REQUEST FOR PROPOSALS
For
Prescription Drug Management
For
THE ILLINOIS
COMPREHENSIVE HEALTH INSURANCE PLAN
(ICHIP)

Issued By
Board Of Directors
Comprehensive Health Insurance Plan
State Of Illinois
Director, Department Of Insurance,
Chairman Of The Board

RFP Issue Date: April 30, 2010
Intention to Bid Response Due: May 7, 2010
Clarification Questions Due: May 14, 2010
RFP Response Due: May 28, 2010
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Contact Information/Interest in Bidding

This information will allow us to better communicate follow-up materials to your group. Copy and paste your response in an e-mail to:

director@chip.state.il.us

The bidder contact will be responsible for all clarification and notification concerning this account. The designated contact must have the authority to bind the bidder to statements made in this RFP and subsequent communications and must be responsive to any inquiry that we may have. Only one point of contact please.

PBM Bidder Company Name:
PBM Bidder Address:
Contact Name:
Contact Title:
Contact Address (If different than above):
Contact Telephone:
Contact e-mail:

We intend to respond to the RFP. _______

We do not intend to respond to the RFP. _______

Submission of this page with the box marked “We intend to respond to the RFP” is considered your certification that you meet and understand all of the minimum qualifications specified within the Request for Proposal.

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RETURN THIS PAGE BY May 7, 2010
Illinois Comprehensive Health Insurance Program

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1. GENERAL INFORMATION ABOUT THE PLAN
(NO RESPONSES ARE NEEDED TO THIS SECTION)

1.1 Client Description
The ICHIP (Board) is requesting a response to this RFP from your organization to manage the prescription benefits for the Board. The Plan is a statutory program that has provided health coverage to certain eligible Illinois residents since May 1, 1989 and is operated by a Board of Directors with Board staff located in Springfield, Illinois. Membership resides within the State, with some members leaving the state for temporary and transitory purposes.

1.2 Enrollment
Currently ICHIP has two pools. The Traditional ICHIP pool provides health coverage to otherwise uninsurable individuals throughout the state of Illinois who qualify under Section 7 of the ICHIP Act. The other portion of the ICHIP program, known as the HIPAA-CHIP pool, offers a choice of alternative health benefit plans to Illinois residents who qualify for CHIP coverage as federally eligible individuals under the CHIP Act and includes a subset of eligible individuals who qualify because they are eligible for the Health Coverage Tax Credit (HCTC) under the Trade Act of 2002. Currently the plan covers over 16,000 individuals in the state of Illinois. Members enroll and dis-enroll daily rather than on the first of the month; consequently, enrollment files are updated daily. Enrollment has been steadily increasing since early 2009. Membership and reporting are kept separate for each pool and subsets within the pools.

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<tr>
<th>Month</th>
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<th>Terms</th>
<th>End of Month Enrollment</th>
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<td>Dec</td>
<td>15,784</td>
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See IMPORTANT NOTICE in Section 1.11 regarding potential for increased enrollment. It is likely that the Board will implement a third “federal pool” consistent with the Patient Protection and Affordable Care Act. If so, all applicable state and federal laws shall apply to the successful bidder and any contract entered into hereunder.

1.3 Plan Information
Specific information about the Plan is available at www.chip.state.il.us. ICHIP is one of 35 state high risk Plans nationwide that cover individuals who are unable to find health coverage through typical sources. We recommend you visit the site prior to responding to the RFP to better understand the unique population. A copy of the Act establishing ICHIP (215 ILCS 105/1 et seq.) is available at www.chip.state.il.us/legislation.htm
1.4 **Prescription Drug Spend**
Claim data from 2009 indicates that the average monthly total spend is approximately $4,766,747 over this period. The average Per Member Per Month (PMPM) for prescription drugs is $306.24 total spend (member plus plan pay), with an average of 41,246 claims processed per month.

1.5 **Plan Structure and Current Vendors**
The Plan has a prescription drug card program currently administered by Walgreens Health Initiatives (WHI). The Board uses a Plan Administrator, which is currently Blue Cross Blue Shield of Illinois (BCBS), to provide non-PBM-related administrative services. The Plan Options are as follows:

**Non-High Deductible Health Plan (HDHP) Plans**

**Retail Copay:**
The copay on prescriptions is 20% with a minimum copay of $5.00 and a maximum copay of $100. Days’ supply limit is 30.

**Retail Maintenance Copay:**
The copay on prescriptions is 20% with a minimum copay of $10.00 with a maximum copay of $200. Days’ supply limit is 90.

**Mail Copay:**
The copay on prescriptions is 20% with a minimum copay of $10.00 with a maximum copay of $200. Days’ supply limit is 90.

**Maximum Out of Pocket:**
There is a $2,500 calendar year out-of-pocket maximum or stop-loss limit on the copays for these prescription drug card program benefits.

**Brand Penalty:**
If you choose a brand prescription drug when a generic equivalent is available, you will be responsible for the 20% co-payment plus the difference in the cost between the brand drug and its generic equivalent. Only the 20% co-payment will be applied toward your $2,500 calendar year maximum out-of-pocket for prescription drugs; the difference in the cost between the brand drug and its generic equivalent is solely your responsibility to pay, and will NOT be applied toward your $2,500 calendar year maximum out-of-pocket.

**Retail Network:** The retail network will be comprised of the PBM’s contracted network inside and outside of the state of Illinois.

**Mail Service:** Mail Service will be provided by the PBM’s Mail Service or the PBM’s Mail Service vendor.
Specialty: Specialty pharmacy program will be provided by the PBM’s Specialty Service or the PBM’s Specialty Service vendor.

High Deductible Health Plan: The Board offers a High Deductible Health Plan that requires coordination with the Plan Administrator, (currently, BCBS).

Lifetime Maximum: Currently there is a lifetime maximum of $2 million which requires coordination of data with the Plan Administrator. This lifetime limit is set to change to $1.5 million this year. There is legislation pending which could increase the lifetime limit.

Clinical Programs in Place: A series of drug quantity limits and prior authorizations are in place.

1.6 Questions/Clarifications/Contact
All questions or clarifications should be sent to Director@chip.state.il.us in writing. All questions received by May 14, 2010, Noon, Central Time, will receive a response and the question will be shared with all vendors as well as the response.

1.7 Proposal Response
An electronic copy of the proposal and attachments should be sent to each of the following reviewers on or before May 28, 2010 via CD-ROM. No binders or printed materials are necessary. Document the name of the bidder organization on the media.

Provide one disk that can be reproduced or copied in each package to:

Cheryl Meisenheimer
Illinois Comprehensive Health Insurance Plan
320 West Washington Street, Suite 700
Springfield, Illinois 62701-1150

Alan Kellogg
HealthLinX
1192 East Draper Parkway, #303
Draper, Utah 84020
(801) 541-2715
1.8 **Timeline**

- **RFP Issue Date**
  April 30, 2010

- **Intention to Bid Response Due**
  May 7, 2010

- **Clarification Questions Due**
  May 14, 2010

- **RFP Response Due**
  May 28, 2010

- **Implementation**
  January 1, 2011

1.9 **Contract Period**
The contract period will be January 1, 2011 through December 31, 2011, plus the potential for two one-year renewals if deemed appropriate, contingent upon the availability of funds and other grounds for termination or cancellation of the contract. The contract can be terminated at will by the PBM with 180 days notice in writing and the Board with 90 days notice. If the program or any portion of the program is discontinued for any reason, at the Board’s discretion, the PBM will continue to process claims for service dates prior to termination for a period of 15 months after termination.

1.10 **Potential for Future Changes in the Plan**
Bidders should be aware that the potential always exists for multiple and/or extensive changes in the plan to occur in any legislative session or ensuing fiscal or plan year, especially if actions by either the state or the federal government affect the plan. Bidders should be aware that the successful bidder will be expected to be able to react to, address and respond to any such changes in a timely and efficient manner.

1.11 **Important Notice**
The Board anticipates that it will serve as the “temporary high risk health insurance pool program” (THRP) for the state of Illinois in accordance with Section 1101 of the Patient Protection and Affordable Care Act (Public Law 111-148). It is uncertain what the membership potential and benefit structure of this new pool may be. It is anticipated that both eligibility for and benefits of this new THRP pool may differ from those provided under the exiting pools. The PMB must be able to track membership and claims for this pool separately from the other pools.
2. INSTRUCTIONS TO BIDDER

EXCEPTIONS: All proposals are subject to the terms and conditions outlined herein and are not subject to negotiation. All responses shall be controlled by such terms and conditions and the submission of other terms and conditions, price lists, catalogs, and/or other documents as part of a Bidder's response will be waived and have no effect either on this Request for Proposals or on any contract that may be awarded resulting from this solicitation. Bidder specifically agrees to the conditions set forth in the above paragraph by signature to the proposal. All proposals are to be complete when submitted and late or incomplete proposals will not be accepted. The Board reserves the right to reject any or all proposals.

CONFIDENTIALITY OF PROPOSALS: In submitting its proposal the Bidder agrees not to discuss or otherwise reveal the contents of the proposal to any source outside of the using or issuing agency, government or private, until after the award of the contract. Bidders not in compliance with this provision may be disqualified, at the option of the Board, from contract award. Only discussions authorized by the issuing agency are exempt from this provision.

RIGHT TO SUBMITTED MATERIAL: All responses, inquiries, or correspondence relating to or in reference to the RFP, and all other reports, charts, displays, schedules, exhibits, and other documentation submitted by the Bidders shall become the property of the Board when received.

EXPERIENCE: The PBM bidder should have been in existence for no less than three years and administer a PBM for a minimum of 1 million members as of 1-1-2010.

BIDDER’S REPRESENTATIVE: Each Bidder shall submit with its proposal the name, address, and telephone number of the person with authority to bind the firm and answer questions or provide clarification concerning the firm's proposal. By submitting a proposal, the Bidder certifies that it has full corporate authority to enter into a contract with the Board and perform its obligations thereunder, that such performance would not give rise to any violations of any other contract of the bidder, and that the person signing such proposal has full power and authority to do so. By submitting a proposal, the Bidder certifies that it meets all of the qualifications set forth in Section 3 of this RFP.

Signature: ________________________________

Name (Printed) ________________________________

Title: ________________________________

Date: ________________________________

Telephone: ________________________________

E-mail: ________________________________
3. GENERAL INFORMATION ON SUBMITTING A PROPOSAL
(NO RESPONSES ARE NEEDED TO THIS SECTION)

3.1 RFP Structure
The RFP is structured in a yes/no/deviation format with a portion of question/response areas. When providing a yes/no answer, it is our expectation that if you agree to the statement, you will respond yes. If you have any deviation, you will respond “no” and then provide in the comment section any disclosure which may provide compliance with the statement. A yes with a deviation in the comment section will be considered an agreement to the statement and the comment will be disregarded.

3.2 Review of the RFP
Each RFP question will be read and reviewed. We encourage you to thoughtfully consider your response to the question before formulating an answer. All requirements and responses will be incorporated into a final contract. Short but complete and accurate answers as represented and warranted are expected.

3.3 Preparation of Proposals
Proposals must be prepared in conformity with all instructions, conditions and requirements included in this RFP. Prospective bidders are expected to examine all documentation, schedules and requirements and complete all exhibits. Failure by a bidder to respond to a specific requirement may be the basis for the proposal being declared non-responsive and eliminated from any further consideration. By submitting a proposal, a bidder covenants and agrees that it fully understands and will abide by the terms and conditions of this RFP, and that it will not make any claims for, or have any rights to, cancellation or relief without penalty because of any misunderstanding or lack of information. Prospective bidders should carefully read the ICHIP Act, the annual report, the grievance procedures and benefit plan descriptions which are located on the ICHIP website. The Board will assume that any prospective bidder has read and understood these RFP specifications, any attachments hereto, the Act, the CHIP website and benefit descriptions.

3.4 Most Favorable Terms
The Board reserves the right to make a contract award without any further discussion with the bidders regarding the proposals received. Therefore, proposals should be submitted in complete form and pursuant to all terms and conditions as required in the RFP. The Board reserves the right to contact individual bidders to clarify any point associated with the proposal or to correct minor discrepancies. The Board is not obligated to accept any unsolicited proposal modifications or revisions after the deadline for receipt of proposals.

3.5 Written Questions and Inquiries
Any written explanation desired by a bidder regarding the meaning or interpretation of the RFP provisions must be submitted in writing and sent to: Director@chip.state.il.us
The final date prior to the selection of Finalists on which we will accept questions of any kind is May 14, 2010. Oral explanations or instructions given before the award of the contract will not be binding upon the Board. Any written information given to a prospective bidder concerning the RFP will be furnished as an amendment to the RFP solicitation to all prospective bidders who have submitted a letter of intent to bid.

3.6 Proposal Format
The proposal prepared in response to this RFP should be formatted so as to cross reference sections of this RFP and be presented in outline form in the same order as contained in the RFP. Non-compliance with our outline and numbering system will result in disqualification of the bidder. Emphasis should be on completeness, clarity of content and brevity. Statements such as “Please refer to question XXXX” will be considered non-responsive. We request that you return the RFP in a Microsoft Word document.

3.7 Incurred Expenses
The Board will not be responsible for and will not pay any costs or expenses incurred by a bidder in preparing and submitting a proposal, regardless of whether the Board makes an award to that bidder. All proposals should be prepared simply and economically, providing a straightforward, concise delineation of the bidder’s capabilities to satisfy the requirements of this RFP.

3.8 Oral Presentation
The Board reserves the right to require a bidder to provide a formal oral presentation of its proposal at a date and time to be determined by the Board for the purpose of explaining or clarifying the proposals. Subsequent to the receipt of the proposals, the Board may establish a time for oral presentation(s) to be held. No bidder will be entitled to be present during, or otherwise receive any information regarding, any presentation of any other bidder.

3.9 Proposal Tenure
All proposals are valid for ninety (90) calendar days from the proposal due date, and shall remain firm and unaltered for that entire period or until a contract is fully executed with another bidder, whichever is earlier.

3.10 Award Notice
No announcement of the results of the evaluation process will be made until reviewed and approved by the Board except that each organization submitting a proposal will be advised in writing of their selection or exclusion as a finalist. The award shall be contingent upon successful negotiation of the final contract.

3.11 Financial Soundness
Evidence of adequate financial stability of a bidder is a prerequisite to contracting regardless of any other considerations. The purpose of this section is to provide the Board with adequate information to permit an evaluation of a bidder’s capabilities to undertake and satisfactorily complete any contract awarded by the Board pursuant to this RFP. To be considered for an award, a bidder must assure performance and
Illinois Comprehensive Health Insurance Program

provide audited financial statements for the past three years that establish the bidder’s financial capability and stability for performance of a contract of this magnitude and duration. The Board will not accept financial statements prepared by an accountant who has a direct or indirect financial interest in, or is a director, officer, agent or employee of the bidder submitting the statements. If the bidder is a subsidiary of another corporation, the above information shall also be required for the parent corporation. If the bidder is a parent of a subsidiary or affiliate who will be performing the services of the contract then the above information shall also be required for the subsidiary or affiliate corporation. The Board reserves the right to require any additional information it deems necessary to determine the financial integrity and responsibility of any bidder. If the bidder experiences a material change in its financial condition, the bidder must notify the Board of the change in writing as soon as possible. Failure to do so will be sufficient grounds for rejecting the bidder’s proposal or terminating any contract already entered into.

3.12 News Release
Bidders shall not issue any news releases or make any statements to the news media pertaining to this RFP or any proposals and/or contracts resulting therefrom without the approval of the Board.

3.13 Discrepancies In and/or Omissions from Specifications
Bidders shall not be allowed to take advantage of any errors or omissions in the RFP. Should a bidder find or suspect any errors, omissions or discrepancies in these specifications, the bidder must immediately notify the Board via e-mail, Director@chip.state.il.us. If the Board deems it necessary, it will send written information addressing the discrepancy or omission to all bidders.

3.14 Subcontractor Binding
The Prescription Benefit Manager (PBM) must agree to adhere to the following minimum standards. If any of your PBM services are contracted, your responses will pertain to your subcontractor. No additional contracts or exceptions will be made from your response to accommodate a subcontractor.

3.15 Administration Fees/Discounts and Rebates
Fee proposals for administration should be quoted on a PMPM basis and should include all services and network use fees. Discounts and rebates should be quoted separately.

3.16 Timing and Implementation
The proposal should include a complete description of the implementation work plan with an exhibit of the timing and implementation tasks to be accomplished. Bidders must agree to cooperate in any transfer of functions from the existing PBM to the replacement PBM.

3.17 Governing Law
The bidder must agree that the contract shall be governed by the laws of the State of Illinois and any applicable federal law. Any ensuing contract will contain appropriate
clauses which may be required by the State of Illinois or federal law, and any disputes arising thereunder shall be interpreted according to Illinois law and applicable federal law.

3.18  Public Information
All information submitted by the successful bidder is subject to the Illinois Freedom of Information Act (FOIA) (5 ILCS 140). All or part of the winning submission may be considered open to public inspection. The price or administrative fee the Board pays is considered public. Any claim that other information submitted is exempt from disclosure must be made as part of the proposal, must identify each paragraph containing that information, must reference specific statutory reasons, such as found in Section 7 of the FOIA, and must tell why the information meets the requirements for exemption. The Board will determine whether the exemptions apply.

Only the record of the losing bidders’ submissions and the final report of the committee appointed by the Board for purposes of evaluating the bids received in response to this RFP shall be made public. Individual evaluator’s work papers, notes and recommendations are confidential. Any public information will be available for review during normal working hours at the CHIP Board Office in Springfield.

Please give two business days advance notice of intent to review. No copy or facsimile facilities are available.

3.19  Public Contracts Number
The bidder must have a valid Public Contracts Number (FEPC) issued by the Illinois Department of Human Rights or proof of application for the number. The number may be obtained by contacting:

Illinois Department of Human Rights
Contractor Registration
James R. Thompson Center
100 West Randolph Street, Suite 10-100
Chicago, IL 60601
Phone: (312) 814-2431

3.20  Conflict of Interest
The bidder must covenant that it has no public or private interest, direct or indirect, and shall not acquire directly or indirectly any such interest which would or may conflict in any manner with the performance of its services and obligations as PBM under any ensuing contract with the Board. Any such conflicts shall be disclosed to the Board and the Board shall determine whether such conflict requires the non-execution or termination of any such contract. The bidder must further covenant that, in the performance of any such contract, no person having such interest shall be employed by the bidder as PBM for CHIP.

The bidder must also identify each individual having a beneficial interest in the business which exceeds 7½%. The bidder shall not be a State Officer or employee
nor shall any State Officer or employee have more than a 7½ percent interest or together with a spouse or minor child more than 15 percent interest in such contract.

3.21 State Obligation
Obligations of the State of Illinois, and any legal entity thereof, to the PBM shall cease immediately and without penalty or further payment being required if, in any fiscal year, the Illinois General Assembly fails to appropriate or otherwise make available sufficient funds for the continuation of this contract as applicable. In such case, however, the Plan will remain liable for the payment of all covered benefits for any valid claims which were processed or paid by the PBM on behalf of the Board and for any outstanding monthly administrative fees incurred prior to termination of the contract.

The PBM must certify that it understands that obligations of the Board will cease immediately without penalty of further payment being required if in any fiscal year the Illinois General Assembly fails to appropriate or otherwise make available sufficient funds for this agreement.

3.22 Anti-Bribery
The bidder must certify that neither it nor any official, agent, or employee of the bidder, has been convicted of bribing or attempting to bribe an officer, state legislator or employee of the State of Illinois, nor made an admission of guilt of such conduct which is a matter of record, which would bar that person or corporation from contracting with any unit of the State of Illinois pursuant to Section 50-5 of the Illinois Procurement Code (see 30 ILCS 500/50-5).

3.23 Felony Convictions
Unless otherwise provided by law, no person or business entity convicted of a felony shall do business with the State of Illinois or any State agency from the date of conviction until one year after the date of completion of the sentence for such felony, unless no person held responsible by a prosecutorial office for the facts upon which the conviction was based continues to have any involvement with the business entity (see 30 ILCS 500/50-10). Any person or business entity must disclose any felony conviction and the date the sentence was or will be completed. Such disclosure must be made in writing as part of the proposal submitted by the person or business entity.

3.24 Non-Discrimination
The bidder and any subcontractor must agree not to commit unlawful discrimination and agree to comply with applicable provisions of the State and federal constitutions, laws, regulations and judicial orders pertaining to non-discrimination and equal employment opportunity, including but not limited to the Illinois Human Rights Act, the Public Works Employment & Discrimination Act, the U.S. Civil Rights Act and Section 504 of the Federal Rehabilitation Act, and rules applicable to each.
3.25 Americans With Disabilities Act
The bidder must agree to comply with the applicable provisions of the Americans with Disabilities Act (ADA), and that any services, programs and activities provided under any contract with the Board will be in compliance with the ADA.

3.26 Drug Free Workplace Act
The bidder must certify that it will provide a drug free workplace and that no individuals who are employed by it will engage in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance in the performance of the contract. False certification or violation of this certification, which is required by the Drug Free Workplace Act (30 ILCS 580/1 et seq.), may result in sanctions including, but not limited to, suspension of contract payments, termination of the contract and debarment of contracting opportunities with the State for at least one (1) year but not more than five (5) years.

3.27 Sexual Harassment
The bidder must have written sexual harassment policies that shall include, at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under state law; (iii) a description of sexual harassment, utilizing examples; (iv) the contractor’s internal complaint process including penalties; (v) the legal recourse, investigative and complaint process available through the Department of Human Rights and Human Rights Commission; (vi) directions on how to contact the Department and Commission; and (vii) protection against retaliation as provided by Section 6-101 of the Illinois Human Rights Act. A copy of the policies shall be provided to the Board upon request.

3.28 Contract Negotiations
A bidder must be prepared for the Board to accept the bidder’s proposal as submitted. If a bidder is chosen for award, however, it may be required to enter into contract negotiations if the Board believes it is necessary or desirable. If agreement cannot be reached to the Board’s satisfaction, the Board may reject a bidder’s offer or revoke the award and begin negotiations with another bidder.

3.29 Contract
The Board reserves the right to incorporate certain standard state or federal contract provisions into any contract negotiated as a result of any proposal in response to this RFP. The contract between the Board and the successful bidder will, at a minimum, contain all of the contractual requirements outlined in this part of the RFP and will require the approval of the Board of Directors. The Board, however, reserves the right to negotiate provisions in addition to those stipulated in the RFP. The contents of this RFP, the proposals to meet the RFP requirements, and any properly executed modification thereto will be incorporated into the contract. If agreement cannot be reached to the Board’s satisfaction, negotiations may begin with another bidder.

3.30 Contract Deviations
The award of any contract pursuant to this RFP will be in accordance with the terms and conditions as set forth in this RFP. Any additional terms and conditions which
Illinois Comprehensive Health Insurance Program

may be the subject of negotiation or included in the contract shall be discussed between only the Board and any successful bidder and shall not be deemed an opportunity to amend proposals submitted.

3.31 Termination and Cancellation
The contract between the Board and the successful bidder may be terminated or canceled in whole or in part, without penalty to the Board or further payment required for obligations incurred after that date, as of the end of any month during the term thereof by the Board upon thirty (30) days prior written notice to the PBM in the event of the occurrence of any one or more of the following:

a) The PBM’s authority to transact business in the State of Illinois is revoked or suspended, or it becomes subject to a Cease and Desist Order substantially related to the PBM’s ability to do business in Illinois issued by the Director of the Department of Insurance ("Director").

b) Any statement, representation, warranty, or certificate is made or furnished by the PBM to the Board in connection with this contract which is materially false, incorrect, or incomplete.

c) It shall appear to the Board that the PBM has failed to perform satisfactorily any material requirement of this contract; or that the PBM is in violation of a specific provision of this contract; or that full and satisfactory performance of the terms of this contract is substantially endangered; or that the PBM has failed to comply with lawful direction or standards established by the Board from time to time, and after a reasonable period of time (not to exceed thirty (30) calendar days after notice of the violation) the PBM fails to rectify the problem, including but not limited to failure of the PBM to maintain covenants, representations, warranties, certificates, bonds and insurance.

d) The General Assembly shall enact a statute which removes the authority or ability of the State, or the Comprehensive Health Insurance Plan Board of Directors, to operate the Plan as described herein.

e) For Section 7 pool only, if State General Revenue funds authorized, appropriated, or allocated to the Board for the purposes of this contract have been exhausted and the Board is not otherwise able to meet its obligations hereunder. The Board agrees, however, that: (i) any funds authorized, appropriated, or allocated to it for the purposes of this contract in any fiscal year shall be applied to the payment of charges hereunder until such funds are exhausted; (ii) it has not given to date and will not in the future agree to give priority or parity to the application of such funds to other functionally similar contracts; and (iii) it will use its best efforts to obtain authorization and appropriations of such funds including, without limitations, the inclusion in its budget request for each fiscal year during the term hereof, a request for adequate funds to meet its obligations in full.

f) Failure of the PBM to comply with current or future laws of this State, or any regulations promulgated thereunder.
g) Failure of the PBM to comply with current or future applicable federal laws, or any regulations promulgated thereunder.

h) Commencement of a proceeding by or against the PBM under the United States Bankruptcy Code or similar law; or any action by the PBM to dissolve, merge or liquidate.

i) If termination occurs, the PBM shall continue to process claims in accordance with Section 1.9 above.

3.32 PBM Responsibility
The PBM shall be exclusively responsible for the performance of its obligations under this Agreement regardless of any separate subcontracts or agreements the PBM may enter with entities not parties to the contract; the Board will consider the PBM to be the point of contact with regard to performance of any provision under this contract. The PBM will assume sole responsibility for set-up, installation, training and maintenance of the office, personnel, equipment, software, and support services offered in its proposal. The PBM shall ensure that the staff assigned to provide the level of services required by the contract has the appropriate job knowledge, skill and experience to effectively perform as PBM. The PBM must work in harmony with the Board, its management and personnel, agents, and/or any other preceding, succeeding, and concurrent Administrator or PBM. The PBM shall consult with and keep the Board fully informed as to the progress of all matters covered by this contract. The PBM shall promptly furnish the Board with copies of all correspondence and all documents prepared in connection with the services rendered under this contract. The PBM must notify the Board as soon as practicable of significant events which may affect the level of service that the PBM or any of its subcontractors provide to the Board, including termination or non-renewal of any contract(s) with pharmacies or pharmacy chains.

3.33 Subcontracting
The PBM is prohibited from subcontracting, conveying, assigning, transferring or otherwise delegating or disposing of any right or duty in whole or in part of the contract resulting from this RFP, its rights, title, or interest therein, or its power to execute such agreement to any other company, corporation, or entity, including any subsidiary or affiliate of the PBM, without the prior written consent of the Board.

In the event the Board gives any such consent, the terms and conditions of such contract shall apply to and bind the party or parties to whom such work is subcontracted, conveyed, assigned or transferred as fully and completely as the PBM is hereunder bound and obligated. No assignment, if any, shall operate to release the PBM from its liability for the prompt and effective performance of its obligations under the contract.

3.34 Responsibility for Officers, Agents and Employees
The PBM shall remain fully responsible for the negligent acts and omissions of its officers, agents, employees and subcontractors in their performance of the PBM’s duties under this contract. The PBM represents that it shall utilize the services of individuals skilled in the profession for which they will be used in performing services
hereunder. In the event that the Board determines that any individual performing services for the PBM hereunder is not providing such skilled services, it shall promptly so notify the PBM and the PBM shall replace that individual.

3.35 Successors and Assigns
Subject to the limitations on assignment contained herein, this contract shall inure to the benefit of, and be binding upon, the successors and assigns of the respective parties hereto. The terms “successors” and “assigns” shall include, without limitation, any entities which merge with or purchase (whether by stock purchase, asset purchase or otherwise) the PBM.

3.36 Performance Criteria and Reduction in Payments
The contract shall provide specific standards and performance criteria which must be met by the PBM during the ensuing contract period. These standards and criteria shall state a frequency of occurrence, method of measurement, penalty amount and method of collection or recovery to be imposed by the Board for the PBM’s non-performance. These standards will ensure that a minimum level of performance is maintained by the PBM and that efficient and effective program operations are maintained throughout the contract period. These standards and criteria may be modified as necessary by the Board during the contract term to accommodate new program directions and changes which may arise.

3.37 Performance Reviews
The Board shall have the right to conduct periodic post-performance reviews of the PBM’s performance under the contract. The PBM shall cooperate with the Board in these reviews, which may require that the PBM provide records of its performance and billing. The PBM shall provide any required information within 30 days of the Board’s request.

3.38 Force Majeure
Neither the PBM nor the Board will be liable for public utility performance (e.g., postal service, telephone or water company), nor for the consequence of their non-performance. Events or conditions beyond the reasonable control of the PBM or the Board such as acts of God, fires, floods, strikes, weather, transportation disasters, utility failures or acts of violence will not be construed as non-performance, nor will reductions be applied as a result of such events, provided that the Board shall have the right to obtain the necessary services elsewhere in the event of such non-performance by the PBM, and charge the cost back to the PBM in the form of a fee reduction. The PBM shall cooperate with the Board in such event.

3.39 Indemnification:
The PBM must agree to indemnify and hold harmless the Plan and the Board against any and all losses, cost or expenses attributable to extra-contract damages which the Plan or the Board may sustain or incur by reason of or arising out of any act, error, or omission of any officer, employee or agent of the PBM. The PBM must agree to indemnify the Plan and the Board, its officers, board members, agents, and employees, and hold it and them harmless from and against any and all demands and
liabilities arising out of claims based on the Board's use of Prescription Administrator-provided goods or services. The Prescription Administrator also agrees to indemnify and hold harmless the Board against any and all losses, cost or expenses attributable to extra-contractual damages which the Board may sustain or incur by reason of or arising out of any act, error, or omission of any employee or agent of the Prescription Administrator. The Board agrees to notify the PBM immediately of any of the foregoing, and the PBM agrees to defend the Board and hold it harmless against any suit or claim and reimburse the Board on account of any expense, cost, or loss in connection therewith.

3.40 Inspection of Work Being Performed
The Board or its designee shall have the right to inspect fully any and all work performed or being performed under the contract either directly by the PBM, any subcontractors, or through Board-approved arrangements with other parties.

3.41 Access to and Use of Data, Operating Methods and Procedures
The Board shall have the right to obtain via electronic, telephonic or other means, and use freely, and the PBM shall make available or provide, any and all data acquired or utilized by the PBM in the development and processing of claims or carrying out any of its functions under the contract, and the PBM shall provide the Board with any and all such acquired or utilized data as well as provide it with on-line access to a secure network at any time.

The Board shall have the right to obtain and use all data and the contents of all files maintained for the Board without limitation as to the media in which it is furnished (i.e., whether printed, machine readable, magnetic tape, cartridge, microfilm, computer files, etc.).

The Board shall have the right to review without limitation all systems documentation, program logic, operating or procedure manuals, and all other operating methods and procedures involved in the performance of functions and duties under the contract.

3.42 Accident, Injuries, and Property Damage
Neither the Board nor the Plan assumes any liability for acts or omissions of the PBM and such liability rests solely with the PBM. The Board is unable to indemnify or hold harmless the PBM for claims based on the Board’s use of PBM provided goods or services, including software. The PBM must agree to indemnify and hold harmless the Board from any loss, damage, cost or expense which the Board may sustain or incur by reason of, or arising from, any accident or injury to personnel, agents or employees of the PBM, as well as any loss, damage or destruction of the property owned, leased or used by the PBM in the course of the PBM's work in the performance of the contract. The PBM must also agree to maintain public liability, casualty and auto insurance coverage to the Board's satisfaction against the risk each assumes in keeping with sound business practices and to cover and protect the Board from liability for acts of the PBM. The PBM must also agree to carry Worker's Compensation Insurance in the amount and in the manner required by law.
3.43 **Time for Performance**
The PBM must agree that time shall be of the essence for performance of its obligations under the contract.

3.44 **Confidentiality and HIPAA Privacy Requirements**
Performance of the contract may require the PBM to have access to and use of data and information which may be confidential or considered proprietary to the Board or to another Board contractor, or which may otherwise be of such a nature that its dissemination or use, other than in performance of the contract, would be adverse to the interest of the Board or others, or in violation of the confidentiality requirements of the CHIP Act. The PBM shall maintain the confidentiality and privacy of all medical records, claim and enrollment forms and other similar personal or individual data pursuant to the requirements of Section 14 of the CHIP Act, the Health Insurance Portability and Accountability Act of 1996 or any amendments thereto, the Patient Protection and Affordable Care Act and any other applicable state and federal laws, including any regulations promulgated thereunder, as amended.

The PBM must agree that it will hold in strict confidence, and will not use without the prior written approval of the Board, all information, data, programs, practices and procedures, which relate to the Board or the Plan. The PBM must also agree to ensure that its automated claims processing system, pre-certification and prior authorization system and other automated systems have the necessary safeguards to limit access to such information to authorized users and that system operations effectively protect confidentiality and privacy of all such data.

The PBM must also agree that its personnel will not divulge or release any data or information developed or obtained in connection with the performance of the contract, except to authorized Board personnel or upon written approval of the Board’s Executive Director. The PBM must also agree to refrain from using or permitting the list of applicants or Plan participants from being used for any purpose which is not related to the Administration of the Board’s business.

The PBM shall agree to indemnify and hold the Board, its officers, agents, Board members and employees harmless for any misuse or breach of data confidentiality and privacy caused solely by the PBM in the performance of its functions and duties under this agreement.

3.45 **Retention of Records**
The PBM must agree to maintain for a minimum of six (6) years after the completion of the most recent contract for which such PBM provided administrative services for CHIP, adequate books, records, and supporting documents and papers regardless of the media, directly related to this contract and those of any parent, affiliate or subsidiary organization performing under formal or informal agreement, any service or furnishing any supplies or equipment to the PBM which are related to this contract. The PBM must be able to verify the amounts, recipients, and uses of all disbursements of funds passing in conjunction with the contract for this same period of time. The period of access and examination of records which relate to litigation or settlement or
claims arising out of the performance of this Agreement, or cost and expenses of this Agreement, as to which exception has been taken by the Board or any of its duly authorized representatives, shall continue until such appeals, litigation or all exceptions have been disposed of. The substance of this provision shall be inserted in any subcontract.

The PBM must also agree that the contract and all books, records, and supporting documents and papers, regardless of media, related to the contract shall be available for review and audit by the Board or its duly authorized representative, and maintained in accordance with state and federal law governing the maintenance of such records.

The PBM must agree to cooperate fully with any audit conducted by the Board and to provide full access to all relevant materials. Failure to maintain the books, records, and supporting documents and papers, regardless of media, as required by this Section shall establish a presumption in favor of the Board for the recovery of any funds paid by the Board under the contract for which adequate books, records, and supporting documentation and papers, regardless of media, are not available to support the purported disbursement of such funds.

3.46 Ownership of Data and Transfer of Records
The PBM must agree to maintain its books, records and any other data pertaining to its performance under the contract consistent with sound business practices and in accordance with statutory and/or generally accepted principles of accounting, applicable government accounting rules and such other procedures as may be specified by the Board. These records shall be available to the Board, its internal or external auditors, and other designees of the Board at all times during the contract period and any extensions thereof for six (6) full years from the expiration date and final payment on the contract. The PBM must agree that all books, records, files, documentation, ledgers, media, software, and other data and information generated and maintained by the PBM in the execution of the duties under the contract are and shall remain the property of the Board. All records and documentation as described above must be transferred to the Board upon termination of the contract by either party and the PBM must agree to comply with the direction and instructions given by the Board concerning the transfer of all materials and files at such time as may be required by the Board. The PBM must agree that all files, data, records, books, and information accumulated by the PBM in the performance of its duties under the contract must at the sole discretion of the Board either be transferred to the Board by no later than 120 days after the expiration or termination of the contract or be kept for at least six (6) full years from the expiration or termination date of the contract. The costs of any such transfer are to be borne by the PBM.

3.47 Responsibility for State Property
The PBM must agree to assume full responsibility for and shall indemnify the Board for any and all loss or damage of whatsoever kind and nature to any and all Board property resulting from the negligent acts or omissions of the PBM or any employee, agent, or representative of the PBM or its subcontractor. The PBM shall do nothing to prejudice the Board’s right to recover against third parties for any loss, destruction of,
or damage to Board property, and shall upon request and not at the Board’s expense, furnish to the Board all reasonable assistance and cooperation, including assistance in the prosecution of such third parties and the execution of instruments of assignment in favor of the Board obtaining recovery.

3.48 Warranty
The PBM must agree to warrant that all services will be performed in a good and professional manner.

The PBM must also agree to warrant that it has title to, or the right to allow the Board to use, the supplies, equipment, software, services and information being provided and that the Board shall have quiet enjoyment and use of those items without suit, trouble or hindrance from the PBM or third parties so long as the Board is performing its obligations. The PBM shall indemnify and hold the Board harmless should any item provided by the PBM infringe upon the patent, copyright or trade secret of another.

3.49 Tax Compliance
The PBM shall be in compliance with applicable tax requirements and shall be current in payment of such taxes.

3.50 Bonding Requirements
The PBM must obtain and maintain throughout the contract period a fidelity bond insuring against criminal conduct and fraud by the PBM and any of its employees or agents. The amount of the bond shall be at least $5 million. The PBM shall submit evidence or other positive proof in its proposal response that the bond will be posted prior to the execution of the contract, and upon each renewal thereof, so that the bond will remain effective throughout the contract term.

3.51 Conflict of Interest

a. The PBM must agree to identify each individual who is entitled to receive (i) more than 7½% of the total distributable income or (ii) an amount in excess of the salary of the Governor ($170,805), or with his or her spouse or minor children is entitled to receive (i) more than 15%, in the aggregate, of its total distributable income in any one year or (ii) an amount in excess of two times the salary of the Governor ($341,610).

b. The conflict of interest provisions of the Illinois Procurement Code (30 ILCS 500/50-13) generally prohibit the State of Illinois from contracting with any firm, partnership, association or corporation in which any state employee is entitled to receive either directly or indirectly more than 7½%, or together with his or her spouse and/or minor children more than 15%, of the total distributable income of the business. If any individual has such a prohibited interest, that fact must be disclosed as a part of the proposal and the bidder must state why it believes the prohibition should not apply. The Board will determine whether an exemption to the general prohibition will be allowed.
c. The PBM must agree to covenant that it has no public or private interest, direct or indirect, and shall not acquire directly or indirectly any such interest, which does or may conflict in any manner with the performance of PBM’s services and obligations under the contract. Any such conflicts shall be disclosed to the Board and the Board shall determine whether such conflict requires the non-execution or termination of the contract. The PBM must further covenant that, in the performance of the contract, no person having such interest shall be employed by the PBM.

3.52 Dispute Resolution
The Board shall not enter into binding arbitration to resolve any dispute that may arise under this contract.

3.53 Governing Law
The PBM must agree that the contract shall be governed by and administered in accordance with the laws of the State of Illinois, or federal law, if applicable, and that any claim against the Board arising out of this contract must be filed exclusively with the Illinois Court of Claims (705 ILCS 505/1), or if jurisdiction is not accepted, then with the appropriate state or federal court located in Sangamon County, Illinois (705 ILCS 505/1). Neither the Board nor the State of Illinois waives sovereign immunity by entering into this contract. Any provision in either this RFP or the contract containing a citation to Illinois statutory requirements (cited ILCS) may not contain complete statutory language. The official text, which is incorporated by reference, can be found in the appropriate Chapter and Section of the Illinois Compiled Statutes.

3.54 Certifications
The PBM must certify its compliance or agreement to comply with the following legal requirements, and that it is not barred from being awarded a contract or subcontract due to violation of, or inability or unwillingness to comply with, those requirements.

a. The PBM must agree to certify that it is not barred from being awarded a contract or subcontract under Article 50 of the Illinois Procurement Code (30 ILCS/504 et seq.), and must agree to disclose in writing to the Board any felony conviction and the date the sentence was or will be completed.

b. The PBM must agree to certify that it has not been barred from contracting with a unit of State or local government as a result of a violation of Section 33-E3 or 33-E4 of the Criminal Code of 1961 (720 ILCS 5/33E-3, 720 ILCS 5/33E-4).

c. The PBM must agree to certify that it is not in default on an educational loan as provided in Public Act 85-827 (5 ILCS 385/0.01 et seq.) (a partnership shall be considered barred if any partner is in default on an educational loan).

d. The PBM must agree to certify that it is not prohibited from selling goods or services to the State of Illinois because it pays dues or fees on behalf of its employees or agents or subsidizes or otherwise reimburses them for payment of their dues or fees to any club which unlawfully discriminates (775 ILCS 25/2).

e. The PBM must agree to certify that it will provide a drug-free workplace by:
1. Publishing a statement for the purpose of: (i) notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance, including cannabis, is prohibited in the PBM’s workplace; (ii) specifying the actions that will be taken against employees for violation of such prohibitions; and (iii) notifying the employee that, as a condition of employment under such contract, the employee will: (a) abide by the terms of the statement; and (b) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction.

2. Establishing a drug-free awareness program to inform employees about: (a) the dangers of drug abuse in the workplace; (b) the PBM’s policy of maintaining a drug free workplace; (c) any available drug counseling, rehabilitation, and employee assistance programs; and (d) the penalties that may be imposed upon employees for drug violations.

3. Providing a copy of the statement required by subparagraph (1) to each employee engaged in the performance of the contract and to post the statement in a prominent place in the workplace.

4. Notifying the Board within ten (10) days after receiving notice under part (b) of paragraph (iii) of subsection (1) above from an employee or otherwise receiving actual notice of such conviction.

5. Imposing a sanction on, or requiring the satisfactory participation in a drug abuse assistance or rehabilitation program by, any employee who is so convicted as required by Section 5 of the Drug Free Workplace Act.

6. Assisting employees in selecting a course of action in the event drug counseling, treatment, and rehabilitation is required and indicating that a trained referral team is in place.

7. Making a good faith effort to continue to maintain a drug free workplace through implementation of the Drug Free Workplace Act.

f. The PBM must agree that, in compliance with the state and federal constitutions, the Illinois Human Rights Act, the U.S. Civil Rights Act, and Section 504 of the Federal Rehabilitation Act, and any other laws, regulations and judicial orders pertaining to nondiscrimination and equal employment opportunity, it does not unlawfully discriminate in employment, contracts or any other activity.

g. The PBM, its employees, agents and subcontractors, must agree not to commit unlawful discrimination and agree to comply with applicable provisions of the Illinois Human Rights Act, the Public Works Employment Discrimination Act, the U.S. Civil Rights Act and Section 504 of the Federal Rehabilitation Act, and rules applicable to each. The equal employment opportunity clause of the Department of Human Rights’ rules must also be specifically incorporated therein.
h. The Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and the regulations thereunder (28 CFR 35.130) (ADA) prohibit discrimination against persons with disabilities by the State, whether directly or through contractual arrangements, in the provision of any aid, benefit or service. As a condition of receiving this contract, the PBM must agree to certify that services, programs and activities provided under this contract are and will continue to be in compliance with the ADA.

i. The PBM must agree to certify that neither it nor any substantially owned affiliated company is participating or shall participate in an international boycott in violation of the provisions of the U.S. Export Administration Act of 1979 or the regulations of the U.S. Department of Commerce promulgated under that Act.

j. The PBM must agree to certify that neither it nor any of its officers, agents or employees has been convicted of bribery or attempting to bribe an officer or employee of the State of Illinois or any other state in that officer’s or employee’s official capacity, nor has the PBM made an admission of guilt of such conduct which is a matter of record but has not been prosecuted for such conduct.

k. The PBM must agree to:
   1. refrain from unlawful discrimination and discrimination based on citizenship status in employment and undertake affirmative action to assure equality of employment opportunity and eliminate the effects of past discrimination;
   2. comply with the procedures and requirements of the Illinois Department of Human Rights’ (Department) regulations concerning equal employment opportunities and affirmative action (The equal employment opportunity clause of the Department of Human Rights’ rules is specifically incorporated here.);
   3. provide such information, with respect to its employees and applicants for employment; and
   4. have written sexual harassment policies that shall include, at a minimum, the following information: (i) the illegality of sexual harassment; (ii) the definition of sexual harassment under State and federal law; (iii) a description of sexual harassment, utilizing examples; (iv) the PBM’s internal complaint process including penalties; (v) the legal recourse, investigative and complaint process available through the Department and the (Illinois Human Rights) Commission; (vi) directions on how to contact the Department and Commission; and (vii) protection against retaliation as provided by Section 6-101 of this Act. A copy of the policies shall be provided to the Department upon request. (Out of state vendors may utilize its state’s equivalent of the Department and Commission.)
4 Description of Required Services

(No Responses are Needed in This Section)

4.1 Timing and Implementation of Operations
The PBM must demonstrate that it will be able to completely perform all of the duties specified in the Act and more specifically described in this RFP by no later than January 1, 2011, related to the administration of the prescription drug benefits of the Board for all pools, including any new federally eligible temporary high risk pool coverage that might be established by the Board or any other new programs or pools under the governance of the Board and that it must assume responsibility for all activities by that date. The PBM must agree to establish and provide to the Board, by no later than ninety (90) days after the execution of a contract with the Board, written procedures, consistent with these requirements and the contract, for the full and timely performance of the PBM’s duties under the contract. The PBM must be able to accept data from the prior PBM and from the Administrator upon takeover and efficiently transfer data to any successor Administration at the end of any contract with the Board. The PBM must agree to process all “run out” claims at the end of its contract with the Board should the Board so request that it do so. The administrative fee proposal must include but state separately the cost of managing and administering the run out (including the cost of periodic data transfer with the replacement PBM or Plan Administrator).

4.2 Training and Location of PBM’s Operations
The PBM must agree that it will be responsible for properly training all staff assigned to the contract. The PBM must provide appropriate staff to effectively carry out the duties and responsibilities contained in the executed contract. Proposed management staff must have experience in the PBM field and currently be in a management capacity. The PBM shall appoint an officer in its organization to serve as the direct point of contact with the Board. Such individual shall have the day-to-day responsibility for contract operations. The PBM shall provide for an alternate direct point of contact in the event of the non-availability of this individual during normal working hours.

4.3 Privacy and Confidentiality of Records and Data
The PBM must agree to keep the Plan records confidential in accordance with HIPAA privacy and security requirements and the CHIP Act and to refrain from using or permitting the use or disclosure of the identity of Plan participants or lists of such participants for any purpose which is not related to the administration of the Board’s business.

No Plan data may be published by the PBM except as directed by the Board.

The PBM must agree not to release any Plan records or statements regarding the Plan, including press releases to the media, or answer any legal or media requests for information, without the prior authorization of the Board or its designee. The Board shall provide guidelines for factual information the PBM may release on inquiry. The
PBM shall notify the Board or its designee within one working day of any legal or media request for Plan records or for any other information relating to the Plan.

4.4 Performance Standards and Monitoring
The PBM must agree to adhere to the following minimum performance standards for each of the following areas of performance, with financial penalties for failure to meet performance standards. NOTE: The standards in each of the subsections below are required to be measured. Each bidder must describe their current corporate standards concerning selection of sample sizes for auditing, quality control, and what penalties would apply. The PBM must agree to adhere to the following minimum performance standards or such other standards as are established and approved by the Board. If your PBM or any services required by this proposal are subcontracted, your responses will pertain to your subcontractor.

a) Telephone (including TTY) inquiry accessibility and response: The PBM shall answer a set percentage of all toll-free telephone calls to dedicated lines for the Plan’s Customer Service number(s) maintained by the PBM within a set number of seconds. This standard shall be applied during the PBM’s normal business hours. For purposes of this standard, “answered” shall mean picked up by a human Customer-Service Representative.

b) Complaint response turnaround: The PBM shall:

1) Issue a response to a percentage of all complaints within a set number of calendar days of receipt. This does not include any complaints which are submitted in accordance with the Board’s grievance procedures or any complaints which are received from attorneys on behalf of participants for which the standards in paragraphs 2 and 3 below apply. The remaining percentage shall be processed within a set number of calendar days of receipt. Subsequent complaints on the same problem shall be resolved within a set number of calendar days of receipt.

2) All complaints that are considered to be part of the Board’s grievance procedures shall be referred to the Board Office and shall be responded to within the following time periods: 1) Step 1 level grievances shall be responded to within 30 days of receipt by the PBM; b) Step 2 level grievances shall be responded to within 60 days of receipt by the PBM; and 3) all Step 3 level grievances shall be referred to the Board Office within 5 days of receipt by the PBM.

3) All complaints or other correspondence that the PBM receives from attorneys on behalf of any current or former participant must be referred to the Board Office within 3 days of receipt and shall be responded to within the specified timeline based upon the classification of the complaint received.

For purposes of this standard, “complaint” shall mean any written communication from a participant or legal representative thereof that
primarily expresses dissatisfaction. “Response” shall mean a written response from the PBM expressing all actions, taken or not taken, and which were the basis for the complaint.

NOTE: The goal of this standard is to measure the PBM’s response to a written expression of dissatisfaction. The Board is interested in receiving the bidder’s definition of a “complaint” and the related performance standards that the bidder deems appropriate for measuring this standard.

c) **Issuance of ID cards and other enrollment materials:** The PBM shall be responsible for providing the Board or its designee an adequate supply from time to time of all required ID cards and enrollment or fulfillment materials (describing the PBM benefits) within a set number of working days of the date the Board Office or its designee notifies the PBM that a supply is needed.

d) **Report production and transmittal:** The PBM shall provide the Board with all of the reports as required within fifteen calendar days after the end of the reporting period, except those required on a weekly basis which shall be provided within seven (7) calendar days of the end of the reporting period, those required on a daily basis shall be provided within 24 hours of the end of the reporting period and annual reports which shall be provided within forty-five (45) calendar days of final, reconciled data becoming available.

### 4.5 Reporting of Performance Standards
Adherence to the performance standards specified (above) shall be measured and reported to the Board each month based upon a monthly audit by the PBM of its performance under each standard. If the PBM reports performance standards quarterly, an affirmative statement to that effect is required. The audit methodology of performance standards shall be developed by the PBM and approved by the Board. The PBM must agree to report and submit supporting documentation satisfactory to the Board to substantiate the results of each prior month’s performance results audit to the Board or its designee together with its monthly fee statement. The PBM must also agree that the Board or its designee may conduct an independent audit at Board expense of the items audited by the PBM using the same standards referenced herein. In addition, the Board, at its own expense, may conduct an independent audit of any of the items subject to performance standards. If there is any discrepancy between the performance measured by the Board’s audit and the PBM’s audit, the PBM must agree that the discrepancy shall be resolved by the members of the Board of Directors of the Plan.

### 4.6 Account Team
The PBM will assemble a team of individuals that will coordinate services for the Board on an ongoing basis. The PBM shall no later than thirty (30) days after the execution of a contract submit to the Board a complete written list of its principal personnel who will be working on this contract and be part of this account team, with a description of
the duties and business telephone number, including any extension, email address and other contact information of each such person. Throughout the term of the contract the PBM shall inform the Board or its designee in writing whenever any changes are anticipated or occur in the account team that is assigned by it to work on this contract.

4.7 Meetings with Board
Members of this team will meet with the Board and its staff to discuss relevant service issues, the resolution of problems, performance results, etc., as needed.

4.8 Separation of Plan Business
The Plan operates under strict confidentiality provisions as set forth in Section 14 of the CHIP Act (215 ILCS 105/14) and complies with federal HIPAA privacy requirements, therefore, the PBM will be required to comply with and enforce these privacy and confidentiality requirements. Consequently, the PBM will be required to take all steps necessary under state and federal law to protect the confidentiality and privacy of all applicants and covered persons, and to prevent the identification of individual persons covered under the Plan, rejected by the Plan, or who become ineligible for further participation in the Plan. This requires that the PBM must be able to establish a dedicated unit for working on the Board's account, and to segregate and protect all Plan records, data and other information regarding any persons who have applied to or been covered by the Plan at any time from all of its other business and employees, including any agents, affiliates, subcontractors, providers and all other unrelated third parties.

It also requires that the PBM must establish procedures for assuring the confidentiality of such records, data and other information regarding any Plan applicant or participant, and to comply with all HIPAA privacy requirements. The PBM must be able to accept and use any of the Plan's individualized HIPAA privacy forms.

4.9 Eligibility Database
The PBM will maintain an on-line computerized database containing information (as provided by the Plan Administrator) about any individual who is currently or has previously been enrolled in the Plan. Below are items that should, at a minimum, be included in this database:

♦ Name
♦ ID Number
♦ Social Security Number
♦ Date of Birth
♦ Sex
♦ Benefit Plan Type/Plan
♦ Deductible
The PBM must provide the Board with such specific data as the Board may request using a method, media, and frequency acceptable to the Board.

Effective dates and termination dates of coverage can, and do, occur on any date of the month, and are not limited to the first of the month. Coverage can be retroactively terminated; causing previously paid claims to be considered overpaid and paid in error.

4.10 Prescription Drug Networks
The Board currently uses a prescription drug card and/or prescription drug management program. The PBM is responsible for establishing, administering, maintaining and identifying an appropriate prescription drug network acceptable to the Board, process and adjudicate claims, handle customer service inquiries from participants and pharmacists, maintain a drug utilization review component that builds participant drug usage profiles, histories and provides safety edits, etc., maintain a provider payment file and coordinate all accounting records to ensure correct and timely payment of network pharmacies and participants, and produce communication and informational materials as required. In addition, other innovative programs designed to reduce the Plan's prescription drug costs such as formulary programs and retrospective case management and disease management should be available for the Board to implement. All eligibility, claims adjudication, including payments and adjustments, including lifetime maximum accumulations, must be coordinated with the Plan Administrator.

4.11 Health Savings Account (HSA) High Deductible Health Plan (HDHP)
The Board currently has a High Deductible Health Plan (HDHP). The PBM must be able to administer the HDHP including accounting for deductible amounts, coinsurance, etc. for all major medical and prescription drug expenses and exchange data on-line, real time with the Plan Administrator.

4.12 Disease Management
The PBM must be able to coordinate and/or cooperate with any DM vendor, Plan Administrator, or other contractor as designated by the Board.

4.13 Financial Requirements/Banking/Auditing

4.13.1 General
The financial accounting system and/or methods employed by the PBM must establish and leave a clear audit trail of all financial transactions and records executed and maintained by the PBM on behalf of the Plan. The PBM shall maintain all financial records consistent with sound business practices and
based upon generally accepted accounting principles, and shall clearly identify all business revenue and disbursements by type of transaction. Such information shall be reported to the Board in a form and manner prescribed by the Board. The PBM shall be responsible for determining the expense of PBM administration and the paid and incurred PBM losses.

4.13.2 General Ledger/Financial Statements
The PBM will maintain a general ledger and supporting accounting records and systems for each pool of the Plan that are adequate to meet the needs of an insurance carrier of comparable size.

4.13.3 Risk Borne by State
The PBM will bear no financial risk with respect to payment of eligible benefits due under the Plan or fees payable by the Plan. To the extent that participant premiums are insufficient to cover paid claims plus expenses, the Board will fund the deficits.

4.13.4 Prior Approval Required
The Board must review and approve all drafts/checks or electronic funds transfers which are drawn on the Plan account before they are released.

4.14 Auditing Procedures

4.14.1 Internal Audits and Quality Controls
The Board shall have the right to review, during regular business hours, all financial records and data maintained by the PBM for the Board. The PBM shall implement and maintain a separate accounting function for services performed pursuant to the contract. The PBM shall maintain comprehensive auditing and internal quality control procedures. At a minimum, the PBM shall randomly audit sufficient claim production of each claim processor to maintain a 95% confidence level with no more than a 5% error level of its claim production for the Plan each month and will report the results of these audits monthly to the Board. Internal audits also shall be conducted of claims and customer service areas with the Board receiving copies of all internal audit reports related to the Plan upon audit completion.

4.14.2 External Audits
The Board will conduct periodic audits of the PBM as follows:

a. Annual financial/compliance audit by an external auditing firm designated by the Board;

b. Audit, on a random sample, focused basis, or 100% electronic readjudication of the PBM’s claims information;

c. Performance standard audit to confirm the validity of the performance results reported by the PBM.
d. Annual performance standard audit by an external auditor designated by the Board to confirm the accuracy of rebates.

The PBM shall provide the necessary facilities and access to all systems and records involving the Plan to facilitate these audits, and otherwise shall fully cooperate with the Board’s auditors. The results will be reported and discussed with the PBM and the Board and appropriate steps taken to implement the auditing findings.

4.14.3 Fraud and Abuse Detection and Control
The PBM shall have a fraud and abuse detection and control system in place and will develop internal procedures to detect and control participant and provider fraud and abuse, including institutional providers, medical and other health care providers, suppliers of medical services and other entities and/or individuals as required by the Plan and/or requested by the Board. The PBM shall also have a fraud and abuse detection and control system in place which will detect and control internal fraud and abuse. Any case of fraud or abuse detected by the PBM shall be immediately reported to the Board for necessary action. The PBM shall be equipped to assist the Board in any manner required by the Board or by law in any follow-up activities determined to be appropriate. Proper documentation must be maintained for all findings and judgments relative to such cases. The PBM shall work with the Board to investigate individuals and/or facilities regarding suspect behavior, as identified by the Board.

4.15 Communications, Correspondence, Promotional Material, and Reports
The PBM shall be responsible for maintaining communications with the Board, its members, participants, and pharmacies as may be necessary. The PBM must be able to respond to all types of correspondence received in writing from the public, participants, providers, pharmacies, the Board, and others. The PBM, under the Board’s direction, will also be responsible for general mailings and distribution of certain materials which explain the Plan, its operations, procedures, pharmacy network arrangements, claim filing instructions, etc. The PBM will provide to the Board various reports in the format and frequency as specified by the Board.

4.15.1 Communications
4.15.1.1 Toll-Free Telephone Service
In maintaining open communications, the PBM shall provide and maintain adequate dedicated toll-free telephone (including TTY) service for participants and the public to assist in: 1) answering general questions relative to the program and policies of the Plan; 2) claims adjudication; 3) responding to specific provider and participant’s questions; 4) ensuring program efficiency and effectiveness by providing direct contact with those sources affected by the program and its operation; and ensuring that the line(s) are dedicated for Plan use only, and are accessible and will not continually be busy or be held for long
periods of time while awaiting the next available service representative in compliance with the performance standards set forth in Section 3.1. The line(s) must be attended by qualified staff at all times during the PBM’s regular business hours (8:00 am to 5:00 pm Central time) and kept as well as answered in the name of the Plan. The PBM will be subject to the performance standard specified in Section 4.3.1, and must provide the Board with monthly reports and documentation relative to the number of incoming calls, response time, and types of inquiries handled.

4.15.1.2 Secure Access to Data
The PBM must agree to provide the Board with on-line network access, in a secure environment, to the PBM’s membership, claims adjudication, and other applicable systems to help facilitate responses to inquiries received at the Board offices. The PBM shall also provide to the Board the necessary training on the use of these systems. The Board, at its discretion, may use this network access on an inquiry basis or to download data for further analysis and auditing.

4.15.1.3 E-Mail and Electronic Communication Services
The PBM shall ensure that any electronic communication that contains private or confidential information about any plan applicant or participant shall be in encryption form, using currently-acceptable standards for encryption and which complies with HIPAA privacy and security requirements.

4.15.2 Correspondence
The PBM must respond promptly to all types of correspondence regarding the Plan received in writing from the public, as well as Plan participants, providers, and others directly associated with the Plan. The PBM must maintain competent and adequate staff who can, in a timely manner, respond to routine as well as specific written inquiries regarding any of the PBM’s duties and responsibilities under the contract. All responses to inquiries must be handled under the Plan’s name and letterhead, and be completed in a timely manner.

The PBM must effectively handle correspondence and communication with large numbers of the public by various means and must also respond to these communications in a timely and efficient manner. These communications will include, but not be limited to, mass distribution of certain material (such as brochures) as directed by the Board.

The PBM will provide equipment and physical space required to effectively perform the various work tasks and activities cited above. Office and telephone service must be available each working day from 8 a.m. to 5 p.m. Central time.

4.15.3 Complaints and Grievance Process
The Board has a grievance and appeals process which the PBM will be responsible for implementing and administering to address participant
complaints and inquiries, including appeals and requests for reconsideration of disputed claim payment amounts and/or claim denials, and other similar actions which may occur throughout the contract period. Written complaints and related documentation must be retained by the PBM for at least six (6) years. Oral complaints shall be reduced to written form and also retained for at least six (6) years. The PBM shall maintain a complaint log and shall furnish to the Board as directed a status report on each of the complaints received, type of complaint, dates and dispositions of all correspondence or actions taken from the time of receipt through final disposition.

The complaint log shall also identify any and all appeals of initial reviews or grievances through the complaint process.

The PBM shall immediately notify the Board of any appeal or grievance which reaches either step 1 (one) or 2 (two) of the Grievance Process, or of any legal request, subpoena, or threatened litigation.

4.15.4 Informational Material
The PBM will be responsible for revisions, printing, and mailing of necessary forms as required and approved by the Board including lists of names of network Providers, Explanation of Benefits (EOBs), notices of privacy practices, all other HIPAA privacy related forms, claim forms, envelopes and any informational or promotional material. The PBM shall also be responsible for Board approved general mailings and distribution of certain materials which explain program operations, procedures, filing instructions and the like. The PBM may be responsible for ID cards specific to the PBM portion of Plan benefits, as well as brochures for mail order, specialty pharmacy, installation packets, and other PBM specific activities.

The Board may require additional mass media mailings or document distribution to participants, providers, and/or the general public, but it is anticipated that these mailings will not exceed four (4) per year. The PBM must be able to complete such large mailing projects in a timely and efficient manner.

4.15.5 Additional Reports
The Board may from time to time require that additional reports, agreed to by the Board and the PBM, be prepared by the PBM, and those reports shall be prepared in a timely fashion and in a format agreed to by the Board and the PBM. The PBM shall be compensated for providing such additional reports at a rate agreed to in advance in writing by the PBM and the Board. Also, certain reporting requirements may be added, deleted or modified to the lists cited above at the request of the Board and agreed to by the PBM. The PBM may make recommendations regarding reporting frequency, format and content changes to enhance program performance and efficiency. Any reporting changes shall be subject to prior approval by the Board.
4.15.6 Access, Ownership and Distribution of Reports

All reports and documentation shall be easily accessible and remain the property of the Board. Distribution of all reports and documentation shall be subject to Board direction and consistent with any applicable state or federal laws regulating privacy and confidentiality.
5. Plan Specific Information
(NO RESPONSES ARE NEEDED TO THIS SECTION)

5.1 Pricing Philosophy
The Board is interested in pure pass-through or transparent pricing. The Board is aware of the recent change in AWP pricing logic and it is our expectation that the PBM will use pricing which pertains to the current AWP without adjusting AWP's. This RFP will be evaluating the current pricing without adjustment back to the pre AWP change timeframe.

The prices in the RFP pricing section will represent the guaranteed minimum to the Board. Each component in the pricing is a stand-alone minimum guarantee. No excess savings in one area or on one line of the pricing can be applied to offset a loss in another area.

Pricing for administration should be made on a PMPM basis. Please include all expected services to the Plan in the pricing. Additional pricing or “ala carte” pricing is discouraged except if a separate program is offered which may not be applicable to the Board. Specific programs which are deemed applicable to the Plan are; step therapy, prior authorization, edits, quantity versus time programs. Examples of programs which are not expected to be covered under the PMPM fee are on-site pharmacy audits, mass physician visits, and medical and pharmacy claim integration.

The Board requests an all inclusive PMPM fee to allow the clinician assigned to the group to develop programs which will assist in improving member’s health and control costs. By including all of the services under one fee, the clinician will not be tasked by the PBM to sell programs to the Board.

5.2 Customer Service-Members
The PBM must agree to the highest levels of customer service to the members. The Board is focused on serving the membership of the Plan and holds the PBM responsible for a member centered program.

5.3 Clinical Management
The Board is interested in clinical initiatives which will improve compliance to drug regimens and improve member health. Cost containment is important when it supports the appropriate use of drugs. An effective Pharmacy clinical management program of the Plan’s high risk population will be an important consideration in determining the winning bidder.

5.4 Network Management
A broad network is important to the service of the members, but reduction in providers which does not prohibit access, within reason, is of interest.
5.5 **Customer Service-Plan/Administrator/Consultants**
The Board, Consultants and other administrators expect responsive action from the account personnel. The Plan’s Board of Directors generally meets a minimum of six times per year. Attendance at all board meetings as well as quarterly meetings with Board staff and reporting structured to the Plans’ needs are expected.

5.6 **Fraud and Abuse**
An area of concern is the management of highly abusable drugs as well as the fraudulent submission of claims. The PBM will be held responsible for management of fraud and abuse within the program.

5.7 **Specialty Pharmacy**
It is the expectation of the Board that a Specialty Pharmacy benefit will be developed and administered on behalf of the membership. Innovative services are the trend in the marketplace and we expect our vendor to be able to administer a member centric specialty program.

5.8 **Mail Service Pharmacy**
It is the expectation of the Board that a Mail Service Pharmacy be offered as part of the bid. The pharmacy should be completely integrated with the retail network and the specialty network. The areas of delivery should be well defined in the proposal so there is no lapse of service as a member looks to fill unusual and often hard to find drugs.

5.9 **Retail Maintenance Program**
The Board utilizes a retail maintenance program. The opportunities for cost savings in a population with high utilization are significant. The bidders are expected to offer a retail maintenance network.
6 Ethics
(NO RESPONSES ARE NEEDED TO THIS SECTION)

6.1 Solicitations
No contact should be made to any staff, members or Board Members of the Plan about this RFP. Any contact in conjunction with this RFP will result in exclusion from the process. Contact by current vendors as a normal course of business is encouraged. All questions and contact are required through the Director of ICHIP at Director@chip.state.il.us or for clarification of questions, HealthLinX, at akellogg@health-linx.com.

6.2 Conflict of Interest
The bidder in responding to this RFP is certifying that it has no public or private interest, direct or indirect, and shall not acquire directly or indirectly any such interest which would or may conflict in any manner with the performance of its services and obligations under its contract with the Board. Any such conflicts shall be disclosed to the Board and the Board shall determine whether such conflict requires the non-execution or termination of any such contract.
Questionnaire
Please return this section completed. Keep the numbering in place, restating the question and your response.

General Information

1) Provide a brief statement of general background, including location of headquarters, brief history, current ownership and structure of your company.

2) Discuss any experience with other High Risk Plans. If none, please state “None”.

3) Are you or any of your vendors owned or controlled by any other organization that would have an impact on product selection, provider network or management of the program? If yes, describe.

4) Describe what sets your PBM program apart from your competitors as it pertains to this unique group. Include any experience in dealing with high cost, complex disease state memberships.

5) Please provide three PBM references with similar size and plan complexity as the Plan that you implemented in 2009 and include:

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<th>Title</th>
<th>Telephone Number</th>
<th>e-mail Address</th>
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Consider all references to be contacted either by e-mail or by telephone. If e-mail and telephone is not provided, the question will be considered non-compliant.

6) Please provide three clients that terminated in 2009 and include:

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<tr>
<th>Organization Name</th>
<th>Contact Name</th>
<th>Title</th>
<th>Telephone Number</th>
<th>e-mail Address</th>
<th>Termination Date</th>
<th>Reason for Termination</th>
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Consider all terminations to be contacted either by e-mail or by telephone. If e-mail and telephone is not provided, the question will be considered non-compliant. If you have not had three terminations, a statement indicating this will be validated by outside resources.
# Claim Administration

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<th>Deviation</th>
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<tr>
<td>7) Will your claim system have an uptime of 99.95% or better?</td>
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<td>8) Will your claim system process claims with 100% accuracy?</td>
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<tr>
<td>9) Will you accept financial responsibility for any claims not processed correctly?</td>
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<tr>
<td>10) Will eligibility be validated and loaded within 1 business day of receipt? (If file received at 8AM Friday, processing is guaranteed by 5PM on Monday.)</td>
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<tr>
<td>11) Will errors within the file be corrected and loaded within 1 business day of receiving the correction from the Plan Administrator? (If correction is received at 8AM on Friday, processing is guaranteed by 5PM on Monday)</td>
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<tr>
<td>12) Will the PBM provide “pass-through” or transparent pricing, receiving no revenue, (including rebates, rebate administrative fees and other rebate fees) receiving only the PMPM Administrative fee as revenue?</td>
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<td>13) Will you charge the lesser of calculated copay, U&amp;C or submitted?</td>
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<tr>
<td>14) Does the PBM have a minimum 1 million eligible participant in fully-funded programs as of 1/1/2010?</td>
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<tr>
<td>15) Do you agree to accommodate electronic interfaces with other vendors which the Board may contract with (including one or more plan administrators, disease management vendors, etc.) and the cost of interfaces is included in the PMPM including eligibility, acceptance and transmission of benefit maximums and reporting to the Board?</td>
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</table>
16) Will you provide a monthly accumulator file to the TPA for maximum lifetime benefit administration?

17) Will the Board’s staff and administrator or consultants have access to the claims processing system via the internet for claim viewing and overrides?

18) Explain the pricing logic for compound drugs, zero balance claims, and full copay claims.

19) Describe your experience with High Deductible Health Plans? Indicate if you will accept the TPA’s real-time exchange format to complete synchronization of deductibles. Describe your ability to perform a periodic reconciliation of claims to ensure that the real-time exchange of deductible and out-of-pocket information is passing correctly.

20) Prior to completion of the electronic synchronization of deductible files for a High Deductible Health Plan, have you used a manual method of update? If so, provide a brief description. How successful has this process been? How long have you continued the update in lieu of an electronic interface?

21) Provide a definition of Single Source Generics and the pricing logic you propose (i.e. priced as Multi-Source Brands, etc). Attach a copy including NDC, Label Name and discount in Attachment I.

22) Provide your definition of “pass-through” or transparent pricing and provide an example.

23) Describe your ability to administer a plan with preexisting condition exclusion. For example, a member indicates that they have high blood pressure. The plan requires preexisting condition exclusion for 6 months. Once the member is categorized with high blood pressure, how would you apply a preexisting condition edit in your system? Would it be based on GCN, AHFSC or some other category indicator?

24) Describe your ability to recover claims from retrospective eligibility changes or coverage identifying the Plan as secondary coverage.
## Mail Service

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<tr>
<td>25</td>
<td>Will your mail service provide 95% of all “clean” claims within 2 business days of receipt?</td>
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<td>26</td>
<td>Will your mail service provide 95% of all “problem” claims within 5 business days of receipt?</td>
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<tr>
<td>27</td>
<td>Does the receipt of a prescription begin when it arrives at the facility?</td>
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<td>28</td>
<td>Will the NDC of the actual package size dispensed at the mail service be utilized for pricing of the claims?</td>
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<td>29</td>
<td>Will the PBM guarantee 99.95% accuracy of the prescription filling process at the mail service?</td>
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<td>30</td>
<td>Will the MAC list offered apply to both retail and mail service pricing?</td>
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<tr>
<td>31</td>
<td>Do you agree that damaged, returned or unusable prescriptions will not be billed to the Board?</td>
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</table>

32) Identify your mail service provider. How long have you placed business with this vendor? Do you or your parent organization own all or any portion of the mail service provider? What volume of prescriptions do you adjudicate with this vendor?

33) Describe the mail service transition process from the current vendor especially the impact on the member. Will you call on behalf of the member for a new prescription?

34) Are there any legal restrictions placed on your mail service facility which may impact the member? For example, does a prn allow for one year’s refill or just 6 months as in some states? Do CII prescriptions require a triplicate? Can controlled substances be filled for just 30 days?
### Reporting

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<tr>
<th>Question</th>
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<tr>
<td>35) Will you collect data and provide management reports within 10 days of the month end?</td>
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<td>36) Will you collect data and provide management reports within 30 days of the close of the quarter?</td>
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<td>37) Will you provide electronic data to the Plan Administrator and Consultants in our format monthly (See Attached File) at no additional charge?</td>
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<td>38) Will you provide data in our format up to two years after the termination of the contract?</td>
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### Account Service

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<th>Question</th>
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<td>39) Will you cooperate with the Board in establishing a project plan encompassing all aspects of plan management and to update the information on an as-needed basis for reporting to the Board?</td>
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<td>40) Will the Board have the ability to change account managers upon request?</td>
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<td>41) Will the Board receive notice of account manager change due to reassignment within the organization and a 30 days transition period?</td>
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<td>42) Will the account manager and account coordinator have a minimum of 1 years experience with the PBM?</td>
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<td>43) Will the clinical services representative have the ability to develop specific programs on behalf of the Plan included in the PMPM charge?</td>
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<td>44) Will you participate in monthly plan management calls to improve the efficiency and administration of the plan?</td>
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<td>45) Will your PBM customer service desk be integrated with the mail service and specialty customer service desk through one telephone number?</td>
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<td>46) Will all customer service desks be available 24/7?</td>
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<tr>
<td>47) Will you provide one central toll-free telephone contact point for all prescription drug customer service inquiries?</td>
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48) Will you provide a toll-free number that has access to telecommunication equipment for speech/hearing impaired at any time during regular business hours (8-5 central)?

49) Will there be the capability for the Board and Members to perform queries to the PBM, mail service, and specialty pharmacy via internet access?

50) Will you agree to service the account with personnel solely located in the United States (no off-shore call centers)?

51) Will you provide a quarterly update with recommendations specific to the Plan including the following: PMPM costs, financial information, comparison to guarantees, operational issues, ways to enhance the program, clinical initiatives, top utilizers, including a member management plan, and an updated project plan?

52) Will this account receive an Executive Sponsor? (An ES is a member of upper management the Board can go to for additional attention.)

53) Describe the account management services available to ensure personalized service to Plan management. What is the location of the administrative office? Who will be the Board's single point of contact for all administrative issues? Will a pharmacist be assigned to the account to provide clinical support to the Plan’s Board and Executive Director? Include a brief description of the assigned staff and their experience.
## Auditing/Fraud and Abuse Management

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<tr>
<td>54) Will the PBM agree to an audit of all aspects of the plan, by an auditor of the Board’s choice, including pass-through pricing, financial and administrative management, from implementation and up to two years after termination at the Plan’s expense?</td>
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<tr>
<td>55) Will the PBM agree to an audit of all aspects of the rebate administration by an auditor of the Board’s choice for up to two years after termination at the Plans expense?</td>
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<td>56) Will rebates continue to be paid to the Plan even after termination of the contract?</td>
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<tr>
<td>57) Will the PBM provide fraud and abuse management concerning members, pharmacies and physicians?</td>
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<tr>
<td>58) Will the contacting of member, pharmacies, and physicians for fraud and abuse management be included in the PMPM price?</td>
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AWP Conversion

59) Have you considered what next steps you will take in response to the complete elimination of AWP as a pricing component?
**Communications**

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<tr>
<td>60) Will you communicate drug withdrawals, shortages, black box warnings, formulary changes and urgent communications to the members, Board and Consultants?</td>
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<tr>
<td>61) Will you provide a toll-free telephone number for the members to contact PBM, mail service and specialty pharmacy?</td>
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<td>62) Will you print and distribute all documents and forms, including, but not limited to, formulary drug program information, prior authorization program materials, marketing materials, claim forms, maintenance list, ID cards, etc., at the offered PMPM fee?</td>
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63) Do you offer Internet pharmacy services? If so, what is your web site address? Do you have the capability for on-line refills? If yes, how many prescriptions are you currently processing over the Internet?
### Clinical Services

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<td>64)</td>
<td>Will you review and report on the top physicians and quarterly include contacting the physicians if deemed appropriate?</td>
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<td>65)</td>
<td>Will you provide specific programs for the disease states typically identified in the plan at no additional charge and as requested by the Board?</td>
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<td>66)</td>
<td>Will you participate in conference calls, clinical review, and recommendations for case management for cases being reviewed for mandatory case management?</td>
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<td>67)</td>
<td>Will you provide prior authorization, step therapy logic, edits, overrides, and appeals at the offered PMPM price?</td>
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<td>68)</td>
<td>Will the Board be notified if a prior authorization is denied?</td>
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69) Provide a list of clinical services you have available including step-therapy, prior authorization and clinical intervention programs. For example: Proton Pump Inhibitor Step Therapy or Growth Hormone for Short Stature Eligibility Review. No further description is needed.

70) Provide a list of drug categories which have strength limitations, quantity limitations or quantity versus time, available to be selected. For example: Retin-A over 40 years of age. No further description is needed.

71) The following are high level therapeutic classes that the Plan utilizes. Can you detail clinical management programs that you have available for each drug class? If none, indicate none.
   
   a. Antineoplastics
   b. Antiretrovirals
   c. Antidepressants
   d. Antipsychotics
   e. Anticonvulsants
   f. Antilipemics
g. Opiate Agonists
h. Insulin
i. Vasodilating Agents
j. Proton Pump Inhibitors

72) Do you provide a narcotic/opiate management program, reaching out to high utilizers, physicians and pharmacies when appropriate?

73) Are there any special programs offered by your pharmacy network such as “brown bag” program or Certified Diabetic Educator?

74) Provide the specific disease states your specialty pharmacy program covers.

75) How often do you add products to the formulary, and how often are products moved from formulary to non-formulary (quarterly, annually)? Do you notify a member when their product is changed from formulary to non-formulary?

76) The Board asks the successful bidder provide first and second level appeals. The second level appeal would be sent to the Board or their agent for review prior to release. Would the bidder be agreeable to this process and communicate with the member, pharmacy and physician during the process?

77) Provide your logic for NTI or narrow therapeutic index drugs and attach or type the list in Exhibit I. How many drugs are on the list? When were they last reviewed? What is the basis for selection of drugs on this list?
## Network Services

<table>
<thead>
<tr>
<th>Question</th>
<th>Y or N</th>
<th>Deviation</th>
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<tbody>
<tr>
<td>78) Will you agree to an annual pricing survey and improve network fees annually, depending on results?</td>
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<tr>
<td>79) Will you add a pharmacy to the network as requested by the Board based upon network coverage?</td>
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<tr>
<td>80) Do you profile network providers and identify outliers?</td>
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<tr>
<td>81) The Board expects only one contract and all sub-contractors will be the responsibility of the PBM. Will you agree?</td>
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<tr>
<td>82) Will you provide and maintain a network of pharmacies equivalent to servicing 95% of the population within 10 miles rural, 5 miles suburban and 2 mile urban?</td>
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<tr>
<td>83) Will you provide a specialty pharmacy service which is owned and operated by your organization?</td>
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<tr>
<td>84) If your organization is owned or affiliated with a drug store chain, will the retail pricing be the same as other large chains?</td>
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</table>

85) Have you administered a 340B program? If so, how did you accept pricing from the 340B pharmacy? Is there a separate reporting function which you can provide to support the 340B contracting?
### Pricing/Performance Guarantees

<table>
<thead>
<tr>
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<th>Y or N</th>
<th>Deviation</th>
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<tbody>
<tr>
<td>86) Will you agree to allow the Board to pay claim invoices within 15 days of receipt and Administrative invoices within 30 days of receipt?</td>
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<tr>
<td>87) Pricing is considered a minimum guarantee. All improved pricing will be to the benefit of the plan. Do you agree to not include compound claims, zero balance claims, U&amp;C claims or paper claims in your guarantees?</td>
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<tr>
<td>88) Is the PBM willing to provide documentation, upon request, of the selection of formulary products as the lowest cost alternative available including rebates?</td>
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<tr>
<td>89) Will the PBM guarantee the most aggressive rates for a group of this size in this region in their book of business?</td>
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<tr>
<td>90) Are you offering a MAC on Mail Service claims?</td>
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<tr>
<td>91) Will the Mail Service MAC be same as the Retail MAC?</td>
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<tr>
<td>92) Will the MAC be reviewed and updated at least quarterly?</td>
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<tr>
<td>93) Do you agree to attach the RFP, presentations and offers as an addendum to the contract?</td>
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<tr>
<td>94) Do you agree to keep this RFP and the contents confidential within your organization?</td>
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<tr>
<td>95) Is it required that the Plan use all recommended P/A's and Step-therapy programs to receive the rebate guarantees?</td>
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<tr>
<td>96) Is the NDC of the package size billed the same as the package sized used in dispensing for retail, retail maintenance, mail service, and specialty?</td>
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</tbody>
</table>
97) Will you report on performance standards quarterly?

98) Will you agree to financially-based performance standards penalties if performance is below targeted levels?

99) Will you charge the Plan the exact amount on each claim as you pay the pharmacies?

100) Will you report the measurement of the above standards to the Board on a quarterly basis?

101) Do you receive any income from the claims others than the administrative fee you quoted the Board?

102) If the package size used for dispensing at mail service is not the actual, what is the value of this package change to the plan as stated as a percentage off of AWP?

103) How do you make sure new generics are added to the MAC list?

104) Do all generics in a category receive a MAC or are there some categories where there are some MAC'd and others not MAC'd?

105) Describe how full copay claims (aka zero balance claims or excess co-pay claims) be calculated?

106) How often are rebates paid to the Board? How long after the rebate is earned will the Board receive its rebates?
### Professional/ Ethical/ Legal

<table>
<thead>
<tr>
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<th>Y or N</th>
<th>Deviation</th>
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<tbody>
<tr>
<td>107) Do you agree that no incentives or commissions will be paid to any of the Board, Consultants, Administrators or other associates?</td>
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<tr>
<td>108) Do you agree that your organization is not involved in a civil, state or federal litigation?</td>
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<tr>
<td>109) Are you involved in any civil, State or Federal litigation? If so, indicate the public references to the litigation.</td>
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<tr>
<td>110) Do you agree that the officers or directors of your company have not been convicted of fraudulent behavior?</td>
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<tr>
<td>111) The Plan is not governed by ERISA, but will you act in the best interest of the Plan similar to a fiduciary?</td>
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</table>
**Specialty Pharmacy**

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<tbody>
<tr>
<td>112) Do you own a Specialty Pharmacy?</td>
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<tr>
<td>113) Do you integrate retail sites into your Specialty program?</td>
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</table>

114) Indicate how the specialty pharmacy program functions to the advantage of the member’s health and the Plan’s costs.

115) What disease states are covered by your Specialty Pharmacy program? Provide all of the disease states which you provide trained personnel to assist the members. Trained personnel are pharmacists or nurses who actively assist in the member’s management of their disease state.

116) If you offer a Retail Specialty Pharmacy component, how do you integrate this delivery method with the services you described in the previous question?

117) How do you interact with the plan administrator to move injectable and specialty products from the medical claim side? Have you migrated products from medical to prescription benefit successfully?
## Contracting

<table>
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<th>Y or N</th>
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<tbody>
<tr>
<td>118) Will you agree to an intensive 90 day implementation process to be completed by 12-31-2010?</td>
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<tr>
<td>119) Will you place a performance guarantee on completing the contract prior to the implementation date?</td>
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<tr>
<td>120) Will you agree to apply the proposal as an attachment to the contract?</td>
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<tr>
<td>121) Will you agree to having an administrative contract signed and in place by 9-1-2010?</td>
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<tr>
<td>122) Will you agree to begin operations on 1-1-2011?</td>
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</table>
Exhibit A

Pricing Spreadsheet

Complete the Pricing Spreadsheets and attach the file electronically. These files are titled ICHIP High Risk Pool Technical Pricing Final.xlsx and ICHIP THIP Technical Pricing Final.xlsx and will be distributed to bidders who return an intent to bid.

Bidders are expected to quote firm prices for the administration of the plan for the contract period as it is described herein. The ICHIP High Risk Pool Technical Pricing Final.xlsx is to be used for the current program which is described in Section 1.1 through 1.5 of the RFP.

The ICHIP THIP Technical Pricing Final.xlsx is to be used for the Plan described in Section 1.11 which is to be determined through the current healthcare initiatives.

It is recommended that the bidders anticipate the need to react to dramatic changes to the plan and should structure pricing so that different monthly administrative fees apply if the number of participants increases or decreases to any of the following categories:

Monthly Enrollment:
- below 20,000;
- between 20,000 and 40,000;
- between 40,000 and 75,000;
- over 75,000.

NOTE: This request for monthly fees based on the number of participants in any given month should not be construed to indicate or in any way guarantee enrollment at any of these levels.
Exhibit B
Detail Claim File

Complete the detailed claim file repricing the claims and attach the file electronically.

Instructions for detailed claim file

HealthLinX, the Board’s PBM consultant, has prepared a file named “PLAN DATA 2009” Detailed Claim File. The file is saved in Access 2007 and will be distributed when the bidder returns an intent to bid. You are asked to provide your MAC, MAC Unit Price, Billed Ing Cost, Billed Disp Fee, Total Drug Cost, Final Pricing Indicator (how you would have priced the claim: AWP Discount or MAC) and Formulary Indicator for each claim. Use the pricing data for December 1, 2009 for your MAC List. We have provided the AWP to eliminate any AWP variations.

Do not be concerned with U&C, Zero Balance, Full Copay or Submitted pricing. We want to use this data to compare your AWP discount, dispensing fee, MAC pricing and Specialty Pricing.

PLEASE return the Access file as originally sent. Do not summarize claims or change the format of the fields (i.e. don’t remove leading zero’s in the NDC number). Do not remove or change the Ref Number so we can correctly identify your response. All fields must be completed except Non-MAC’d claims that do not have a MAC populated. Any modifications not approved will be considered non-compliant and will not be considered.

If you have any questions, please telephone Alan Kellogg at 801-541-2715 or akellogg@health-linx.com.

Fields requiring your response.

Field Name: Bidders Unit MAC
Field Type: Currency
Description: Populated by bidder. Leave as currency and use 4 decimal places. If no MAC is available, leave null.

Field Name: Bidders Full MAC
Field Type: Currency
Description: Populated by bidder. Leave as currency and use 4 decimal places. If no MAC is available, leave null.
**Field Name:** Bidders Billed Ingredient Cost  
**Field Type:** Currency  
**Description:** Populated by bidder. Leave as currency and use 4 decimal places. If priced with MAC, then this should equal Full MAC. If priced with AWP discount, this should equal Full AWP less the discount.

**Field Name:** Bidders Dispensing Fee  
**Field Type:** Currency  
**Description:** Populated by bidder. Leave as currency and use 4 decimal places. This should be the applicable dispensing fee for the claim (Brand/Generic, Retail/Mail, etc.)

**Field Name:** Bidders Total Drug Cost  
**Field Type:** Currency  
**Description:** Populated by bidder. Leave as currency and use 4 decimal places. This should equal Bidders Billed Ingredient Cost plus Bidders Dispensing Fee.

**Field Name:** Bidders Final Pricing Indicator  
**Field Type:** Text  
**Description:** Populated by bidder. The Final Pricing Indicator should be AWP or MAC. No other values will be accepted.

**Field Name:** Bidders Formulary Indicator  
**Field Type:** Text  
**Description:** Populated by bidder. This should be Y if the drug is on your formulary or N if the drug is not on your formulary. Y or N, no other values will be accepted.

**Field Name:** Bidders Specialty Indicator  
**Field Type:** Text  
**Description:** Populated by bidder. This should be Y if the drug is on your Specialty Drug List or N if the drug is not on your Specialty Drug List. Y or N, no other values will be accepted.
Illinois Comprehensive Health Insurance Program

Exhibit C
PBM Standard Contract

Provide a copy of your standard contract ready for redlines from the Board.
Illinois Comprehensive Health Insurance Program

Exhibit D
PBM Quarterly Reporting Package

Provide a Quarterly Reporting Package with Recommendations. We recommend that you provide a redacted copy of the clinical recommendations also.
Exhibit E

Performance Guarantees

When the bidder returns an intent to bid, a spreadsheet will be distributed. The spreadsheet, Performance Guarantees.xlsx, should be completed and attached to communicate your performance guarantees. If there are additional guarantees you are prepared to offer, please add them at the bottom of the sheet.
Exhibit F
Network Analysis

Please provide your zip code analysis in this attachment.
Exhibit G

Return File Layout

The file layout will be provided when the bidder returns the intent to bid.
Exhibit H

Single Source Generic List

Please attach your single source generic list here.
Exhibit I
Narrow Therapeutic Index

Please attach your NTI list here.