



STATE OF TENNESSEE
FINANCE AND ADMINISTRATION, DIVISION OF BENEFITS ADMINISTRATION

**REQUEST FOR PROPOSALS # 31786-00125
AMENDMENT # 3 (THREE)
FOR REGIONAL THIRD PARTY ADMINISTRATOR
SERVICES FOR THE STATE'S PUBLIC SECTOR
HEALTH PLANS**

DATE: May 8, 2015

RFP # 31786-00125 IS AMENDED AS FOLLOWS:

1. This RFP Schedule of Events updates and confirms scheduled RFP dates. Any event, time, or date containing revised or new text is highlighted.

EVENT	TIME (central time zone)	DATE (all dates are state business days)
1. RFP Issued		March 24, 2015
2. Disability Accommodation Request Deadline	2:00 p.m.	March 27, 2015
3. Pre-response Conference	11:00 a.m.	March 30, 2015
4. Notice of Intent to Respond Deadline	2:00 p.m.	April 1, 2015
5. Written "Questions & Comments" Deadline	2:00 p.m.	April 10, 2015
6. State Response to Written "Questions & Comments"		April 28, 2015
7. 2 nd Written "Questions & Comments" Deadline	2:00 p.m.	May 4, 2015
8. Deadline to Submit Network and Claims Information to Aon Hewitt	5:00 p.m.	May 1, 2015
9. State Response to 2 nd round of Written "Questions & Comments"		May 8, 2015
10. Response Deadline	2:00 p.m.	May 19, 2015
11. State Completion of Technical Response Evaluations		June 4, 2015
12. State Opening & Scoring of Cost Proposals	2:00 p.m.	June 5, 2015
13. State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection	2:00 p.m.	1 Day after Insurance Committee Award of Contract
14. State sends contract to Contractor for signature		8 BUSINESS DAYS LATER

15. Contractor Signature Deadline	2:00 p.m.	1 – 5 BUSINESS DAYS LATER
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2. State responses to questions and comments in the table below amend and clarify this RFP.

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

QUESTION / COMMENT	STATE RESPONSE																																																							
<p>1 How will the State account for material changes (defined as a change of 2% or greater in total cost) to the contracting and costs status of the network for each of the regions or the statewide bid?</p> <p>State: can provide further clarification on this question - we are not understanding the material changes to contract and costs status of network. What are you referring to?</p> <p>Per Question 132 of the Round 1 Q &A, the network rank for Table C - Network is based on the Aon MY14 Discount Data for each proposer. We just wanted confirmation that the information (ie comprehensive description of material improvements in contract/cost not reflected in MY14 data) we shared with Aon on 4/30/15 is being included in their Table C analysis.</p>	<p>Please see the response to Question #12 below. No additional information supplied to Aon will be used outside of the MY14 Discount Data.</p>																																																							
<p>2 PCP Disruption: The following providers do not have a TaxID number or NPI provided. How are we to handle these? Is it acceptable to exclude them from our results due to lack of the necessary information?</p> <table border="1" data-bbox="253 1119 966 1766"> <tbody> <tr> <td>APPLE CORP WELLNESS INC</td> <td>~</td> <td>CHATTANOOGA</td> <td>37421</td> <td>TN</td> </tr> <tr> <td>SEASONS OF FARRAGUT LLC</td> <td>~</td> <td>KNOXVILLE</td> <td>37922</td> <td>TN</td> </tr> <tr> <td>ADDICTION LABS OF AMERICA</td> <td>~</td> <td>BRENTWOOD</td> <td>37027</td> <td>TN</td> </tr> <tr> <td>CAREHERE</td> <td>~</td> <td>BRENTWOOD</td> <td>37027</td> <td>TN</td> </tr> <tr> <td>PROLOThERAPY NASHVILLE</td> <td>~</td> <td>BRENTWOOD</td> <td>37027</td> <td>TN</td> </tr> <tr> <td>LITTLE RIVER EMERGENCY PHYSICI</td> <td>~</td> <td>CLARKSVILLE</td> <td>37040</td> <td>TN</td> </tr> <tr> <td>ORUSA MD SAMSON K</td> <td>~</td> <td>CLARKSVILLE</td> <td>37042</td> <td>TN</td> </tr> <tr> <td>EXPRESS MED FLORENCE</td> <td>~</td> <td>LAWRENCEBURG</td> <td>38464</td> <td>TN</td> </tr> <tr> <td>BRETT SHAPIRO, MD</td> <td>~</td> <td>NASHVILLE</td> <td>37212</td> <td>TN</td> </tr> <tr> <td>NASHVILLE IP MGMT SVC</td> <td>~</td> <td>NASHVILLE</td> <td>37203</td> <td>TN</td> </tr> <tr> <td>RICHARD G SOPER, MD</td> <td>~</td> <td>NASHVILLE</td> <td>37204</td> <td>TN</td> </tr> </tbody> </table>	APPLE CORP WELLNESS INC	~	CHATTANOOGA	37421	TN	SEASONS OF FARRAGUT LLC	~	KNOXVILLE	37922	TN	ADDICTION LABS OF AMERICA	~	BRENTWOOD	37027	TN	CAREHERE	~	BRENTWOOD	37027	TN	PROLOThERAPY NASHVILLE	~	BRENTWOOD	37027	TN	LITTLE RIVER EMERGENCY PHYSICI	~	CLARKSVILLE	37040	TN	ORUSA MD SAMSON K	~	CLARKSVILLE	37042	TN	EXPRESS MED FLORENCE	~	LAWRENCEBURG	38464	TN	BRETT SHAPIRO, MD	~	NASHVILLE	37212	TN	NASHVILLE IP MGMT SVC	~	NASHVILLE	37203	TN	RICHARD G SOPER, MD	~	NASHVILLE	37204	TN	<p>The State is providing an updated PCP disruption spreadsheet with this amendment; however some Tax ID numbers are still missing, and in those instances NPI numbers have been used instead.</p>
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QUESTION / COMMENT	STATE RESPONSE
<p>3 <u>Contract Attachment B Performance Guarantees and Liquidated Damages item 5 on page 111:</u></p> <p>Please identify any provisions of the contract subject to a performance guarantee but that are not identified in the performance guarantee attachment.</p> <ul style="list-style-type: none"> - Are there any performance guarantees associated with section A.23 of the pro forma contract? If so, please identify those performance guarantees. 	<p>The Contractor is expected to deliver all Contract requirements. An example of a provision of the contract that is not identified in Attachment B, but could be assessed the general LD, would be A.9.i.(3).</p> <p>Yes, there are performance guarantees associated with section A.23 - As noted in Amendment 2, section 25:</p> <p>Performance Guarantee #36 was added: - please refer to Amendment #2 or updated Word document for full language.</p>
<p>4 <u>Term of Contract Section B on page 97 of the Pro Forma contract</u> states the Contract shall be effective on July 1, 2015 and extend for a period of eighty-four (84) months after the Effective date (term). This would indicate that the contract term is 7 years, yet other sections of the Pro Forma Contract reference 5 years.</p> <p>Please verify term of the contract.</p>	<p>The service delivery timeframe is five (5) years – however the total contract term is 84 months or 7 years. The additional 2 year time frame is for a six (6) month implementation period before services to plan members begin on 1/1/2016, and a 18 month claims run-out period on the back end of the contract.</p>
<p>5 <u>Regarding the Statewide GeoAccess reports</u>, do you want the Access Criteria to match that outlined on page 53 or page 56 of Amendment 2? Mainly our question is around the Rural standard for Statewide reports. Cardiologists are listed under Rural on page 53 but on page 56 endocrinologists are listed instead.</p>	<p>It should match the listing on page 53 of the prior amendment. This should be Cardiologists, please refer to Amendment Section 13.</p>
<p>6 Would the State provide an extension of the Response Deadline for at least an additional calendar week (i.e. due 5/22/15 or later)? This request is based on consideration for:</p> <ul style="list-style-type: none"> o Adequate time to evaluate the State's upcoming response to the second round of questions on May 8th, which may affect our proposal response. o Adequate time to re-run the PCP Disruption Analysis, once the updated file is posted per the State's response to question 28 in Amendment One (page 14 of the Amendment). 	<p>Yes, please see the amended schedule in Amendment Section 1 above.</p>
<p>7 Regarding section C.3.f of the pro forma contract on the ASP+ reimbursement of Specialty Drugs and referencing the States response to question 107 in Amendment One (Page 33), we recognize the State's intent to move the needle on Specialty Drugs. Can you confirm respondents are to make their best faith effort to achieve this goal?</p>	<p>Please refer to the language below in Amendment Section 9. Please also see sections 5, 6, 8, 11, and 12 as these changes also surround Pharmacy language changes.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>8 Please confirm that the Amended Trend Guarantee in Attachment 6.3, Table D (RFP page 48) is also subject to the overall Maximum Assessment cap of 20% over a twelve month period referenced in Contract Attachment B Item 3 (RFP page 111), and Amendment #2 Bidder Question Response #76 (Amendment One page 24)?</p>	<p>No. The Trend Guarantee is not a liquidated damage. The Trend Guarantee is a guarantee with a fees at risk.</p>
<p>9 Referencing the Amended Trend Guarantee in Attachment 6.3, Table D (RFP page 48), would the State consider a “step” approach to the trend guarantee payouts, rather than the current “cliff” payout approach? For example, provide the percentage of administrative fees the proposer agrees to put at risk to maintain an annual medical trend at or below 6%, at or below 6.5%, and at or below 7%,</p>	<p>No</p>
<p>10 Given the fact that the State has made several amendments to the RFP, would the State consider updating the entire RFP with all revisions included within the RFP and then posting it in a Word document format for use by Respondents?</p>	<p>Yes, please see the entire revised RFP document and Pro Forma contract posted as a word document with this amendment to the procurement website.</p>
<p>11 Follow-up to Question #6 – Question 1 in Amendment #2 The Question Submitted: Question 1: Under Response Delivery, Page 12, 3.2.2.2, is the correct interpretation of this section mean: if a contractor is proposing on each region and statewide, there would be four (4) separate cost proposals? And each cost proposal would include the following: (1) Table A, ASO fees; (2) Table B, Telemedicine; (3) Table C Network; and (4) Table D Trend Guarantee (except on the statewide cost proposal)?</p>	<p>The submissions should be as follows if Respondent is proposing on all Regional contracts as well as Statewide:</p> <ul style="list-style-type: none"> • Table A – 2 copies • Table B – 1 copy • Table C – 2 copies • Table D – 3 copies
<p>12 Follow-up to Question #132 in Amendment #2 The Question Submitted: “Name Redacted” has provided the MY14 UDS discount data with projections that presents a more updated view of our network contracts compared to the FY13 UDS discount data. In addition, there would be additional contract adjustments that would need to be incorporated above and beyond the MY14 projections. Can we provide a list of discount adjustments by zip3 that should be added to either the FY13 or MY14 discount submission results for the “Name Redacted” discount analysis for State of Tennessee? Please let us know if adjustments should be from the FY13 or MY14 data.</p>	<p>The State has decided not to use any adjustment factors in determining Respondent’s claims cost.</p>

3. Delete RFP Attachment 6.3 Cost Proposal Table C - Statewide in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

COST PROPOSAL & SCORING GUIDE
NOTICE: THIS COST PROPOSAL MUST BE COMPLETED EXACTLY AS REQUIRED
COST PROPOSAL SCHEDULE— The Cost Proposal, detailed below, shall indicate the proposed price for goods or services defined in the Scope of Services of the RFP Attachment 6.6., Pro Forma Contract and for the entire contract period. The Cost Proposal shall remain valid for at least one hundred twenty (120) days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract resulting from this RFP. All monetary amounts shall be in U.S. currency and limited to two (2) places to the right of the decimal point.

NOTICE: The Evaluation Factor associated with each cost item is for evaluation purposes only. The evaluation factors do NOT and should NOT be construed as any type of volume guarantee or minimum purchase quantity. The evaluation factors shall NOT create rights, interests, or claims of entitlement in the Respondent.

Notwithstanding the cost items herein, pursuant to the second paragraph of the *Pro Forma* Contract section C.1. (refer to RFP Attachment 6.6.), "The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

This Cost Proposal must be signed, in the space below, by an individual empowered to bind the Respondent to the provisions of this RFP and any contract awarded pursuant to it. If said individual is not the *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to legally bind the Respondent.

RESPONDENT SIGNATURE:	
PRINTED NAME & TITLE:	
DATE:	
RESPONDENT LEGAL ENTITY NAME:	

TABLE C – Network (Statewide)

Provide the name of the proposed network for each region in which the Proposer intends to deliver services.

The State's Actuarial Contractor, Aon Hewitt, will supply the State with a ranking for each Respondent to this RFP based on the Respondent's proposed network claims information already on file with Aon Hewitt and Aon Hewitt's analysis and evaluation of the information. Refer to Appendix 7.1.

The Respondent with the most favorable claims cost ranking will be ranked a one (1), with each other Respondent falling in line thereafter based on claims cost favorability to the State. (i.e. 2nd best will be ranked a 2, 3rd best a 3, etc.). This calculation will be performed separately for each region proposed.

	Proposed Network(s)
Identify the STATEWIDE network being proposed – leave blank if not proposing a statewide network	
	State Use Only

	Total Claims Cost Ranking (ranking to be provided by the State's actuarial Contractor, Aon Hewitt)	
STATEWIDE Network Rank		
CLAIMS COST RANK (as shown above): The Solicitation Coordinator will use the number shown above and the formula below to calculate the Cost Proposal Score for Claims Cost separately for each network proposed. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.		
<u>Highest ranked claims cost</u>	x 31	= Table C SCORE:
Claims cost rank amount being evaluated	(maximum section score)	

4. Delete RFP Attachment 6.3 Cost Proposal Table C- Regional in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

COST PROPOSAL & SCORING GUIDE

NOTICE: THIS COST PROPOSAL MUST BE COMPLETED EXACTLY AS REQUIRED

COST PROPOSAL SCHEDULE— The Cost Proposal, detailed below, shall indicate the proposed price for goods or services defined in the Scope of Services of the RFP Attachment 6.6., Pro Forma Contract and for the entire contract period. The Cost Proposal shall remain valid for at least one hundred twenty (120) days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract resulting from this RFP. All monetary amounts shall be in U.S. currency and limited to two (2) places to the right of the decimal point.

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Notwithstanding the cost items herein, pursuant to the second paragraph of the *Pro Forma* Contract section C.1. (refer to RFP Attachment 6.6.), "The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

This Cost Proposal must be signed, in the space below, by an individual empowered to bind the Respondent to the provisions of this RFP and any contract awarded pursuant to it. If said individual is not the *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to legally bind the Respondent.

RESPONDENT SIGNATURE:	
PRINTED NAME & TITLE:	
DATE:	
RESPONDENT LEGAL ENTITY NAME:	

TABLE C – Network - Regional

Provide the name of the proposed network for each region in which the Proposer intends to deliver services.

The State's Actuarial Contractor, Aon Hewitt, will supply the State with a ranking for each Respondent to this RFP based on the

<p>Respondent's proposed network claims information already on file with Aon Hewitt and Aon Hewitt's analysis and evaluation of the information. Refer to Appendix 7.1.</p> <p>The Respondent with the most favorable claims cost ranking will be ranked a one (1), with each other Respondent falling in line thereafter based on claims cost favorability to the State. (i.e. 2nd best will be ranked a 2, 3rd best a 3, etc.). This calculation will be performed separately for each region proposed.</p>	
	Proposed Network(s)
Identify the network being proposed for the EAST REGION – leave blank if not proposing this region	
Identify the network being proposed for the MIDDLE REGION – leave blank if not proposing this region	
Identify the network being proposed for the WEST REGION – leave blank if not proposing this region	
	State Use Only Total Claims Cost Ranking (ranking to be provided by the State's actuarial Contractor, Aon Hewitt)
EAST Region Network Rank	
MIDDLE Region Network Rank	
WEST Region Network Rank	
<p>CLAIMS COST RANK (as shown above):</p> <p>The Solicitation Coordinator will use the number shown above and the formula below to calculate the Cost Proposal Score for Claims Cost separately for each network proposed. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.</p>	
<u>Highest ranked claims cost</u>	
Claims cost rank amount being evaluated	x 25 (maximum section score)
	= Table C SCORE:

5. Delete RFP Attachment 6.6 Pro Forma Contract Section A.6.f. in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

f. Each year, the Contractor shall provide the State with a financial reconciliation to show that they have met the aggregate ASP+ percentage standard for the previous calendar year. This report shall be provided each year no later than the last business day in May unless otherwise approved by the State (refer also to Contract Attachment C, Reporting Requirements).

6. Add the following as RFP Attachment 6.6 Pro Forma Contract Section A.6.h. and renumber any subsequent sections as necessary:

h. The Contractor shall provide the State with a semi-annual report on medical Specialty Pharmacy spend and utilization including but not limited to; National Drug Code (NDC), drug name, strength, place of service, and paid amount (refer also to Contract Attachment C, Reporting Requirements).

7. Delete RFP Attachment 6.6 Pro Forma Contract Section A.9.aa. in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

- aa. The Contractor shall identify and pursue claims that may be subject to coordination of benefits (COB) in accordance with the regulations promulgated by the Tennessee Department of Commerce and Insurance, Chapter 0780-1-53 Tenn. Comp. R. & Regs. The Contractor shall provide a **weekly** report of said activities to the State (refer also to Contract Attachment C, Reporting Requirements).

8. Delete RFP Attachment 6.6 Pro Forma Contract Section A.25.c. in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

- c.** Average Sales Price (ASP): ASP is computed using actual sales revenues to a manufacturer, i.e., list price minus all price concessions (volume discounts, prompt pay discounts, cash discounts, free goods, chargebacks, rebates, etc.). Thus, ASP is not a list price like Wholesale Acquisition Cost (WAC). **The ASP methodology uses quarterly drug pricing data submitted to CMS by drug manufacturers. Drug pricing files are available from CMS or on their website.**

9. Delete RFP Attachment 6.6 Pro Forma Contract Section C.3.f. in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

- f. During the term of this contract the average, aggregate reimbursement for all specialty drugs dispensed in a physician's office, hospital setting (inpatient or outpatient), or any other setting (including but not limited to oncology clinics) shall not exceed:

CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
ASP + 15%	ASP + 13%	ASP + 11%	ASP + 9%	ASP + 7%

ASP = Average Sales Price as defined in A.25.

Compliance with the aggregate ASP+ percentage standard for the previous calendar year will be reconciled annually using the ASP drug pricing files from CMS and reported to the State in the ASP reconciliation report (see Contract Sections A.6.f and Contract Attachment C, Reporting Requirements). The reconciliation shall be validated by the State's consulting actuary and all monies exceeding the above limits will be payable to the State by the Contractor within thirty (30) days of state notification.

10. Delete RFP Attachment 6.6 Pro Forma Contract Attachment C Section 11 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

11. **Coordination of Benefits Report**, submitted **weekly** in compliance with contract section A.9.aa.

11. Add the following as RFP Attachment 6.6 Attachment C Section 30 and renumber any subsequent sections as necessary:

- 30. ASP Reconciliation Report**, submitted annually in compliance with contract sections A.6.f and C.3.f of this contract and will be validated by the State's actuarial consultant.

12. Add the following as RFP Attachment 6.6 Attachment C Section 31 and renumber any subsequent sections as necessary:

31. **Specialty Pharmacy Report**, submitted semi-annually after the 2nd and 4th quarters in compliance with contract section A.6.h of this contract.

13. Delete RFP 31786-00125 Appendix 7.8 STATEWIDE NETWORK ACCESS STANDARDS in Section 2 in its entirety and insert the following in its place (any sentence or paragraph containing revised or new text is highlighted):

STATEWIDE NETWORK ACCESS STANDARDS

Provider Group - Urban	Required Access Standard
Primary Care Physicians	2 physicians within 10 miles
Obstetricians/Gynecologists	1 physician within 10 miles
Pediatricians	1 physician within 10 miles
Cardiologists	1 physician within 15 miles
Endocrinologists	1 physician within 15 miles
Acute Care Hospitals	1 facility within 20 miles
Provider Group - Suburban	Required Access Standard
Primary Care Physicians	2 physicians within 15 miles
Obstetricians/Gynecologists	1 physician within 15 miles
Pediatricians	1 physician within 15 miles
Cardiologists	2 physicians within 20 miles
Endocrinologists	2 physicians within 20 miles
Acute Care Hospitals	1 facility within 25 miles
Provider Group - Rural	Required Access Standard
Primary Care Physicians	2 physicians within 25 miles
Obstetricians/Gynecologists	1 physician within 20 miles
Pediatricians	1 physician within 20 miles
Cardiologists	1 physician within 25 miles
Acute Care Hospitals	1 facility within 30 miles

14. **RFP Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFP not expressly amended herein shall remain in full force and effect.