% of network pharmacies in Tennessee annually. Pharmacies with lesser than, or equal to, 500 scripts per year may be eliminated from

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the sample. The same audits performed on the Contractor's retail pharmacy network will be conducted on the mail order and specialty pharmacies. One-third of the audits, at a minimum, should be field audits.

A.29.2. The Contractor shall establish and maintain a process to detect and prevent errors, fraud or abusive pharmacy utilization by members, pharmacies or prescribers. The Contractor shall contact pharmacies with aberrant claims or trends to gain an acceptable explanation for the finding or to submit a corrected claim. The Contractor shall develop a trend or log of aberrancies that shall be shared with the State. Each quarter the Contractor shall summarize findings from the mutually agreed upon reports and share with the State to address program revisions.

A.29.3. The State may request that the Contractor initiate a field audit when desk audits consistently identify aberrations that cannot be explained by other means or upon requests from legal authorities or regulatory agencies. The objective of the field audit shall include financial recovery, and elimination of the aberrant practice. The Contractor shall have the qualified staff available to conduct field audits or have an agreement with a vendor acceptable to the State within ninety (90) days of the date the Contractor assumes full responsibility for the pharmacy benefits program start date.

A.30. **Due Dates for Project Deliverables**

Unless otherwise specified in writing by the State, the Contractor shall adhere to the following schedule for the deliverables and milestones for which it is responsible under this Contract:

	Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates & Milestone Target Dates:
Plan Implementation			
1.	Pharmacy benefit is fully operational	A.3.1	May 3, 2010
2.	Pharmacy benefit go-live	A.3.1	June 1, 2010
3.	Kick-off meeting for all key Contractor staff	A.3.4	Within 30 days after Contract start date
4.	Implementation plan and timetable	A.3.5	30 days after Contract start date
5.	On-site implementation meeting	A.3.6	April 2, 2010 (On or before)
6.	State readiness review	A.3.7	April 2, 2010 (On or before)
7.	Call center onsite visit	A.3.10	May 24-28, 2010 June 7-25, 2010
8.	Implementation Performance Assessment	A.3.12	July 15, 2010 (On or before)
Staffing			
9.	Account Team satisfaction survey	A.4.7	Annually in January
ROS Claims Adjudication			
10.	Business continuity/Disaster Recovery results	A.5.9	May 3, 2010
Claims Payment and Reconciliation			
11.	[redacted] pricing report	A.6.4	Quarterly after go-live

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	Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates & Milestone Target Dates:
Pharmacy Network			
12.	Network lists available on website	A.7.3	May 3, 2010
13.	Updated network lists	A.7.3	Quarterly after go-live
14.	Mail order website operational	A.7.7.10	May 3, 2010
15.	GeoNetworks® report	A.7.10	Annually in January
16.	Quarterly network changes report	A.7.11	Within five (5) working days of the end of each quarter following go-live
Formulary Management			
17.	Formulary compliance report	A.8.4	Quarterly after go-live
Clinical Programs			
18.	Pharmacotherapy Adherence program implementation	A.10.4	August 30, 2010 (On or before)
19.	Pharmacotherapy Adherence program reporting	A.10.5	Quarterly after go-live
20.	Therapeutic substitution and generic dispensing program reporting	A.10.7	Annually in January
21.	Disclosure of PA criteria and procedures	A.10.11.1	May 3, 2010 (On or before)
22.	PA Reporting	A.10.11.4	Quarterly after go-live
Retro-DUR			
23.	Profile review focus and methodology	A.12.2	30 days prior to initial review start date
24.	DUR and Retro-DUR presentations	A.12.5.1	Up to four (4) times annually, as requested by the State
25.	Retro-DUR Outcomes	A.12.5.2	Quarterly after go-live
Financials			
26.	Annual ingredient cost reconciliation	A.13.2.10	Annually during the first quarter of each calendar year for the previous calendar year
27.	Dispensing fee annual reconciliation	A.13.3.1	Annually during the first quarter of each calendar year for the previous calendar year
28.	Rate Guarantees	C.3.n	Within 90 days following each quarter
Pharmacy Rebates			
29.	Rebate and administrative fee reporting	C.3.q	Quarterly after go-live

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	Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates & Milestone Target Dates:
30.	Rebate annual reconciliation	C.3.r	First quarter each calendar year
Data Integration & Technical Requirements			
31.	Eligibility file acceptance	A.16.3	May 3, 2010
32.	Daily enrollment update	A.16.4.1	Daily after go-live
33.	Daily File Transmission Statistics Report	A.16.4.2	Within 24 hours of receipt of weekly file
34.	State enrollment data match	A.16.5	Up to four (4) times annually, as requested by the State
35.	Duplicate data processing records	A.16.7	On or before the go-live of contract termination or cancellation
36.	Claims data transmission to DSS vendor	A.16.8	15 days following the end of each calendar quarter
37.	Claims data transmission to third parties	A.16.11	Daily, unless otherwise directed by the State
38.	Load PAs, overrides, and open refills	A.16.12	May 3, 2010
39.	Claims data transmission to State	A.16.15	Within 60 days of notice of termination
Provider Education			
40.	Submission of education plans	A.20.1	May 3, 2010 (on or before)
41.	Provider education recommendations	A.20.6	Annually in January
Appeals			
42.	Contractor grievance procedures	A.21.2	May 3, 2010
Customer Services			
43.	Customer service/call center statistics	A.22.11	Quarterly after go-live
Member Communication/Materials			
44.	I.D. cards	A.23.13.2	May 11, 2010
45.	Annual transfer materials	A.23.14	Annually in August
46.	Initial welcome packets	A.23.15	May 11, 2010
47.	Ongoing welcome packets	A.23.15	Within 10 days of receipt of enrollment
Website			
48.	Website go-live	A.24.1	May 25, 2010
49.	State review of website	A.24.2	May 3, 2010
Reporting and Systems Access			

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	Deliverables/Milestones:	Contract Reference(s):	Deliverable Due Dates & Milestone Target Dates:
50.	Operational/Performance reports	A.25.1	Monthly, within 15 days of the end of the previous month
51.	Reporting system access	A.25.2	May 25, 2010
52.	Eligibility system access	A.25.3	May 25, 2010
53.	State staff systems training	A.25.5	May 3, 2010
54.	Compliance report	A.25.8	60 days following the end of each quarter after go-live
55.	Financial terms compliance report	A.25.9	60 days following the end of each quarter after go-live
56.	Rebate payments report	A.25.10	60 days following the end of each quarter after go-live
57.	Open service issues	A.25.11	Monthly after go-live
58.	SAS 70 report	A.25.12	Within thirty (30) days of the contract start date and annually thereafter
Returned Mail			
59.	Returned mail report	A.26.2	Monthly after go-live
Member Satisfaction Survey			
60.	Member satisfaction survey	A.27.1	Annually
Pharmacy Audits			
61.	Network pharmacy audits	A.29.1	Annually
62.	Aberrancy findings	A.29.2	Quarterly after go-live
63.	Field audit staff	A.29.3	August 30, 2010

A.31. **Definitions**

a. **Administrative Fee** – The fee for pharmacy benefit management services paid by the State to the Contractor. The contractor's monthly compensation is [redacted] The State recognizes that clinical program fees and pharmacotherapy adherence fees are not included in the administrative fee. [redacted]

b. **AWP** - Average Wholesale Price is a reference price for prescription drug products. Pharmacy reimbursement can be calculated based on AWP minus a percentage. The AWP amount is provided by commercial publishers of drug pricing data such as First Data Bank or Thomson Medical Economics.

c. **Brand Drug** – A prescription drug product that is not a generic drug as defined below. Generally, the brand drug is the innovator drug product submitted to the FDA for approval. A brand drug is a drug produced and distributed with patent protection or, after the patent protection has ended, represents the original innovator drug before patent protection.

d. **Clean Claim** - A claim received by the PBM for adjudication, and which requires no further information, adjustment, or alteration by the provider of the services in order to be processed and paid by the PBM.

e. **Coinsurance** – That percentage of the charge for each drug dispensed to the member that is the responsibility of the member.

f. **Compound Prescription** – A prescription that is not commercially available in the strength or quantity prescribed by the physician and meets the following criteria: two (2) or more solid, semi-solid, or liquid ingredients, at least one of which is a covered drug that are weighed and measured then prepared according to the prescriber's order.

g. **Control Totals** - The sum of the numbers in a specified record field of a batch of records, determined repetitiously during computer processing so that any discrepancy from the control indicates an error.

h. **Copayment** - That portion of the charge (flat dollar amount) for each drug dispensed to the member that is the responsibility of the member.

i. **Day(s)** – Calendar day(s) unless otherwise specified in the Contract.

j. **DEA Number** - A Drug Enforcement Agency Number is a series of numbers assigned to a health care provider allowing them to write prescriptions for controlled substances. The DEA number is often used as a prescriber identifier.

k. **Denied Claim** – A claim that is not paid for reasons such as eligibility, coverage rules etc.

l. **DESI Drug** - A drug that has been designated as experimental or ineffective by the Food and Drug Administration (FDA).

m. **Disaster** - A negative event or act of nature that significantly disrupts business operations for more than twenty-four (24) hours.

n. **Discounts** – The percentage difference between the applicable AWP for a covered service and (i) the maximum allowable cost ("MAC"), where applicable, or (ii) the contractor's negotiated reimbursement amount with a participating pharmacy for prescription drugs, OTCs and other services provided by such pharmacy to members. The discount excludes the dispensing fee, copayment and sales tax, if any.

o. **Dispensing Fee** – An amount paid by the contractor to a participating pharmacy per claim for providing professional services necessary to dispense medication to a member.

p. **DSS** - A decision support system is a database and query tool.

q. **Drug Utilization Review (DUR)** - A point of sale claim edit to facilitate drug utilization review objectives.

r. **Formulary** – The list of clinically appropriate, cost-rational prescription drugs covered by the SHBP/SEHBP, organized into different 'tiers' or levels indicating how much the member cost share (copayment/coinsurance) will be for each drug.

s. **Generic Code Number (GCN)** - A standard number assigned by First DataBank (a drug pricing service) to each strength, formulation, and route of administration of a drug entity.

t. **Generic Drug** – A drug produced and distributed without patent protection. The generic drug may still have a patent on the formulation but not on the active ingredient. A generic must contain the same active ingredients as the original formulation, and be approved by the FDA. According to the U.S. Food and Drug Administration (FDA), generic drugs are identical or bioequivalent to the brand name counterpart with respect to pharmacokinetic and pharmacodynamic properties. Generic drugs are also referred to as "generics".

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u. **Generic Product Identifier (GPI)** – A six-digit code, which includes all drugs sharing the same chemical composition, in the same strength, in the same form and that are administered via the same route.

v. **HIPAA** - Health Insurance Portability and Accountability Act of 1996 at 45 Code of Federal Regulations Sections 160 and 164.

w. **Ingredient Cost** – Will be defined for the State contract according to the criteria below:

1. For retail, ingredient cost means the lowest of
   - [redacted]
   - [redacted]
   - [redacted]
2. For the contractor's mail order and specialty pharmacies, ingredient cost means the [redacted]
3. Ingredient cost [redacted]

x. **Identical, Related or Similar (IRS)** - Drugs that are identical, related or similar to drugs identified as LTE (less than effective) by the FDA.

y. **Lock In** - A restrictive logic that limits claims at point of sale claims to selected prescribers or pharmacies. Members under this restriction are said to be "locked-in".

z. **Less Than Effective (LTE)** - Drugs that the Food and Drug Administration (FDA) considers to be Less Than Effective because there is a lack of substantial evidence of effectiveness for all labeled indications and for which there is no compelling justification for their medical need.

aa. **Mail Order Service** – A service designed for maintenance drugs taken by members on a regular basis, such as medication to reduce blood pressure or treat asthma, diabetes, or a chronic heart condition.

bb. **Maximum Allowance Cost (MAC)** – The MAC is the unit price that has been established by the contractor for a drug on the MAC drug list. MAC represents a cost management program that sets upper limits on the payment for equivalent drugs available from multiple manufacturers. It is the highest unit price that will be paid for a drug and is designed to increase generic dispensing, to ensure the pharmacy dispenses economically, and to control future cost increases.

cc. **MAC List** – A list of multi-source drugs that are reimbursed at an upper limit per unit price. The list is developed and maintained by the contractor and is usually reviewed quarterly but individual drug prices may be adjusted more frequently. MAC lists vary among PBMs. Considerations for inclusion on the MAC list include: availability of the generic drug from multiple manufacturers; clinical implications of generic substitution; national availability of generic versions; price differences between the brand and generic; therapeutic equivalence; and volume of claims. The State recognizes that the MAC list is different from the MAC list published by the Centers of Medicare and Medicaid Services (also known as the HCFA MAC). A copy of such MAC drug list shall be provided to the State prior to execution of this agreement and on a periodic basis or when requested by the state.

dd. **Member** - Any person who has enrolled in the public sector plan in accordance with State of Tennessee Rules and Regulations.

ee. **Multi-source (MS)** - Brands and generics available from more than one source.

ff. **National Council of Prescription Drug Programs (NCPDP)** - A not-for-profit ANSI-Accredited Standards Development Organization.

gg. **National Drug Code (NDC or NDC-11)** – A universal product identifier. The National Drug Code (NDC) Number is a unique, eleven-digit, three-segment number that identifies the labeler/vendor, product, and trade package size.

hh. **National Provider Identification Number (NPI)** - A 10-position, intelligence-free numeric identifier (10-digit number). The numbers do not carry other information about healthcare providers, such as the state in which they live or their medical specialty.

ii. **Paid Claim** – A claim that meets all plan established coverage criteria and is paid by the PBM and submitted to the plan for reimbursement.

jj. **Pass-Through Transparent Pricing** – An arrangement whereby the client receives the full value (100%) of the contractor's negotiated discounts and dispensing fees at retail, and the full value of rebates. The contractor's only profits are the administrative fee, and any margin they make for mail prescriptions and specialty prescriptions. All financial negotiated retail pharmacy contracts and rebate contracts are fully disclosed to and auditable by the client. The client is protected in this model by requiring guaranteed discounts, fees, and rebates from the PBM Contractor. Discounts and rebates achieved on the client's behalf that exceed the financial guarantees are payable to the client. Dispensing fees that are paid lower than the guaranteed are also passed through to the client. Hence, the financial guarantees are the minimum discounts and rebates the client will achieve and the maximum dispensing fees and administrative fees the client will pay.

kk. **PEMPM** - Per enrolled member per month

ll. **Pharmacy Benefit Manager (PBM)** – A vendor who provides a set of core pharmacy benefit services to a client.

mm. **Pharmacy and Therapeutics (P&T) Committee** - A panel of experts consisting of physicians, pharmacists and clinical experts who assist PBMs in developing formularies and preferred drug lists which are clinically appropriate and cost rational.

nn. **Physician Profiling**- A means of comparing prescribing behaviors (or other medical orders) among doctors in order to benchmark and/or improve quality of care by providing physicians with meaningful information on their clinical performances. Hence, the success of profiling should be measured by evidence of improvement over time in the structures, processes, and outcomes of care. Physician information is often sorted by specialty or diagnosis, and profiling can be used in a managed care setting as an incentive for quality improvement. Physicians are often give data such as that listed below at monthly or quarterly intervals:

- Formulary compliance
- Generic utilization
- mail/retail
- top drugs by cost
- top drugs by # of prescriptions
- total prescriptions
- total cost to the plan

oo. **PMPM** - Per member per month

pp. **Protected Health Information (PHI)** - As defined in HIPAA (45 C.F.R. §§ 160 and 164).

qq. **Point-of-Sale (POS)** – For the purposes of this contract, POS is an integrated, electronic retail, mail order and specialty pharmacy Point-of-Sale claims processing system.

rr. **Prior Authorization (PA)** - A program requirement where certain therapies must gain approval before payment can be authorized.

ss. **Rebates** - All revenue received by the Contractor from outside sources related to the Plan's utilization or enrollment in programs (collectively the "Total Manufacturer Value"). Also, the amounts paid to the contractor (i) pursuant to the terms of an agreement with a pharmaceutical manufacturer, (ii) in consideration for the inclusion of such manufacturer's drug(s) on the contractor's formulary, and (iii) which are directly related and attributable to, and calculated based upon, the specific and identifiable utilization of certain prescription drugs by members. These would include but are not limited to access fees, market share fees, rebates, formulary access fees, administrative fees and marketing grants from

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pharmaceutical manufacturers, wholesalers and data warehouse vendors. Rebates do not include purchase discounts for mail and for specialty drugs and do not include payments for patient care and supplies required for some drugs.

tt. **Retail Pharmacy** – A retail pharmacy establishment at which prescription drugs are dispensed by a registered pharmacist under the laws of each state.

uu. **Retail Pharmacy 90-Day Network** – A network retail pharmacy that offers a 90-day supply of medications for chronic conditions also known as maintenance medications. [redacted]

vv. **Retro-DUR - Retrospective Drug Utilization Review** - A post payment claims analysis to facilitate drug utilization review objectives.

ww. **RFP** - Request for Proposal.

xx. **Single-Source (SS)** - Brands and generics only available from one manufacturer.

yy. **Specialty Drugs** – Medications and biologicals used in the treatment of complex clinical conditions such as cancer, HIV/AIDS, organ transplant, Gaucher's disease and hemophilia. These agents require special handling and/or close supervision or clinical management and tend to be very expensive.

zz. **Spread** - A term applicable to traditional pricing. The concept supports the PBM vendor retaining the differential between negotiated contracts and financial terms offered to the client. For example, the PBM may have a higher discount with pharmacies than it offers to its clients and retain the difference or "spread" as profit. With the traditional model, the "spread" represents the PBMs profit, but the actual amount of this profit may not be fully disclosed to the client.

aaa. **Step Therapy** - The practice of beginning drug therapy for a medical condition with the most cost-effective and safest drug, and stepping up through a sequence of alternative drug therapies as a preceding treatment option fails. Step Therapy programs apply coverage rules at the point of service when a claim is adjudicated. If a claim is submitted for a second-line drug and the Step Therapy rule was not met, the claim is rejected, and a message is transmitted to the pharmacy indicating that the patient should be treated with the first-line drug before coverage of the second-line drug can be authorized.

bbb. **Subcontract** - An agreement entered into by the Contractor with any other organization or person who agrees to perform any administrative function or service for the Contractor specifically related to securing or fulfilling the Contractor's obligations to the State under the terms of this Contract, when the intent of such an agreement is to delegate the responsibility for any major service or group of services required by this Contract.

ccc. **Subcontractor** - Any organization or person who provides any function or service for the Contractor specifically related to securing or fulfilling the Contractor's obligations to the State under the terms of this Contract.

ddd. **Total Manufacturer Value** – See Rebates

eee. **Transparent** – An arrangement pursuant to which the contractor discloses all sources of revenue, including revenue from network pharmacy contracts and from prescription drug manufacturers, directly attributable to and specifically derived from utilization of prescription drugs by the contractor's plan members. Pass-through transparent pricing is fully auditable by the client including all pharmacy and drug manufacturer contracts. Traditional transparent pricing discloses retention of spread but usually does not permit auditing of pharmacy or drug manufacturer contracts nor does it usually disclose the exact dollar amount of the spread retained by the PBM.

fff. **Usual and Customary (U&C)** - Retail price charged by a participating pharmacy for the particular drug in a cash transaction on the date the drug is dispensed.

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ggg. **URAC** – URAC is an independent, nonprofit organization that promotes health care quality through its accreditation and certification programs. Originally, URAC was incorporated under the name "Utilization Review Accreditation Commission." However, that name was shortened to just the acronym "URAC" in 1996 when URAC began accrediting other types of organizations such as health plans and preferred provider organizations.

hhh. **Wholesale Acquisition Cost (WAC)** – List price for wholesalers, distributors and other direct accounts before any rebates, discounts, allowances or other price concessions that might be offered by the supplier of the product.

B. CONTRACT TERM:

19 2/18/10 2/8/10

This Contract shall be effective for the period commencing on February ~~16~~, 2010 and ending on June 30, 2015. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Seventeen Million Five Hundred Thousand Nine Hundred Fifty Four Dollars ($17,500,954.00). The payment rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The payment rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the payment rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The payment rates and the maximum liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology. The Contractor shall be compensated, beginning no earlier than June 1, 2010, based on the payment rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

a. The Contractor's compensation shall be contingent upon the satisfactory completion of units, milestones, or increments of service defined in Section A.

b. The Contractor shall be compensated for said units, milestones, or increments of service based upon the following payment rates. Changes to the methodology used to calculate drug prices shall be allowed by the State when necessary due to market changes in drug price calculations [redacted]

Service Description	Amount (per compensable increment)

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	6/1/10 – 12/31/10	1/1/11 – 12/31/11	1/1/12 – 12/31/12	1/1/13 – 12/31/13	1/1/14 – 12/31/14
FEES [redacted]					
Administration Fee Per [redacted]	[redacted]				
Clinical Fee Per [redacted]					
Pharmacotherapy Adherence Fee [redacted]					
DISPENSING FEES [redacted]					
Retail – Brand	[redacted]				
Retail – Generic					
Mail & 90-day Retail – Brand					
Mail & 90-day Retail – Generic					
All Brand Specialty Pharmacy Claims					
RETAIL NETWORK DISCOUNTS [redacted]					
Brand	[redacted]				
Generic					
MAIL& 90-day Retail NETWORK DISCOUNTS [redacted]					
Brand	[redacted]				
Generic					

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Service Description	Amount (per compensable increment)				
	6/1/10 – 12/31/10	1/1/11 – 12/31/11	1/1/12 – 12/31/12	1/1/13 – 12/31/13	1/1/14 – 12/31/14
	[redacted]				
SPECIALTY NETWORK DISCOUNTS [redacted]					
All Brand Specialty Pharmacy Claims	[redacted]				
REBATES PER CLAIM [redacted]					
All Retail Claim Basis (Brand & Generic)	[redacted]				
All Mail & 90-day Retail Claim Basis (Brand & Generic)					
All Brand Specialty Pharmacy Claims					

c. [redacted]

d. After award of this Contract, the Contractor shall use [redacted]

e. [redacted]

f. [redacted]

g. [redacted]

h. [redacted]

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i. [redacted]

j. [redacted]

k. [redacted]

l. [redacted]

m. [redacted]

n. [redacted]

o. [redacted]

p. [redacted]

q. [redacted]

r. [redacted]

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s. [redacted]

t. If member materials containing an error had been approved by the State in writing and the error was detected after the materials have been mailed, the State [redacted]

u. The State shall reimburse the Contractor for the following, selected actual costs in the performance of this Contract upon Contractor providing documentation to audit actual costs incurred.

(1) Postage. [redacted]

(2) Printing / Production (refer to *pro forma* Contract Section A.23.4.). Subject to compliance with Section E.9. of this Contract [redacted]

Notwithstanding the foregoing, the State retains the option to authorize the Contractor to deliver a product to be printed, approve and accept the product but not use the Contractor to print the material. In those situations, the State shall have the discretion to use other printing and production services at its disposal.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for completed increments of service and for the amount stipulated in Section C.3, above, and as required below prior to any payment.

a. The Contractor shall submit invoices for administration and clinical fees no more often than monthly, with all necessary supporting documentation, to:

Marlene Alvarez, Procurement & Contracting Manager
Tennessee Department of Finance & Administration
Benefits Administration Division
William R. Snodgrass Tennessee Tower
312 Rosa L Parks Avenue, Suite 2600
Nashville, Tennessee 37243

b. The Contractor agrees that each invoice submitted shall clearly and accurately (all calculations must be extended and totaled correctly) detail the following required information.

(1) Invoice/Reference Number (assigned by the Contractor);
(2) Invoice Date;
(3) Invoice Period (period to which all invoiced charges are applicable);
(4) Contract Number (assigned by the State to this Contract);
(5) Account Name: Finance & Administration, Benefits Administration Division;

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(6) Account/Customer Number (uniquely assigned by the Contractor to the above-referenced Account Name);
(7) Contractor Name;
(8) Contractor Federal Employer Identification Number or Social Security Number (as referenced in this Contract);
(9) Contractor Contact (name, phone, and/or fax for the individual to contact with billing questions);
(10) Contractor Remittance Address;
(11) Complete Itemization of Charges, which shall detail the following:

i. Service or Milestone Description (including name /title as applicable) of each service invoiced;
ii. Number of Completed Units, Increments, Hours, or Days as applicable, of each service invoiced;
iii. Applicable Payment Rate (as stipulated in Section C.3.) of each service invoiced;
iv. Amount Due by Service; and
v. Total Amount Due for the invoice period.

c. The Contractor understands and agrees that an invoice to the State under this Contract shall:

(1) include only charges for service described in Contract Section A and in accordance with payment terms and conditions set forth in Contract Section C;
(2) not include any future work but will only be submitted for completed service; and
(3) [redacted]

d. The Contractor agrees that timeframe for payment (and any discounts) begins when the State is in receipt of each invoice meeting the minimum requirements above.

e. The Contractor shall complete and sign a "Substitute W-9 Form" provided to the Contractor by the State. The taxpayer identification number contained in the Substitute W-9 submitted to the State shall agree to the Federal Employer Identification Number or Social Security Number referenced in this Contract for the Contractor. The Contractor shall not invoice the State for services until the State has received this completed form.

C.6. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

C.7. Invoice Reductions. [redacted]

C.8. Deductions. [redacted]

C.9. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other Contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

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D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least sixty (60) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor [redacted]

D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to terminate the Contract and withhold payments in excess of fair compensation for completed services.

a. The State will provide notification of termination for cause in writing. This notice will: (1) specify in reasonable detail the nature of the breach; (2) provide the Contractor with an opportunity to cure, which must be requested in writing no less than 10 days from the date of the Termination Notice; and (3) shall specify the effective date of termination in the event the Contractor fails to correct the breach. The Contractor must present the State with a written request detailing the efforts it will take to resolve the problem and the time period for such resolution. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations. In circumstances where an opportunity to cure is not available, termination will be effective immediately.

b. Notwithstanding the foregoing, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.

D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract below pertaining to "Conflicts of Interest," "Nondiscrimination," and "Records" (as identified by the section headings). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.

D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.

D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the

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grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.8. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any Contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment A, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.

b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this Contract.

e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

D.9. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

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D.10. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

D.11. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

D.12. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.13. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

D.14. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.15. Force Majeure. The obligations of the parties to this Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, natural disasters, riots, wars, epidemics, or any other similar cause.

D.16. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.17. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.

D.18. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.19. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.20. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

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E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by E-MAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or E-MAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:

Marlene D. Alvarez, Procurement & Contracting Manager
Tennessee Department of Finance & Administration
Benefits Administration Division
William R. Snodgrass Tennessee Tower
312 Rosa L. Parks Avenue, Suite 2600
Nashville, Tennessee 37243
Marlene.alvarez@tn.gov
Telephone: 615.253.8358
Fax: 615.253.8556

The Contractor:

Keith Reynolds, Area Vice President
Caremark
301 Princeton Blvd.
Alexandria, VA 22314
keith.reynolds@caremark.com
Telephone # 703.566.0155
FAX # 703.566.1733

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have [redacted]

E.4. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to *Tennessee Code Annotated*, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working

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relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

E.5. Voluntary Buyout Program. The Contractor acknowledges and understands that, for a period of two years beginning August 16, 2008, restrictions are imposed on former state employees who received a State of Tennessee Voluntary Buyout Program (VBP) severance payment with regard to contracts with state agencies that participated in the VBP.

a. The State will not contract with either a former state employee who received a VBP severance payment or an entity in which a former state employee who received a VBP severance payment or the spouse of such an individual holds a controlling financial interest.

b. The State may contract with an entity with which a former state employee who received a VBP severance payment is an employee or an independent contractor. Notwithstanding the foregoing, the Contractor understands and agrees that there may be unique business circumstances under which a return to work by a former state employee who received a VBP severance payment as an employee or an independent contractor of a State contractor would not be appropriate, and in such cases the State may refuse Contractor personnel. Inasmuch, it shall be the responsibility of the State to review Contractor personnel to identify any such issues.

c. With reference to either subsection a. or b. above, a contractor may submit a written request for a waiver of the VBP restrictions regarding a former state employee and a contract with a state agency that participated in the VBP. Any such request must be submitted to the State in the form of the *VBP Contracting Restriction Waiver Request* format available from the State and the Internet at: www.state.tn.us/finance/rds/ocr/waiver.html. The determination on such a request shall be at the sole discretion of the head of the state agency that is a Party to this Contract, the Commissioner of Finance and Administration, and the Commissioner of Human Resources.

E.6. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.

a. The Contractor shall maintain, at minimum, the following insurance coverage:

(1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars ($1,000,000) per occurrence for employers' liability whichever is greater.

(2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate.

(3) Automobile Coverage (including owned, leased, hired, and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars ($1,000,000) per occurrence.

b. At any time State may require the Contractor to provide a valid Certificate of Insurance detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.

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E.7. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.8. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this Contract.

b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA.

c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

E.9. Printing Authorization. The Contractor agrees that no publication coming within the jurisdiction of *Tennessee Code Annotated*, Section 12-7-101, *et. seq.*, shall be printed unless a printing authorization number has been obtained and affixed as required by *Tennessee Code Annotated*, Section 12-7-103 (d).

E.10. State Ownership of Work Products. The State shall have ownership, right, title, and interest, including ownership of copyright, in all work products, including computer source code, created, designed, developed, derived, documented, installed, or delivered under this Contract subject to the next subsection and full and final payment for each "Work Product." The State shall have royalty-free and unlimited rights and license to use, disclose, reproduce, publish, distribute, modify, maintain, or create derivative works from, for any purpose whatsoever, all said Work Products.

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a. To the extent that the Contractor uses any of its pre-existing, proprietary or independently developed tools, materials or information ("Contractor Materials"), the Contractor shall retain all right, title and interest in and to such Contractor Materials, and the State shall acquire no right, title or interest in or to such Contractor Materials EXCEPT the Contractor grants to the State an unlimited, non-transferable license to use, copy and distribute internally, solely for the State's internal purposes, any Contractor Materials reasonably associated with any Work Product provided under the Contract.

b. The Contractor shall furnish such information and data as the State may request, including but not limited to computer code, that is applicable, essential, fundamental, or intrinsic to any Work Product and Contractor Materials reasonably associated with any Work Product, in accordance with this Contract and applicable state law.

c. Nothing in this Contract shall prohibit the Contractor's use for its own purposes of the general knowledge, skills, experience, ideas, concepts, know-how, and techniques obtained and used during the course of providing the services requested under this Contract.

d. Nothing in the Contract shall prohibit the Contractor from developing for itself, or for others, materials which are similar to and/or competitive with those that are produced under this Contract.

E.11. Competitive Procurements. This Contract provides for reimbursement of the cost of goods, materials, supplies, equipment, or contracted services. Such procurements shall be made on a competitive basis, where practical. The Contractor shall maintain documentation for the basis of each procurement for which reimbursement is paid pursuant to this Contract. In each instance where it is determined that use of a competitive procurement method was not practical, said documentation shall include a written justification, approved by the Commissioner of Finance and Administration, for such decision and non-competitive procurement.

E.12. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.

E.13. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

a. The Contract document and its attachments

b. All Clarifications and addenda made to the Contractor's Proposal

c. The Request for Proposal and its associated amendments

d. Technical Specifications provided to the Contractor

e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

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E.14. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;

b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

E.15. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP # 31786-00102 ((Attachment 6.3, Section B, Item B.15.) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Business Diversity Enterprise in form and substance as required by said office.

E.16. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

— failure to perform in accordance with any term or provision of the Contract;
— partial performance of any term or provision of the Contract;
— any act prohibited or restricted by the Contract, or
— violation of any warranty.

For purposes of this Contract, these items shall hereinafter be referred to as a "Breach."

a. Contractor Breach— The State shall notify Contractor in writing of a Breach.

(1) In event of a Breach by Contractor, the State shall have available the remedy of Actual Damages and any other remedy available at law or equity.

(2) Liquidated Damages— In the event of a Breach, the State may assess Liquidated Damages as outlined in Contract Attachment B. The State shall notify the Contractor of amounts to be assessed as Liquidated Damages. The parties agree that due to the complicated nature of the Contractor's obligations under this Contract it would be difficult to specifically designate a monetary amount for a Breach by Contractor as said amounts are likely to be uncertain and not easily proven. Contractor hereby represents and covenants it has carefully reviewed

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the Liquidated Damages contained in above referenced, Attachment B and agree that said amounts represent a reasonable relationship between the amount and what might reasonably be expected in the event of Breach, and are a reasonable estimate of the damages that would occur from a Breach. It is hereby agreed between the parties that the Liquidated Damages represent solely the damages and injuries sustained by the State in losing the benefit of the bargain with Contractor and do not include any injury or damage sustained by a third party. The Contractor agrees that the liquidated damage amount is in addition to any amounts Contractor may owe the State pursuant to the indemnity provision or other section of this Contract.

The State may continue to withhold the Liquidated Damages or a portion thereof until the Contractor cures the Breach, the State exercises its option to declare a Partial Default, or the State terminates the Contract. The State is not obligated to assess Liquidated Damages before availing itself of any other remedy. The State may choose to discontinue Liquidated Damages and avail itself of any other remedy available under this Contract or at law or equity; provided, however, Contractor shall receive a credit for said Liquidated Damages previously withheld except in the event of a Partial Default.

The State may conduct "secret shopper" and other monitoring activities during the operation of this Contract. The State may also assess liquidated damages for breaches of contract that it discovers during these and other activities as outlined in Contract Attachment B.

(3) Partial Default— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. The Notice of Partial Default and termination of services associated with the breach shall advise the Contractor whether the State will provide an opportunity to cure. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold, together with any other damages associated with the Breach, from the amounts due the Contractor the greater of: (1) amounts which would be paid the Contractor to provide the defaulted service; or (2) the cost to the State of providing the defaulted service, whether said service is provided by the State or a third party. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

The State may assess Liquidated Damages against the Contractor for any failure to perform which ultimately results in a Partial Default with said Liquidated Damages to cease when said Partial Default is effective. Upon Partial Default, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount. Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

(4) Contract Termination— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Notice of Partial Default and termination of services

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associated with the breach shall advise the Contractor whether the State will provide an opportunity to cure. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. [redacted] Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

The Termination Notice must (1) specify in reasonable detail the nature of the breach; (2) provide Contractor with an opportunity to cure, which shall be no less than 30 days from the date of the Termination Notice; (3) shall specify the effective date of termination in the event Contractor fails to correct the breach. The Termination Notice may specify that the Contractor shall cease operations under this Contract in stages. Contractor must present the State with a written request detailing the efforts it will take to resolve the problem. This opportunity to "cure" shall not apply to circumstances in which the Contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, or if a cure period would cause a delay that would impair the effectiveness of State operations.

b. State Breach— In the event of a Breach of Contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of Contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract. In the event of Breach by the State, the Contractor may avail itself of any remedy at law in the forum with appropriate jurisdiction; provided, however, failure by the Contractor to give the State written notice and opportunity to cure as described herein operates as a waiver of the State's Breach. Failure by the Contractor to file a claim before the appropriate forum in Tennessee with jurisdiction to hear such claim within one (1) year of the written notice of Breach shall operate as a waiver of said claim in its entirety. It is agreed by the parties this provision establishes a contractual period of limitations for any claim brought by the Contractor.

E.17. Negligent, Reckless, or Willful Acts of Omission.

The Contractor shall have responsibility for overpayments resulting from the negligent, reckless, or willful acts or omissions of the Contractor, its officers, agents or employees, regardless of whether or not such overpayments can be recovered by the Contractor. The Contractor shall repay the State the amount of any such overpayment within thirty (30) calendar days of discovery of the overpayment. Overpayments due to provider fraud or fraud of any other type, other than fraud by employees or agents of the Contractor, will not be considered overpayments for purposes of this Section. The Contractor shall assist in identifying fraud and make reasonable efforts, in consultation with the State, to recover overpayments due to fraud.

E.18. Limitation of Liability. The parties agree that the Contractor's liability under this Contract shall be limited to [redacted] and as may be amended, PROVIDED THAT in no event shall this section limit the liability of the Contractor for intentional torts, criminal acts, or fraudulent conduct.

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E.19. Third Party Beneficiary. This Contract has been entered into solely for the benefit of State and Contractor and is not intended to create any legal, equitable, or beneficial interest in any third party or to vest in any third party any interest as to enforcement or performance.

E.20. Confidential and Proprietary Information.

The State agrees to protect, to the fullest extent permitted by state law, the confidentiality of information expressly identified by the Contractor as confidential and proprietary, including information that would allow a person to obtain unauthorized access to confidential information or to electronic information processing systems owned by or licensed to the State.

E.21. Anti-Kickback Statute

Contractor certifies that it shall not violate the federal anti-kickback statute, set forth at 42 U.S.C. § 1320a-7b(b) ("Anti-Kickback Statute"), or the federal "Stark Law," set forth at 42 U.S.C. § 1395nn ("Stark Law"), with respect to the performance of its obligations under this Agreement. Further, Contractor shall ensure that individuals meeting the definition of "Covered Persons" (as such term is defined in the Corporate Integrity Agreement between the Office of Inspector General of the Department of Health and Human Services and AdvancePCS dated September 5, 2005) shall comply with Contractor's Compliance Program, including training related to the Anti-Kickback Statute and the Stark Law. Contractor's Code of Conduct and policies and procedures on the Anti-Kickback Statute and Stark Law may be accessed at http://www.caremark.com/wps/portal/_s.155/3370?cms=CMS-2-007764.

E.22. Pending Investigation.

The parties acknowledge that the Federal Trade Commission is currently investigating the Contractor. In the event that such investigation or any other state or federal legal proceeding or investigation that is now pending or subsequently begun during the term of the Contract concludes that the Contractor is guilty of misconduct, the State may modify or terminate this Contract if the State determines that it is in the best interest of the State to modify or terminate at a date earlier than the specified end date. Such determination may be based on the discovery of misrepresentations made in the proposal or newly discovered information that if such information had been provided in the Contractor's proposal it would have caused the State to reject the proposal or determine that the Contractor was not a responsible or responsive proposer. Such determination may also include any other reason found by the State Insurance Committees to be in the best interest of the State to support such modification or termination. The parties hereto agree to work in good faith to accomplish an orderly transition between this Contract and any new contract if a different vendor is selected pursuant to a new procurement process. Notwithstanding any other provision in the Contract to the contrary, the Contractor agrees that any termination of the Contract pursuant to this paragraph shall not place either the Contractor or the State in breach of contract or result in either party being liable to the other for any type of damages. Pursuant to this paragraph, the State shall be entitled to terminate this contract for convenience either immediately or in stages.

IN WITNESS WHEREOF,

CAREMARKPCS HEALTH, L.L.C.:

LEGAL REVIEW

2/17/10

CONTRACTOR SIGNATURE **DATE**

JAMES C. LUTHIN, PRESIDENT

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

STATE OF TENNESSEE,
STATE INSURANCE COMMITTEE,
LOCAL EDUCATION INSURANCE COMMITTEE,
LOCAL GOVERNMENT INSURANCE COMMITTEE:

M. D. Goetz Jr. 2-18-10

M. D. GOETZ, JR., CHAIRMAN MOA **DATE**

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	19195
CONTRACTOR LEGAL ENTITY NAME:	**CaremarkPCS Health, L.L.C.**
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	**75-2493381**

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.

LEGAL REVIEW

JAMES C. LUTHIN, PRESIDENT

PRINTED NAME AND TITLE OF SIGNATORY

2/17/10

DATE OF ATTESTATION

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LIQUIDATED DAMAGES

The Contractor shall pay to the State the indicated total dollar assessment upon notification by the State that an amount is due, through the term of the contract.

All performance guarantees will be measured on a Plan-specific basis rather than the Contractor's book of business (BOB).

1. Pharmacy Benefit Operational	
Guarantee	Failure to provide a pharmacy benefit for the Public Sector Plans that is fully operational no later than thirty (30) days prior to the go-live date specified in Contract Section A.30. Operational is defined as the ability to accurately enroll members, accept and process POS claims, accept and process mail order prescriptions, and provide all other PBM services outlined in the contract.
Assessment	[redacted]
Measurement	Measured, reported, and reconciled no later than three (3) months after go-live date.
2. Program Go-Live Date	
Guarantee	The pharmacy benefit for the Public Sector Plans shall take effect (i.e. "go-live") and be fully operational on the go-live date specified in Contract Section A.30.
Assessment	[redacted] that the program is not operational. [redacted] maximum.
Measurement	Measured, reported, and reconciled no later than three (3) months after go-live date.
3. Implementation Plan	
Guarantee	The Contractor shall provide a project implementation plan, as required in Contract Section A.3.5, to the State no later than thirty (30) days after contract start date, which includes all tasks with deliverable dates necessary to install the program by the go-live date.
Assessment	[redacted] that the plan is not provided to the State [redacted] maximum.
Measurement	Measured, reported, and reconciled no later than three months after go-live of the new pharmacy benefit.
4. Operational Readiness	
Guarantee	The Contractor shall resolve all findings identified by the State during its operational readiness review, as required in Contract Section A.3.7, prior to go-live date.
Assessment	[redacted] if the standard is not met. [redacted] maximum.
Measurement	Measured and reported no later than three (3) months after go-live date.
5. Plan Design	
Guarantee	Plan design as required in the Plan Document will be implemented correctly, as required in Contract Section A.3.2.
Assessment	[redacted] if the standard is not met.
Measurement	Measured and reported no later than six (6) months after go-live date.
6. Data Review	
Guarantee	All plan design implementation data, associated with the program setup, and identified in the implementation plan, as required in Contract Section A.3.5. will be delivered to the State for review and approval prior to the go-live date.

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Assessment	[redacted] if the standard is not met.
Measurement	Measured and reported no later than three (3) months after go-live.
7. Eligibility Set-Up	
Guarantee	As required in Contract Section A.16.3, eligibility information will be loaded, tested, verified and available online for use no later than thirty (30) days prior to the go-live date specified in Contract Section A.30.
Assessment	[redacted] specified in Contract Section A.30. [redacted] maximum.
Measurement	Measured, reported, and reconciled no later than three (3) months after go-live date.
8. Implementation Satisfaction	
Guarantee	The Contractor's overall rating on the Implementation Performance Assessment completed by the State, as required in Contract Section A.3.12, will be noted as met or exceeded expectations or the equivalent of the same measure on any other scale used.
Assessment	[redacted] if the standard is not met.
Measurement	Measured, reported, and reconciled no later than three (3) months after go-live date.
9. Key Staff Vacancies	
Guarantee	As required in Contract Section A.4.11, if any key positions become vacant, the Contractor shall employ an adequate replacement within sixty (60) days of the vacancy unless the State grants an exception to this requirement.
Assessment	[redacted] days that the vacancy is not filled. [redacted] maximum.
Measurement	Measured, reported, and reconciled annually.
10. Staff Availability	
Guarantee	As required in Contract Section A.4.2, the Account Team shall be available for consultation with the State during the hours of 8:00 a.m. to 4:30 p.m. Central Standard Time, Monday through Friday.
Assessment	[redacted]
Measurement	Measured, reported, and reconciled annually.
11. POS System Availability	
Guarantee	POS system, used by contracted pharmacies to process pharmacy claims, as required in Contract Section A.5.13, shall be accessible and operational [redacted] percent [redacted] of the time.
Assessment	[redacted] for each contracted quarter.
Measurement	Measured and reported quarterly; reconciled annually.
12. POS System Processing	
Guarantee	As required in Contract Section A.5.4, the Contractor shall process [redacted] percent [redacted] of POS claims on a daily basis within [redacted] seconds. This is the time from when the claim is received by the Contractor's processor to the time the results are transmitted from the Contractor's processor and shall include all procedures required to complete claim adjudication. For this calculation the number of claims processed within [redacted] seconds during each twenty-four (24) hour period shall be the numerator and the number of claims processed during each twenty-four (24) hour period shall be the denominator. The Contractor's measure shall reflect the time required for all procedures required to complete claim adjudication.
Assessment	[redacted]
Measurement	Measured and reported quarterly; reconciled annually.
13. Claims Processing Accuracy	
Guarantee	Claims processing accuracy, as required in Contract Section A.5.12, shall be [redacted] percent [redacted] or higher.

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Assessment	[redacted] for each contracted quarter.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample. Measured and reported quarterly; reconciled annually.
14. Claims Payment Accuracy	
Guarantee	Claims payment accuracy, as required in Contract Section A.6.5, shall be [redacted] percent [redacted] or higher.
Assessment	[redacted] for each contracted quarter.
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample. Measured and reported quarterly; reconciled annually.
15. Claims Payment Turnaround	
Guarantee	As required in Contract Section A.6.8., the Contractor shall reimburse network pharmacies in Tennessee within fourteen (14) calendar days of claims receipt for no less than [redacted] percent [redacted] of "clean" claims and within thirty (30) calendar days of claims receipt for [redacted]% of claims.
Assessment	Non-Investigated Claims (clean): [redacted] Quarterly Guarantee. All Claims: $ [redacted]
Measurement	Quarterly internal audit performed by the carrier on a statistically valid sample. Measured and reported quarterly; reconciled annually.
16. Pharmacy Pricing	
Guarantee	[redacted] percent [redacted] of participating pharmacies will adhere to "lowest of" pricing, as required in Contract Section A.13.2.7.
Assessment	[redacted] for each contracted quarter.
Measurement	Measured and reported quarterly; reconciled annually.
17. Guaranteed Minimum Discounts & Dispensing Fees	
Guarantee	As required in Contract Section C.3.n, the Contractor [redacted]
Assessment	[redacted]
Measurement	Measured and reported within ninety (90) days following each quarter; reconciled annually during the first quarter.
18. Network Access	
Guarantee	As required in Contract Section A.7.5.1, the Contractor shall maintain under contract a network of pharmacy providers to provide the covered services such that in urban areas, at least [redacted] percent [redacted] of Public Sector Plan members, on average, live within five (5) miles of a retail pharmacy participating in the Contractor's network; in suburban areas, at least [redacted] percent [redacted] of Public Sector Plan members, on average, live within ten (10) miles of a retail pharmacy participating in the Contractor's network; and in rural areas, at least [redacted] percent [redacted] of Public Sector Plan members, on average, live within fifteen (15) miles of a retail pharmacy participating in the Contractor's network. Exceptions shall be justified, documented, and approved by the State.
Assessment	[redacted] If ANY of the above listed standards is not met, either individually or in combination.
Measurement	Measured annually by the GeoNetworks® report provided by the Contractor.
19. Mail Order Accuracy	
Guarantee	[redacted] of all prescriptions mailed to eligible Public Sector Plan members shall

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	be dispensed with the correct drug strength and dosage form per the requirements of Contract Section A.7.7.1.
Assessment	[redacted] for each contracted quarter.
Measurement	Measured and reported quarterly; reconciled annually.
20. Mail Order Turnaround	
Guarantee	[redacted] percent [redacted] or more of all orders filled from "clean" prescriptions not requiring pharmacy intervention shall be mailed within three (3) business days per the requirements of Contract Section A.7.7.1.
Assessment	[redacted] for each contracted quarter.
Measurement	Measured and reported quarterly; reconciled annually.
21. Formulary Changes	
Guarantee	As required in Contract Section A.8.5, changes to the formulary, Step Therapy or PA requirements shall be implemented within thirty (30) days of the State's approval or request. Changes shall include modifications to the POS system and all supporting systems and documents. Such changes to the program shall require pharmacy provider and affected plan member notification at least fifteen (15) business days prior to the implementation, unless the Contractor and State mutually agree to a shorter notification time.
Assessment	[redacted] the standard is not met.
Measurement	Measured and reported quarterly; reconciled annually.
22. Pharmacotherapy Adherence Programs	
Guarantee	As required in Contract Section A.10.4, unless otherwise directed by the State, no later than ninety (90) days after the go-live date, the Contractor shall implement pharmacotherapy adherence programs for the following conditions: asthma, diabetes mellitus, chronic obstructive pulmonary disease, hypertension, and conditions requiring specialty pharmacy products and services.
Assessment	[redacted] of the contract term in which the Contractor fails to establish such pharmacotherapy adherence programs.
Measurement	Measured and reported no later than three months after go-live.
23. Generic Utilization	
Guarantee	As required in Contract Section A.10.8, the Contractor shall increase generic utilization rates no less than [redacted] percent [redacted] annually during the first three (3) years of the contract and no less than [redacted] percent [redacted] during the last two (2) years of the contract. The calculation used to determine this rate shall be: [redacted]
Assessment	[redacted] The calculation will be as follows: [redacted]
Measurement	Measured, reported and reconciled annually.
24. Generic Substitution	
Guarantee	As required in Contract Section A.8.8.1, [redacted] percent [redacted] or more of mail order prescriptions and [redacted] percent [redacted] or more of retail prescriptions for multi-source drugs will be dispensed with a generic product.
Assessment	[redacted] the standard is not met.
Measurement	Measured, reported and reconciled annually.
25. PA Evaluation	
Guarantee	As required in Contract Section A.10.11.3, the Contractor's call center staff shall evaluate [redacted] percent [redacted] of all urgent PA requests and notifies the prescribing physician within twenty-four (24) hours. The Contractor

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	shall ensure that the Call Center staff evaluates [redacted] percent [redacted] of all non- urgent PA requests and notifies the prescribing physician within forty-eight hours.
Assessment	[redacted] that the standard is not met.
Measurement	Measured and reported quarterly; reconciled annually.
26. Eligibility Posting	
Guarantee	[redacted] percent [redacted] of electronically transmitted enrollment updates shall be posted within one (1) business day after receipt in specified format and [redacted] percent [redacted] posted within three (3) business days, as required in Contract Section A.16.4.3.
Assessment	[redacted] out of compliance: [redacted] thereafter [redacted] maximum.
Measurement	Measured and reported weekly; reconciled annually.
27. Eligibility Discrepancies	
Guarantee	Resolve all discrepancies (any difference of values between the State's database and the Contractor's database) identified by the processing of the enrollment file within five (5) business days of receipt of the file from the State, as required in Contract Section A.16.4.4.
Assessment	[redacted] out of compliance: [redacted] thereafter. [redacted] maximum.
Measurement	Measured and reported quarterly; reconciled annually.
28. Data Loading	
Guarantee	All data required for the Public Sector Plan implementation, as described in Contract Section A.3., will be loaded correctly.
Assessment	[redacted] f the standard is not met.
Measurement	Measured and reported quarterly; reconciled annually.
29. Enrollment Data Match	
Guarantee	The Contractor shall submit an Enrollment Data Match, not to exceed four (4) times annually, in an agreed upon format, within fourteen (14) calendar days of the request from the State, as required in Contract Section A.16.5.
Assessment	[redacted] that the standard is not met.
Measurement	Measured, reported, and reconciled annually.
30. Enrollment Data Match Discrepancies	
Guarantee	The Contractor shall resolve the discrepancies identified in the Enrollment Data Match, within the specified timeframe(s) as required in Contract Section A.16.5.1.
Assessment	[redacted] that the standard is not met.
Measurement	Measured, reported, and reconciled annually.
31. Claims Data Quality	
Guarantee	As measured by the State's Claims Data Management vendor, the Contractor's data submission to said vendor shall meet the following Data Quality measures as required in Contract Section A.16.10.

Definition	**Measure**	**Benchmark**
	Date of birth	Data missing for ≤ 3% of claims
	Pharmacy provider ID missing	Data missing for ≤ 1.5% of claims
	NDC 11 missing	Data missing for ≤ 1.5% of claims

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Assessment	[redacted] if ANY of the above listed standards is not met, [redacted] Quarterly Guarantee.
Measurement	Measured and reported by the State's Claims Data Management vendor quarterly; reconciled annually.
32. Claims Data Submission	
Guarantee	The Contractor shall submit claims data to the State's data management vendor no later than fifteen (15) days following the end of each calendar quarter, or more frequently as mutually agreed to by both parties, as required in Contract Section A.16.8.
Assessment	[redacted] out of compliance: [redacted] thereafter [redacted] maximum.
Measurement	Measured, reported and reconciled quarterly.
33. Data Transmission to Third Party Vendors	
Guarantee	Unless otherwise directed by the State and provided the specific data is captured in Contractor's systems, the Contractor shall provide daily data feeds of pharmacy claims to the State's third party contractors during the term of the contract and following the term of this contract until all claims incurred during the term of this contract have been paid, as required in Contract Section A.16.11.
Assessment	[redacted] the standard is not met. [redacted] maximum.
Measurement	Measured and reported monthly; reconciled annually
34. Appeal Decisions	
Guarantee	[redacted] percent [redacted] of pre-service appeals shall be decided within thirty (30) days and [redacted] percent [redacted] of post-service appeals within sixty (60) days, as required in Contract Section A.21.3.
Assessment	[redacted] that the standard is not met. [redacted] maximum.
Measurement	Measured, reported, and reconciled annually.
35. Appeal	
Guarantee	The Contractor shall respond to all appeals related inquiries in writing from the State within one (1) week after receipt of said inquiry, as required in Contract Section A.21.6.
Assessment	[redacted] that the standard is not met. [redacted] maximum.
Measurement	Measured, reported, and reconciled annually.
36. Customer Service	
Guarantee	The Contractor's toll-free customer service lines for members and pharmacy providers shall be open and staffed with trained staff at least two (2) weeks prior to go-live, as required in Contract Section A.22.1.
Assessment	[redacted] the standard is not met. [redacted] maximum.
Measurement	Measured, reported, and reconciled no later than three (3) months after go-live.
37. Telephone Coverage	
Guarantee	The Contractor shall provide uninterrupted telephone coverage for twenty-four (24) hours a day/seven (7) days a week for claims, systems and customer service and pharmacy provider inquiries, as required in Contract Section A.22.1.
Assessment	[redacted] f the standard is not met.
Measurement	Measured and reported quarterly; reconciled annually.
38. Maximum Speed of Answer	
Guarantee	The Contractor's call center shall answer, by a person [redacted] percent [redacted] of calls within five (5) minutes (300 seconds), as required in Contract Section A.22.7.

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Assessment	[redacted] if the standard is not met.
Measurement	Based on Contractor's internal telephone support system reports. Measured and reported quarterly; reconciled annually.
39. Average Speed of Answer (ASA)	
Guarantee	The Contractor shall maintain an ASA of less than [redacted] and after the call is answered the Contractor may only put callers on hold in order to (a) make outbound calls as necessary and (b) to research a caller's issue, as required in Contract Section A.22.8.
Assessment	[redacted] if the standard is not met.
Measurement	Based on Contractor's internal telephone support system reports. Measured and reported quarterly; reconciled annually.
40. Blocked Call Rate	
Guarantee	The Contractor's Call Center shall maintain a blocked call rate of less than [redacted] percent [redacted] per quarter, as required in Contract Section A.22.9.
Assessment	[redacted] if the standard is not met.
Measurement	Based on Contractor's internal telephone support system reports. Measured, reported and reconciled quarterly.
41. Abandoned Call Rate	
Guarantee	The Contractor's Call Center shall maintain an Abandoned Call rate of not more than [redacted] percent [redacted] as required in Contract Section A.22.10.
Assessment	[redacted] percent [redacted]
Measurement	Based on Contractor's internal telephone support system reports. Measured, reported and reconciled quarterly.
42. Written Inquiries	
Guarantee	As required in Contract Section A.22.22, [redacted] percent [redacted] of written inquiries (mail and e-mail) will be responded to within five (5) business days and [redacted] percent [redacted] will be responded to within ten (10) business days.
Assessment	[redacted] each standard. Quarterly guarantee.
Measurement	Measured, reported and reconciled annually.
43. Member Communications	
Guarantee	All materials produced by the Contractor shall be provided to the State for review and approval at least fourteen (14) days prior to planned printing, assembly, and/or distribution, as required in Contract Section A.23.8.
Assessment	[redacted] instance that the standard is not met.
Measurement	The State will notify the Contractor of any such occurrence. Any amounts due for the Contractor's noncompliance with this pre-approval provision shall be paid annually upon request by the State.
44. Distribution of Member Handbooks and Provider Network Directories	
Guarantee	On an annual basis, at least two months prior to the State's annual transfer period, the Contractor shall provide to the State, in electronic format, information regarding the pharmacy benefit, as required in Contract Section A.23.14.
Assessment	If the aforementioned information is not distributed to the State as required, then the total assessment shall be [redacted] in which the standard is not met.
Measurement	Measured, reported, and reconciled annually.
45. Initial Member ID Card/Welcome Packet Distribution	
Guarantee	[redacted] percent [redacted] of welcome packets containing I.D. cards will be produced and mailed no later than twenty-one (21) days prior to go-live date, as required in Contract Section A.23.13.2.
Assessment	[redacted] if the standard is not met.
Measurement	Measured, reported, and reconciled no later than three (3) months after go-live

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	date.
46. Distribution of Ongoing Member ID Card/Welcome Packet	
Guarantee	[redacted] percent [redacted] of welcome packets shall be produced and mailed within ten (10) days of receipt of complete and accurate eligibility information, as required in Contract Section A.23.13.2.
Assessment	[redacted] in which the standard is not met.
Measurement	Measured, reported, and reconciled annually.
47. Website	
Guarantee	The Contractor's Public Sector Plan website shall be available on the internet and fully operational, with the exception of member data/Protected Health Information one (1) week prior to the commencement of claims processing, as required in Contract Section A.24.1.
Assessment	[redacted] that the standard is not met.
Measurement	Measured, reported, and reconciled no later than three (3) months after go-live.
48. Systems Access	
Guarantee	Access to the Contractor's online reporting and eligibility systems shall be granted to a minimum of three (3) State employees and a maximum of five (5) State employees no later than one (1) week prior to go-live date, as required in Contract Section A.25.2.
Assessment	[redacted] that the standard is not met.
Measurement	Measured, reported, and reconciled no later than three (3) months after go-live.
49. Member Satisfaction Survey	
Guarantee	The level of overall customer satisfaction, as measured annually by the State approved Member Satisfaction survey(s) required in Contract Section A.27.1, will be equal to or greater than [redacted] percent [redacted] in the first year of the Contract, and [redacted] percent [redacted] in all subsequent year(s) within the contract term.
Assessment	[redacted] that the standard is not met.
Measurement	Measured, reported, and reconciled annually.
50. URAC Accreditation	
Guarantee	As required in Contract Section A.2.4, the Contractor shall possess and maintain full Pharmacy Benefit Management accreditation status with URAC during the entire term of this contract.
Assessment	[redacted] if the standard is not maintained.
Measurement	Measured, reported, and reconciled annually.
51. Reporting	
Guarantee	The Contractor shall distribute to the State all reports required in Contract Sections A.1 through A.30 within the time frame specified in the Contract.
Assessment	[redacted] not delivered to the State within the time frame specified in the contract.
Measurement	Measured, reported, and reconciled annually.
52. Breach	
Guarantee	As required in Contract Section E.16., any misrepresentation or false statements to stakeholder, enrollees, or potential enrollees by the Contractor shall result in a breach of contract.
Assessment	A maximum of [redacted]
Measurement	Measured, reported, and reconciled after each occurrence.
53. Audit Recovery	
Guarantee	As required in Contract Section A.28.11, any amount due the State which is not paid by the Contractor within (30) days of the Contractor's receipt of the final audit report [redacted]
Assessment	[redacted]

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Measurement	Measured, reported, and reconciled after each occurrence.

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EDISON 834 FILE VALUES

Special Notes:
Items highlighted in yellow indicate TN specific values. Due to the variety of coverage codes required by the State of TN, it was necessary to add custom values to the 834 mapping document. The coverage code of E1D could include Spouse dependents. The coverage code of IND will be used for Dependent Only coverage. The Relationship of '38' denotes a Child claimed on Income Tax. Any dependent with a Relationship of '38' and a "F" in INS09 is not a Student. All dependents in Edison will have the student flag turned on (INS09 = "F") until age 19. At age 19 and greater, only students (with the exception of the Relationship '38') will have INS09 = "F". The REF03, REF04 and HD11 fields contain TN Specific information that is not defined on the PeopleSoft delivered 834. REF04 is defined as a Group Element field, so the budget code is preceded by "zz:"

FIELD NAME	BN_834 _FIELD _ VALUE	EFFDT	BN_834_ FLD_DESCR1	BN_834 _FIELD _ MAPPD	BN_834_ FLD_DESCR2	DATA _TYPE _CD	DEFAULT_ED I_CD
COBRA_EV ENT_CLASS	RED	1/1/1900 0:00	Reduction in Hours	2	Reduction of work hours	Y	N
COBRA_EV ENT_CLASS	OVG	1/1/1900 0:00	Overage	7	Ineligible Child	Y	N
COBRA_EV ENT_CLASS	MIL	1/1/1900 0:00	Military Leave	1	Termination of Employment	Y	N
COBRA_EV ENT_CLASS	MED	1/1/1900 0:00	Medicare Entitlement	3	Medicare	Y	N
COBRA_EV ENT_CLASS	RET	1/1/1900 0:00	Retired	1	Termination of Employment	Y	N
COBRA_EV ENT_CLASS	DEP	1/1/1900 0:00	Married Dependent	7	Ineligible Child	Y	N
COBRA_EV ENT_CLASS	DEA	1/1/1900 0:00	Death	4	Death	Y	N
COBRA_EV ENT_CLASS	GMC	1/1/1901 0:00	Gross Misconduct - Not Eligible	1	Termination of employment	N	N
COBRA_EV ENT_CLASS	TER	1/1/1900 0:00	Termination	1	Termination of Employment	Y	N
COBRA_EV ENT_CLASS	DIV	1/1/1900 0:00	Divorce	5	Divorce	Y	N

COVRG_CD	C	1/1/1901 0:00	Employee plus 1	E1D	Employee and One Dependent	N	N
COVRG_CD	7	1/1/1900 0:00	Dom Partner Adult+Child (ren)	E6D	Employee and Two or More Dependents	Y	N
COVRG_CD	6	1/1/1900 0:00	Domestic Partner Child (ren)	E5D	Employee and One or More Dependents	Y	N
COVRG_CD	5	1/1/1900 0:00	Domestic Partner Adult	E1D	Employee and One Dependent	Y	N
COVRG_CD	4	1/1/1900 0:00	Family	E6D	Employee and Two or More Dependents	Y	N
COVRG_CD	3	1/1/1900 0:00	Employee + Dependents	E5D	Employee and One or More Dependents	Y	N
COVRG_CD	2	1/1/1900 0:00	Employee + Spouse	ESP	Employee and Spouse	Y	N
COVRG_CD	1	1/1/1900 0:00	Employee Only	EMP	Employee Only	Y	N
COVRG_CD	G	1/1/1901 0:00	Employee plus 2	E2D	Employee plus two dependents	N	N
COVRG_CD	F	1/1/1901 0:00	2 Dependent Coverage	TWO	2 Dependent Coverage	N	N
COVRG_CD	H	1/1/1901 0:00	Generic Coverage Code	EHD	Generic coverage code for all Family Members	N	N
COVRG_CD	I	1/1/1901 0:00	Multiple Dependents Only	DEP	Multiple Dependents Only	N	N
COVRG_CD	D	1/1/1901 0:00	Split	ECH	Split	N	N
COVRG_CD	B	1/1/1901 0:00	Family	FAM	Family	N	N
COVRG_CD	A	1/1/1901 0:00	Single	EMP	Employee Only	N	N
COVRG_CD	E	1/1/1901 0:00	Dependent only	IND	Dependent Only	N	N
EMPL_STAT	T	1/1/1900	Terminated	TE	Terminated	Y	N

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US		0:00					
EMPL_STAT US	A	1/1/1900 0:00	Active	FT	Full time active employee	Y	N
EMPL_STAT US	V	1/1/1900 0:00	Terminated Pension Pay Out	TE	Terminated	Y	N
EMPL_STAT US	W	1/1/1900 0:00	Short Work Break	FT	Full time active employee	Y	N
EMPL_STAT US	X	1/1/1900 0:00	Retired-Pension Administration	RT	Retired	Y	N
EMPL_STAT US	U	1/1/1900 0:00	Terminated With Pay	TE	Terminated	Y	N
EMPL_STAT US	D	1/1/1900 0:00	Deceased	TE	Terminated	Y	N
EMPL_STAT US	L	1/1/1900 0:00	Leave of Absence	L1	Leave of Absence	Y	N
EMPL_STAT US	P	1/1/1900 0:00	Leave With Pay	L1	Leave of Absence	Y	N
EMPL_STAT US	Q	1/1/1900 0:00	Retired With Pay	RT	Retired	Y	N
EMPL_STAT US	R	1/1/1900 0:00	Retired	RT	Retired	Y	N
EMPL_STAT US	S	1/1/1900 0:00	Suspended	FT	Full time active employee	Y	N
MAR_STAT US	W	1/1/1900 0:00	Widowed	W	Widowed	Y	N
MAR_STAT US	U	1/1/1900 0:00	Unknown	R	Unknown	Y	N
MAR_STAT US	S	1/1/1900 0:00	Single	I	Single	Y	N
MAR_STAT US	M	1/1/1900 0:00	Married	M	Married	Y	N
MAR_STAT US	H	1/1/1900 0:00	Head of Household	U	Head Of Household	Y	N
MAR_STAT US	E	1/1/1900 0:00	Separated	S	Separated	Y	N
MAR_STAT US	D	1/1/1900 0:00	Divorced	D	Divorced	Y	N
MAR_STAT	C	1/1/1900	Common-Law	U	Common-Law	Y	N

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US		0:00					
PLAN_TYPE	1X	1/1/1901 0:00	Wellness	WELL	Wellness	N	Y
PLAN_TYPE	1Z	1/1/1901 0:00	Mental Health Substance Abuse	AK	Mental Health Substance Abuse	N	Y
PLAN_TYPE	10	1/1/1900 0:00	Medical	HLT	Health	Y	Y
PLAN_TYPE	11	1/1/1900 0:00	Dental	DEN	Dental	Y	Y
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	HLT	Health	Y	Y
PLAN_TYPE	13	1/1/1900 0:00	Major Medical	MM	Major Medical	Y	Y
PLAN_TYPE	14	1/1/1900 0:00	Vision	VIS	Vision	Y	Y
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	HLT	Health	Y	Y
PLAN_TYPE	16	1/1/1900 0:00	Domestic Partner Dental	DEN	Dental	Y	Y
PLAN_TYPE	17	1/1/1900 0:00	Domestic Partner Vision	VIS	Vision	Y	Y
PLAN_TYPE	10	1/1/1900 0:00	Medical	AG	Preventive Care/Wellness	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	EPO	Exclusive Provider Org (EPO)	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	FAC	Facility	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	HE	Hearing	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	HMO	Health Maintenance Org (HMO)	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	MOD	Mail Order Drug	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	PDG	Prescription Drug	Y	N
PLAN_TYPE	10	1/1/1900 0:00	Medical	POS	Point of Service (POS)	Y	N

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PLAN_TYPE	10	1/1/1900 0:00	Medical	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	11	1/1/1900 0:00	Dental	DCP	Dental Capitation (DMO)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	AG	Preventive Care/Wellness	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	DEN	Dental	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	EPO	Exclusive Provider Org (EPO)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	FAC	Facility	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	HMO	Health Maintenance Org (HMO)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	MOD	Mail Order Drug	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	PDG	Prescription Drug	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	POS	Point Of Service (POS)	Y	N
PLAN_TYPE	12	1/1/1900 0:00	Medical/Dental	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	AG	Preventive Care/Wellness	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	EPO	Exclusive Provider Org (EPO)	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	FAC	Facility	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	HE	Hearing	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner	HMO	Health Maintenance	Y	N

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			Medical		Org (HMO)		
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	MOD	Mail Order Drug	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	PDG	Prescription Drug	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	POS	Point Of Service (POS)	Y	N
PLAN_TYPE	15	1/1/1900 0:00	Domestic Partner Medical	PPO	Preferred Provider Org (PPO)	Y	N
PLAN_TYPE	16	1/1/1900 0:00	Domestic Partner Dental	DCP	Dental Capitation (DMO)	Y	N
PLAN_TYPE	1V	1/1/1901 0:00	Medicare Supplement	SUP	Medicare Supplement	N	Y
PLAN_TYPE	1Y	1/1/1901 0:00	Employee Assistance Program	AG	Employee Assistance Program	N	Y
RELATIONSHIP	CN	1/1/1901 0:00	Natural Child	19	Child	N	N
RELATIONSHIP	CS	1/1/1901 0:00	Step Child	19	Child	N	N
RELATIONSHIP	A	1/1/1900 0:00	Aunt	06	Uncle or Aunt	Y	N
RELATIONSHIP	B	1/1/1900 0:00	Brother	14	Brother or Sister	Y	N
RELATIONSHIP	D	1/1/1900 0:00	Daughter	19	Child	Y	N
RELATIONSHIP	E	1/1/1900 0:00	Employee	38	Collateral Dependent	Y	N
RELATIONSHIP	FA	1/1/1900 0:00	Father	03	Father or Mother	Y	N
RELATIONSHIP	FI	1/1/1900 0:00	Father-in-Law	13	Mother-in-law or Father-in-law	Y	N
RELATIONSHIP	FR	1/1/1900 0:00	Friend	38	Collateral Dependent	Y	N

RELATIONS HIP	GC	1/1/1900 0:00	Grandchild	05	Grandson or Granddaughter	Y	N
RELATIONS HIP	GF	1/1/1900 0:00	Grandfather	04	Grandfather or Grandmother	Y	N
RELATIONS HIP	GM	1/1/1900 0:00	Grandmother	04	Grandfather or Grandmother	Y	N
RELATIONS HIP	M	1/1/1900 0:00	Mother	03	Father or Mother	Y	N
RELATIONS HIP	MI	1/1/1900 0:00	Mother-in-Law	13	Mother-in-law or Father-in-law	Y	N
RELATIONS HIP	N	1/1/1900 0:00	Neighbor	38	Collateral Dependent	Y	N
RELATIONS HIP	NA	1/1/1900 0:00	Domestic Partner Adult	53	Life Partner	Y	N
RELATIONS HIP	ND	1/1/1900 0:00	Domestic Partner Daughter	38	Collateral Dependent	Y	N
RELATIONS HIP	NE	1/1/1900 0:00	Nephew	07	Nephew or Niece	Y	N
RELATIONS HIP	NI	1/1/1900 0:00	Niece	07	Nephew or Niece	Y	N
RELATIONS HIP	NS	1/1/1900 0:00	Domestic Partner Son	38	Collateral Dependent	Y	N
RELATIONS HIP	O	1/1/1900 0:00	Other	38	Collateral Dependent	Y	N
RELATIONS HIP	R	1/1/1900 0:00	Other Relative	38	Collateral Dependent	Y	N
RELATIONS HIP	RO	1/1/1900 0:00	Roommate	38	Collateral Dependent	Y	N
RELATIONS HIP	S	1/1/1900 0:00	Son	19	Child	Y	N
RELATIONS HIP	SI	1/1/1900 0:00	Sister	14	Brother or Sister	Y	N
RELATIONS HIP	SP	1/1/1900 0:00	Spouse	01	Spouse	Y	N
RELATIONS HIP	T	1/1/1900 0:00	Estate	31	Court Appointed Guardian	Y	N
RELATIONS HIP	U	1/1/1900 0:00	Uncle	06	Uncle or Aunt	Y	N
RELATIONS	X	1/1/1900	ExSpouse	25	Ex-spouse	Y	N

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HIP		0:00					
RELATIONS HIP	XC	1/1/1900 0:00	Recognized Child	19	Child	Y	N
RELATIONS HIP	XD	1/1/1900 0:00	Foster Daughter	10	Foster Child	Y	N
RELATIONS HIP	XS	1/1/1900 0:00	Foster Son	10	Foster Child	Y	N
RELATIONS HIP	CT	1/1/1901 0:00	Child claimed on income tax	38	Child	N	N
RELATIONS HIP	CG	1/1/1901 0:00	Grandchild	05	Grandson or Granddaughter	N	N
RELATIONS HIP	CL	1/1/1901 0:00	Legal Guardian	19	Child	N	N
RELATIONS HIP	SD	1/1/1901 0:00	Special Decision	19	Child	N	N
SMOKER	Y	1/1/1900 0:00	Smoker - Yes	T	Tobacco Use	Y	N
SMOKER	N	1/1/1900 0:00	Smoker - No	U	Unknown	Y	N
TIMEZONE	ADT	1/1/1900 0:00	DST Atlantic Time (Canada)	TD	Atlantic Daylight Time	Y	N
TIMEZONE	WEST	1/1/1900 0:00	West Europe Time, Berlin, Rome, Paris	01	Equivalent to ISO P01	Y	N
TIMEZONE	AKDT	1/1/1900 0:00	DST Alaska Time	AD	Alaska Daylight Time	Y	N
TIMEZONE	AKST	1/1/1900 0:00	Alaska Time	AS	Alaska Standard Time	Y	N
TIMEZONE	ARST	1/1/1900 0:00	Arabian Time, Abu Dhabi, Muscat	04	Equivalent to ISO P04	Y	N
TIMEZONE	AST	1/1/1900 0:00	Atlantic Time (Canada)	TS	Atlantic Standard Time	Y	N
TIMEZONE	AZDT	1/1/1900 0:00	DST Azores Time, Cape Verde Is.	UT	Universal Time Coordinate	Y	N
TIMEZONE	AZST	1/1/1900 0:00	Azores Time, Cape Verde Is.	24	Equivalent to ISO M01	Y	N
TIMEZONE	BST	1/1/1900 0:00	Bangkok Time, Hanoi, Jakarta	07	Equivalent to ISO P07	Y	N

TIMEZONE	CASST	1/1/1900 0:00	Central Asia Time, Almaty, Dhaka	06	Equivalent to ISO P06	Y	N
TIMEZONE	CAUDT	1/1/1900 0:00	DST Central Australia, Adelaide	10	Equivalent to ISO P10	Y	N
TIMEZONE	CAUST	1/1/1900 0:00	Central Australia, Adelaide	09	Equivalent to ISO P09	Y	N
TIMEZONE	CDT	1/1/1900 0:00	DST Central Time	CD	Central Daylight Time	Y	N
TIMEZONE	CPST	1/1/1900 0:00	Central Pacific, Magadan, Solomon Is.	11	Equivalent to ISO P11	Y	N
TIMEZONE	CST	1/1/1900 0:00	Central Time	CS	Central Standard Time	Y	N
TIMEZONE	DST	1/1/1900 0:00	Dateline Time, Eniwetok, Kwajalein	13	Equivalent to ISO M12	Y	N
TIMEZONE	EDT	1/1/1900 0:00	DST Eastern Time	ED	Eastern Daylight Time	Y	N
TIMEZONE	EKDT	1/1/1900 0:00	DST Ekaterinburg Time	06	Equivalent to ISO P06	Y	N
TIMEZONE	EKST	1/1/1900 0:00	Ekaterinburg Time	05	Equivalent to ISO P05	Y	N
TIMEZONE	EST	1/1/1900 0:00	Eastern Time	ES	Eastern Standard Time	Y	N
TIMEZONE	GFTDT	1/1/1900 0:00	DST GFT Time, Athens, Istanbul, Minsk	03	Equivalent to ISO P03	Y	N
TIMEZONE	GFTST	1/1/1900 0:00	GFT Time, Athens, Istanbul, Minsk	02	Equivalent to ISO P02	Y	N
TIMEZONE	GMDT	1/1/1900 0:00	DST GMT, London, Dublin, Lisbon, Edinburgh	01	Equivalent to ISO P01	Y	N
TIMEZONE	GMT	1/1/1900 0:00	GMT, London, Dublin, Lisbon,	GM	Greenwich Mean Time	Y	N

			Edinburgh				
TIMEZONE	HST	1/1/1900 0:00	Hawaiian Time	HT	Hawaii-Aleutian Time	Y	N
TIMEZONE	IRDT	1/1/1900 0:00	DST Iran Time, Tehran	04	Equivalent to ISO P04	Y	N
TIMEZONE	IRST	1/1/1900 0:00	Iran Time, Tehran	03	Equivalent to ISO P03	Y	N
TIMEZONE	IST	1/1/1900 0:00	India Time, Bombay, Calcutta, New Delhi	05	Equivalent to ISO P05	Y	N
TIMEZONE	MADT	1/1/1900 0:00	DST Mid-Atlantic Time	24	Equivalent to ISO M01	Y	N
TIMEZONE	MAST	1/1/1900 0:00	Mid-Atlantic Time	23	Equivalent to ISO M02	Y	N
TIMEZONE	MDT	1/1/1900 0:00	DST Mountain Time	MD	Mountain Daylight Time	Y	N
TIMEZONE	MST	1/1/1900 0:00	Mountain Time	MS	Mountain Standard Time	Y	N
TIMEZONE	NDT	1/1/1900 0:00	DST Newfoundland Time	ND	Newfoundland Daylight Time	Y	N
TIMEZONE	NST	1/1/1900 0:00	Newfoundland Time	NS	Newfoundland Standard Time	Y	N
TIMEZONE	NZDT	1/1/1900 0:00	DST New Zealand Time, Auckland, Wellington	13	Equivalent to ISO M12	Y	N
TIMEZONE	NZST	1/1/1900 0:00	New Zealand Time, Auckland, Wellington	12	Equivalent to ISO P12	Y	N
TIMEZONE	PDT	1/1/1900 0:00	DST Pacific Time, Tijuana	PD	Pacific Daylight Time	Y	N
TIMEZONE	PST	1/1/1900 0:00	Pacific Time, Tijuana	PS	Pacific Standard Time	Y	N
TIMEZONE	RDT	1/1/1900 0:00	DST Russian Time, Moscow, St.	04	Equivalent to ISO P04	Y	N

			Petersburg, Volgogra						
TIMEZONE	RST	1/1/1900 0:00	Russian Time, Moscow, St. Petersburg, Volgograd	03	Equivalent to ISO P03	Y	N		
TIMEZONE	SAEST	1/1/1900 0:00	SA Eastern Time, Buenos Aires, Georgetown	22	Equivalent to ISO M03	Y	N		
TIMEZONE	SDT	1/1/1900 0:00	DST Sydney Time, Canberra, Melbourne	11	Equivalent to ISO P11	Y	N		
TIMEZONE	SMST	1/1/1900 0:00	Samoa Time, Midway Island	14	Equivalent to ISO M11	Y	N		
TIMEZONE	SST	1/1/1900 0:00	Sydney Time, Canberra, Melbourne	10	Equivalent to ISO P10	Y	N		
TIMEZONE	TST	1/1/1900 0:00	Tokyo Time	09	Equivalent to ISO P09	Y	N		
TIMEZONE	WAUST	1/1/1900 0:00	West Australia Time, Perth	08	Equivalent to ISO P08	Y	N		
TIMEZONE	WEDT	1/1/1900 0:00	DST West Europe Time, Berlin, Rome, Paris	02	Equivalent to ISO P02	Y	N		
TIMEZONE	AFST	1/1/1900 0:00	Afghanistan Time, Kabul	04	Equivalent to ISO P04	Y	N		
	CSA	1/1/1901	Central State Active	CSA Central State Active	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	FIR	1/1/1901	Full Time Irregular Officer Cd	FIR Full Time Irregular Officer Cd	Edison Benefit Program Code and Description	Y	2000	REF	REF03

	FML	1/1/1901	FML Benefits Billing	FML FML Benefits Billing	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	GA1	1/1/1901	Local Gov Active Prem Level 1	GA1 Local Gov Active Prem Level 1	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	GA2	1/1/1901	Local Gov Active Prem Level 2	GA2 Local Gov Active Prem Level 2	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	GA3	1/1/1901	Local Gov Active Prem Level 3	GA3 Local Gov Active Prem Level 3	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	HED	1/1/1901	Higher Education	HED Higher Educati on	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	OLA	1/1/1901	Offline Actives	OLA Offline Actives	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	OLC	1/1/1901	Offline Closed	OLC Offline Closed	Edison Benefit Program Code and Description	Y	2000	REF	REF03

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	PAR	1/1/1901	Part Time Non-1450 Hours	PAR Part Time Non-1450 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	PTN	1/1/1901	Local Education 25 Hours	PTN Local Educati on 25 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	PTP	1/1/1901	Part Time 1450 Hours	PTP Part Time 1450 Hours	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RCS	1/1/1901	Retiree Central State	RCS Retiree Central State	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RG1	1/1/1901	Local Gov Retiree Prem Level 1	RG1 Local Gov Retiree Prem Level 1	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RG2	1/1/1901	Local Gov Retiree Prem Level 2	RG2 Local Gov Retiree Prem Level 2	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RG3	1/1/1901	Local Gov Retiree Prem Level 3	RG3 Local Gov Retiree Prem Level 3	Edison Benefit Program Code and Description	Y	2000	REF	REF03

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	RGF	1/1/1901	Retiree Grandfathered	RGF Retiree Grandfathered	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RSS	1/1/1901	Loc Ed Retiree Support Staff	RSS Loc Ed Retiree Support Staff	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	RTE	1/1/1901	Loc Ed Retiree Teacher	RTE Loc Ed Retiree Teacher	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	SUR	1/2/1901	Survivor Benefit Program	SUR Survivor Benefit Program	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	TEA	1/1/1901	Local Education	TEA Local Education	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	WCP	1/1/1901	Worker's Compensation	WCP Worker's Compensation	Edison Benefit Program Code and Description	Y	2000	REF	REF03
	Y	1/1/1901	Payment Indicator	Y	Payment Indicator	Y	2300	HD	HD11
	N	1/1/1901	Payment Indicator	N	Payment Indicator	Y	2300	HD	HD11
	Range 01000 thru 99929	1/1/1901	Budget Code	Range 01000 thru 99929	Budget Code	Y	2000	REF	REF04

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