



Minnesota Counties Insurance Trust

Request for Proposals

RFP for Workers' Compensation Pharmacy Benefits Management Services

JANUARY 30, 2007

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Appendix A, Minnesota Jurisdiction Sample Prescriptions



The Minnesota Counties Insurance Trust is seeking proposals for a qualified Pharmacy Benefits Manager to provide prescription drug administration for MCIT's self-insured Workers' Compensation Program. The Request for Proposals should be read in its entirety before preparing the proposal.

I. GENERAL INFORMATION

The Minnesota Counties Insurance Trust (MCIT) is a joint-powers organization serving public entities in the State of Minnesota. MCIT operates two divisions: Property/Casualty and Workers' Compensation. MCIT has multiple sites that operate on a 24/7 basis. There are currently 80 county members and more than 386 other county-related entities participating in MCIT's Workers Compensation Program with approximately 29,000 employees.

MCIT has self-administered claims for its workers' compensation program since February 1, 2005. MCIT works in a paperless environment and our current workers' compensation software is iVOS Version 4.1 administered by Valley Oak Systems.

All materials submitted in response to this RFP will become property of MCIT and will become public record after the evaluation process is completed and an award decision is made. If the responder submits information in response to this RFP that it believes to be proprietary or trade secret materials, as defined by the Minnesota Government Data Practices Act, Minnesota Statutes §13.37, the responder must:

1. Clearly mark all trade secret materials in its response at the time the response is submitted;
2. Include a statement with its response justifying the trade secret designation for each item and
3. Defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless MCIT, its agents and employees, from any judgments or damages awarded against MCIT in favor of the party requesting the materials, and any and all costs connected with that defense. This indemnification survives MCIT's award of a Contract. In submitting a response to this RFP, the responder agrees that this indemnification survives as long as the proprietary or trade secret materials are in possession of MCIT. MCIT is required to keep all the basic documents related to its Contracts, including RFP's for a minimum of seven (7) years.

MCIT will not consider the prices/fees/costs submitted by the responder to be proprietary or trade secret materials.

Responses to this RFP will not be open for public review until MCIT decides to pursue a Contract and that Contract is executed.

II. PROPOSAL TIMEFRAME

Responses to this Request for Proposal are to be received by MCIT not later than February 22, 2007.

III. STATEMENT OF INTENT

The Minnesota Counties Insurance Trust is seeking written, sealed proposals from qualified Pharmacy Benefits Managers to provide a well managed, high quality, cost-effective prescription drug program for MCIT's self-administered workers' compensation program.

IV. ORGANIZATION INFORMATION

1. Provide full legal name of your organization, state of incorporation or headquarters, date incorporated and number of years your firm has been in business. If in business less than five years, provide identification of predecessors in business if any.
2. Submit the resume, including the name, title, mailing address, e-mail address, and telephone and fax number of the project manager and/or main contacts that will work on MCIT's account.
3. Identify all employees who will be actively involved on this account including their years of service, and roles and responsibilities.
4. Describe any significant litigation and/or government action taken, proposed or pending against your company during the most recent five (5) years.
5. List the name(s) of principal owners of your company or parent company. Describe the history of your organization and any key changes in ownership within the last five years.
6. Provide the financial strength of your company. Provide ratings from AM Best, Moody's, Standard and Poors or other appropriate rating standard.
7. Provide copies of your company's Annual Report and audited financial statements. If not publicly traded, provide the best available financial statement for your most recent three years.
8. Describe the services offered by your organization during initial installation of this account. Please provide a timeline for installation. The timeline should begin with notification of contract award and continue through first month's billing.
9. What percentage of your business is in workers' compensation? How many workers' compensation clients do you serve?
10. How many clients do you have in the State of Minnesota? How many are public sector entities?
11. Describe the terms and conditions under which your company may terminate services.

12. Provide a list of your firm's five (5) largest clients along with the name of a contact person and phone number. Indicate how long each client has utilized your services.
13. Provide at least two (2) former clients who have terminated their relationship with you within the last 12 months. Provide a contact name and phone number for each client.
14. Describe in detail how your firm complies with protocols of HIPAA and the Minnesota Department of Labor and Industry's regulations on claims appeals.
15. Describe how you will facilitate an audit of your claim files when requested by MCIT to verify pricing discounts; said audit to be at your expense.

V. CLIENT SERVICES

1. Describe how your company responds to client inquiries. Include the hours of operation, staffing, experience level and training.
2. Describe how you will include local pharmacies in the MCIT Program.
3. Will MCIT and its members be allowed to suggest pharmacies to be considered for inclusion or deletion in your network?
4. Is a registered pharmacist available for clinically-related inquiries?
5. Detail the process your company will use to communicate information on the use of the pharmacy card to injured employees with specific attention to:
 - First fill
 - Timeline for permanent cards to employees
 - Mail order prescription drugs
6. How will you work with MCIT to educate and introduce the program to members?
7. Verify that your company can perform an audit of an individual's prescription drugs upon request by MCIT.

VI. PROGRAM MANAGEMENT AND SCOPE OF SERVICE

MCIT is seeking a PBM that is able to provide prescription drugs to employees entitled to prescription drugs under MCIT's workers' compensation program.

- Prescription drugs must have been ordered by a licensed medical provider.
- Prescriptions must be for a condition determined by the physician or MCIT's administrator to be compensable under the Minnesota State Workers' Compensation Law.
- Prescription amounts will be limited to a thirty (30) day supply at the local pharmacy and a 90 day supply on established maintenance drugs.



- Over-the-counter medications for compensable claims prescribed by a physician for workers' compensation will be covered.
- 1. Provide information on your firm's quality control procedures.
- 2. Describe your policies and procedures to ensure privacy of protected health information.
- 3. Describe how your company will obtain and update participant eligibility records.
- 4. Describe the procedures and your company's option for handling first fill prescriptions.
- 5. Describe how your company prevents prescriptions from being released to injured workers whose claims have been denied.
- 6. Describe your company's cost containment features.
- 7. Provide information on the performance guarantees your firm will make, including penalties for failure to meet standards.
- 8. Verify that your company will hold MCIT and its program participants harmless from collection activities by participating pharmacies and that the negotiated payment will be considered payment in full.
- 9. How does your organization stay compliant with Minnesota State specific requirements for mandated pharmacy fee schedules?
- 10. Will your organization provide identification cards and replacement cards upon request? Can prescription drug cards be produced within 24 hours, if necessary? Is there an extra charge for expedited card production?
- 11. Provide additional information relevant to performing services for MCIT not requested elsewhere in this RFP.

VII. SYSTEM

1. MCIT uses iVOS Version 4.1 claims system administered by Valley Oak Systems. What experience does your company have working with iVOS?
2. If no experience, provide a timeline for building an electronic bridge to iVOS.
3. Describe your electronic data interface capabilities. Describe the frequency and type of data transfer you will need from MCIT. Describe your ability to transfer payment and billing information to the appropriate claim in MCIT's computer system.
4. How will you handle claimants who are currently receiving workers' compensation benefits as of the effective date of this program? What transition activities will be required to avoid interruption of pharmacy benefits?

5. Will data be categorized as prescription or pharmaceutical when it is down-loaded into the iVOS system?
6. Describe method of data file transfer to MCIT. Will it come as a secure e-mail, secure FTP site or secure website?
7. Describe your computer system security measures.
8. Describe disaster recovery procedures for your claims and network systems.
9. Does your company provide a help desk for support services? Please provide details including turn-around time to solve issues submitted for review and correction.
10. How many times during the last six months was your system unavailable to network pharmacies for more than ten minutes?
11. Verify that your company can accommodate a two to three week testing phase before going live to ensure that all information is being received.

VIII. IMPLEMENTATION

1. Identify the team and process involved in implementation. Please include timetable for implementation and the job description of each member of the team.
2. Do you have a dedicated implementation manager and will this be the same contact throughout the contract?
3. Describe the client training your company will provide for MCIT staff.
4. How will you notify claimants living in another state?

IX. NETWORK STRUCTURE AND DRUG LISTS

MCIT is seeking a PBM with a statewide network to ensure that all injured employees within our workers' compensation program have adequate coverage for prescription drugs. The PBM must also be able to provide services at convenient locations in bordering communities in North Dakota, South Dakota, Iowa and Wisconsin.

1. Provide a list of network pharmacies (including large pharmacy chains) in the State of Minnesota and bordering states where your company is currently doing business.
2. Discuss your network's ability to provide service on a 24/7 basis throughout Minnesota.
3. Provide details regarding whether you lease a network or own the contracts with the pharmacies or pharmacy chains.
4. Do your pharmacy contracts specify workers' compensation as the type of prescriptions being dispensed? Please provide a sample contract.



5. Confirm that generics will be dispensed first and that only drugs on the network formulary list will be dispensed unless an exception is pre-approved by an MCIT adjuster or nurse case manager.
6. Provide a list of your network formulary drugs. Describe your company's approach to the use of generic substitutions.
7. How are drug formularies determined?
8. What's your definition of Average Wholesale Price? How often is the AWP list updated and what is the mechanism for change?
9. Describe your process for mail order drugs for lifetime medical management claims. Include the following:
 - Mail service facility (where located)
 - Mail service turn-around time, based on total days and days in-house.
 - Preferred method of accepting prescription orders
 - Provide a sample order form
 - Additional savings rate for mail order
10. Will your company identify claimants where substantial savings can be realized by moving them to a mail order refill program? Will your company initiate contact with the MCIT adjuster to assist with this transition?
11. Provide information regarding your firm's discounted drug pricing, including MAC (maximum allowable cost) pricing for multi-source drugs and retail agreements that accept the discounted prices as payment in full.
12. Describe your firm's procedure for notifying network providers and familiarizing them with MCIT's workers' compensation program.
13. How will claims be submitted to MCIT for non-provider fill prescriptions?

X. CLAIMS ADMINISTRATION

1. Describe your company's checks and balances for ensuring that all claims have been posted to the correct claim number.
2. When will MCIT be notified that a prescription has been filled and how soon will details regarding the prescription be provided?
3. Can your organization support multiple claims by a single claimant using his/her social security number, dates of injury, and claim numbers? If so, what does your system use to identify a particular claim to bill MCIT?
4. Provide drug utilization review activities performed by your company including:



- Prevention of fraud and abuse
 - Key prescribing and utilization patterns
 - Measurement of program effectiveness
 - Calculation of savings
 - Other
5. Provide how your firm plans to ensure that prescriptions not compatible with the workers' compensation claim will be denied under workers' compensation.
 6. Describe your process for first fill using the formulary and matching the drug to the bodily injury.
 7. How will you guarantee payment on first fill?
 8. How will your company absorb the cost of non-authorized prescriptions?
 9. What percentage of your pharmacy claims are submitted and adjudicated electronically?
 10. Describe the process of discounting when the prescription is included in a hospital bill and commingled on a HCFA or UB92.

XI. FEES AND COSTS

1. Detail your billing process.
2. When discounting payments, provide the percentage of discount your company will receive for administration fees.
3. Describe all rebates and discounts and how they will be applied to the MCIT account.
4. Will your firm require an initial deposit on account? If yes, please explain.
5. Provide a list of services included in your administration fees.
6. Describe how your company determines average wholesale price discounts for generic and brand name drugs?
7. What type of performance guarantees will you offer? Provide the percentage of the fees you are willing to put at risk.
8. See Appendix A for a sample list of non-discounted pharmacy bills. In the last column provide the cost MCIT would pay after discounts, as of dispensing date.

XII. REPORTS

MCIT will require reports on a quarterly basis. Sample reports should be included with proposals for review. The format of reports will be agreed upon prior to project implementation. At a minimum, the successful candidate will be required to provide the following reports:



1. Reports required on a quarterly basis; include any and all fees associated with their production.
 - Utilization and cost savings (both generic and brand name)
 - Top 100 prescribed medications
2. Describe other reports that can be provided and fees associated with production of each report.
3. Will MCIT have the capability to: 1) generate reports; and 2) search and sort data? If yes, is there a fee?
4. Will adjusters and nurse case manager have the ability to review individual employee prescription records/history?

XIII. LICENSE AND CERTIFICATION REQUIREMENTS

Identify and provide copies of all appropriate licenses and certificates necessary to perform services outlined in this RFP within the State of Minnesota.

XIX. INSURANCE

Each proposal is to include a summary of the candidate's insurance coverage and limits applicable to the work to be performed under this RFP including, but not limited to, coverage for general liability, employers liability coverage, professional liability/errors and omissions, fidelity/employee dishonesty and workers' compensation. The candidate chosen should have a minimum of A.M. Best Company Insurance rating of A or A- (Excellent).

XV. COOPERATION

The successful candidate must fully cooperate with MCIT and other service providers of MCIT to accomplish work outlined in this RFP.

XVI. CONDITIONS FOR PROPOSAL SUBMITTAL

Companies are required to submit 1 original and 7 copies of their proposal to the following person and address by 4:30 p.m. Central Time, February 22, 2007:

Ms. Joan Grotjahn
Office Manager
Minnesota Counties Insurance Trust
100 Empire Drive, Suite 100
St. Paul, MN 55103-1885

Proposals shall bear an original signature of the individual with the authority to bind the offer to the extent of the proposal. Proposals must be submitted in a sealed envelope prominently marked with the following:

Workers' Compensation Pharmacy Services Proposal
(Proposal Due Date)

Failure to do so may result in the proposal being opened prematurely, late or not at all.

Any proposal received after the time and date listed in section XVIII below will not be considered. It is the sole responsibility of the submitting entity to deliver the proposal to the MCIT Office on or before the due date.

Retention of Proposals

Upon submission, all proposals become the property of the Minnesota Counties Insurance Trust which has the right to use any idea presented in any proposal submitted in response to this RFP, whether or not the proposal is accepted.

XVII. PROPOSAL EVALUATION

Method of Award

The Minnesota Counties Insurance Trust considers the subject matter of this proposal to be a professional service. As a professional service, it is not subject to the provisions of the County Local Government Purchasing Act and award, if made, will not be subject to the provisions of the statute.

Although economic issues will be considered in the award process, emphasis will be placed on the quality of the service offered, experience factors, the competency of the prospective firm and outside references.

Cancellation of the Award

The Minnesota Counties Insurance Trust reserves the right, without any liability, to cancel the award of any proposal at any time before the execution of the agreement by all parties.

Evaluation Process

It is the intent of the Minnesota Counties Insurance Trust to review all proposals and judge the merit of those proposals in accordance with the general criteria outlined in this RFP.

Failure of the vendor to provide any information requested in this RFP may result in disqualification of that proposal.

Criteria for Evaluation

All qualified submissions received by the deadline will be analyzed according to the criteria outlined in the RFP. Failure to comply with the provisions of the RFP may cause the proposal to be ineligible for evaluation.

In addition to materials provided in your response to this RFP, MCIT may request additional material, information or references from submitting entities or others if warranted.

MCIT may require interviews with selected companies.

XVIII. SELECTION PROCESS

The following selection schedule has been established:

January 30, 2007	Distribution of Request for Proposals
February 22, 2007	Proposal Submission Deadline
Week of March 19, 2007	Interviews if necessary
April 13, 2007	Contract awarded no later than

The date shown above for the award of the contract is subject to change without notice.

Representatives of the Minnesota Counties Insurance Trust will evaluate each proposal based on the information submitted.

XIX. REJECTION OF PROPOSALS

The Minnesota Counties Insurance Trust reserves the right to reject any and all proposals. The Minnesota Counties Insurance Trust also reserves the right to cancel or amend this RFP at any time. Any changes in the status of the RFP will be brought to the attention of all parties that have received same.

XXII. MISCELLANEOUS PROVISIONS

Contract Terms

After reviewing all proposals, MCIT may select a firm with whom it seeks to contract for the pharmacy services outlined herein. Should this occur, MCIT and the selected firm will then enter into negotiations regarding the specific contract terms that will govern the project. The selected firm will be responsible for designating an individual(s) with the authority to appropriately negotiate and execute a contract on its behalf.

Proposals submitted in response to this RFP may become a part of any subsequent contract. If, for any reason, the selected firm deviates in any way from previously proposed services and/or personnel assignments during the project, the Minnesota Counties Insurance Trust may discontinue work with the vendor without notice.

All information, reports, and other work products in the possession of the firm are the property of the Minnesota Counties Insurance Trust. In the event MCIT discontinues or postpones the project or chooses to discontinue working with the firm, all work product will be immediately provided to the Minnesota Counties Insurance Trust.

Lobbying

Any attempt to contact members of the Minnesota Counties Insurance Trust Board of Directors, members of the Minnesota Counties Insurance Trust, or any organization or member of an organization that sponsors the Minnesota Counties Insurance Trust, namely the Association of Minnesota Counties, will result in immediate rejection of the firm's proposal. Questions regarding this RFP must be forwarded to Joan Grotjahn, Office Manager, Minnesota Counties Insurance Trust, 100 Empire Drive, Suite 100, St. Paul, MN 55103-1885, jgrotjahn@mcit.org 651-209-6421 (voice), 651-209-6496 (fax).

Development Costs

The Minnesota Counties Insurance Trust will not be responsible for any costs incurred by applicants in preparing responses to this RFP.