



DEPARTMENT OF MENTAL HEALTH

REQUEST FOR PROPOSALS FOR PHARMACY BENEFIT MANAGEMENT SERVICES

May 1, 2014

**Prepared By
County of Los Angeles**

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH
MENTAL HEALTH SERVICE AREAS
C O M M U N I T I E S / C I T I E S

SERVICE AREA 1-Lancaster, Palmdale

**SERVICE AREA 2-Agoura Hills, Burbank, Calabasas, Glendale,
Hidden Hills, L.A. (Part), La Cañada-Flintridge,
San Fernando, Santa Clarita, Westlake Village**

**SERVICE AREA 3-Alhambra, Arcadia, Azusa, Baldwin Park, Bradbury, Claremont,
Covina, Diamond Bar, Duarte, El Monte, Glendora, Industry,
Irwindale, La Puente, La Verne, Monrovia, Monterey Park,
Pasadena, Pomona, Rosemead, San Dimas, San Gabriel, San
Marino, Sierra Madre, South El Monte, South Pasadena, Temple
City, Walnut, West Covina**

SERVICE AREA 4-L.A. (Part), West Hollywood

**SERVICE AREA 5-Beverly Hills, Calabasas, Culver City, L.A. (Part), Malibu, Santa
Monica**

SERVICE AREA 6-Compton, L.A. (Part), Lynwood, Paramount

**SERVICE AREA 7-Artesia, Bell, Bell Gardens, Bellflower, Cerritos, Commerce,
Cudahy, Downey, Hawaiian Gardens, Huntington Park, L.A.
(Part), La Habra Heights, La Mirada, Lakewood, Maywood,
Montebello, Norwalk, Pico Rivera, Santa Fe Springs, South Gate,
Vernon, Whittier**

**SERVICE AREA 8-Avalon, Carson, El Segundo, Gardena , Hawthorne, Hermosa
Beach, Inglewood, L.A. (Part), Lawndale, Long Beach, Lomita,
Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes,
Redondo Beach, Rolling Hills, Rolling Hills Estates, Signal Hill,
Torrance**



COUNTY OF LOS ANGELES DEPARTMENT OF MENTAL HEALTH

MENTAL HEALTH SERVICE AREAS



The Department of Mental Health divides the County into eight service areas.

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1.0 INTRODUCTION

1.1 Background and Purpose

Historically, the Los Angeles County Department of Mental Health (LACDMH or Department) has used a Prescription Authorization and Tracking System (PATS) to communicate prescription information between clinic sites and contracted pharmacies and to manage its pharmacy benefit program for uninsured mental health clients. PATS is essentially a system that incorporates e-Prescribing functionality and functionality normally provided by a Pharmacy Benefit Manager such as adjudication of pharmacy claims, medication history, formulary edits, and eligibility for medication benefits.

LACDMH has acquired an Integrated Behavioral Health Information System (IBHIS) from Netsmart Inc. which includes an Electronic Health Record and an electronic prescribing module for use at all LACDMH directly operated sites. LACDMH is in the process of implementing this system in phases and the target for full implementation is December 2014. IBHIS will seamlessly integrate a broad range of functionality including referral management, client registration, clinical documentation, care management, claims management, administrative and clinical reporting, along with providing the base for the electronic exchange of clinical information with other healthcare providers. To achieve LACDMH's goal of having a fully integrated Electronic Health Record and e-prescribing platform, LACDMH intends to replace this current prescription tracking system with a Pharmacy Benefit Manager to administer LACDMH's prescription drug program.

Through this Request for Proposal (RFP) process, LACDMH seeks to find a qualified Contractor to administer LACDMH's prescription drug program for uninsured LACDMH clients (Covered Clients) who receive services at directly-operated programs and LACDMH contracted sites located throughout the County. The Contractor's primary responsibilities shall include processing prescription drug claims electronically in real-time at the point-of-sale and reimbursing pharmacies for prescription drugs dispensed to Covered Clients; staffing and managing a customer service call center for participating pharmacies, LACDMH staff and Covered Clients to answer questions about LACDMH's pharmacy benefit; maintaining LACDMH's Formulary and utilization review controls; contracting and providing administrative oversight of a Participating Pharmacy network; negotiating discounts and rebates with drug manufacturers; and clinical services, such as performing prior authorizations which are required when Prescribers prescribe a medication that is not on the LACDMH Formulary and/or outside of the Benefit Plan, and handling Covered Client appeals. The Contractor is expected to decrease medication costs, improve quality of care, and expand access to pharmacies for Covered clients. One Proposer will be selected to provide County-wide Pharmacy Benefit Management services.

1.2 Overview of Solicitation Document

This RFP is composed of the following parts:

- **INTRODUCTION:** Specifies the Proposer's minimum mandatory requirements, provides information regarding the requirements of the Contract and the solicitation process.
- **PROPOSAL SUBMISSION REQUIREMENTS:** Includes instructions to Proposers in how to prepare and submit their proposal.
- **SELECTION PROCESS AND EVALUATION CRITERIA:** Includes information on how the proposals will be selected and evaluated.
- **APPENDICES:**
 - **A - SAMPLE CONTRACT:** Identifies the terms and conditions in the Contract.
 - **B - STATEMENT OF WORK (SOW):** Explains in detail the required services to be performed by the Contract.
 - **C - SOW EXHIBITS:** Exhibits to the SOW.
 - **D - REQUIRED FORMS:** Forms that must be completed and included in the proposal.
 - **E - TRANSMITTAL FORM TO REQUEST A SOLICITATION REQUIREMENTS REVIEW:** Transmittal sent to Department requesting a Solicitation Requirements Review.
 - **F - COUNTY OF LOS ANGELES POLICY ON DOING BUSINESS WITH SMALL BUSINESS:** County policy.
 - **G - JURY SERVICE ORDINANCE:** County Code.
 - **H - LISTING OF CONTRACTORS DEBARRED IN LOS ANGELES COUNTY:** Contractors who are not allowed to contract with the County for a specific length of time.
 - **I - IRS NOTICE 1015:** Provides information on Federal Earned Income Credit.
 - **J - SAFELY SURRENDERED BABY LAW:** County program.
 - **K - LIVING WAGE ORDINANCE:** County Code.
 - **L - DETERMINATION OF CONTRACTOR NON-RESPONSIBILITY**

AND CONTRACTOR DEBARMENT: County Code.

- **M - GUIDELINES FOR ASSESSMENT OF PROPOSER LABOR LAW/PAYROLL VIOLATIONS:** Guidelines that will be used to determine whether the County will deduct evaluation points for labor/law payroll violations.
- **N - BACKGROUND AND RESOURCES: CALIFORNIA CHARITIES REGULATION:** An information sheet intended to assist Nonprofit agencies with compliance with SB 1262 - the Nonprofit Integrity Act of 2004 and identify available resources.
- **O - DEFAULTED PROPERTY TAX REDUCTION PROGRAM:** County Code
- **P - LACDMH MEDICATIONS PRESCRIBED SIX-MONTH SAMPLE:** A six month sample of medications prescribed and dispensed for LACDMH clients. Proposer is to complete the table (Appendix D, Required Forms, Exhibit 13-A Prescription Drug Retail Quote) using data from Appendix P.

1.3 Terms and Definitions

Throughout this RFP, references to certain specialized terms, persons, groups, and departments are defined in Appendix C, SOW Exhibits, Exhibit 3 List of Acronyms, Terms, and Definitions.

1.4 Minimum Mandatory Requirements

Proposer shall meet the following minimum mandatory requirements in order to be considered responsive and to have their PBM proposal move on in the evaluation process. Any proposal submitted that fails to demonstrate that Proposer meets these minimum mandatory requirements may be considered non-responsive and the proposal may be rejected, at the County's sole discretion. You must provide a written statement or proof of documentation for the Minimum Mandatory Requirements Checklist listed below:

- 1.4.1 Proposer must complete Minimum Mandatory Requirements Checklist, as set forth in Appendix D - Required Forms Exhibit 11 and clearly indicate the location of these 19 requirements.
- 1.4.2 Proposer must attend the Mandatory Proposers' Conference; Proposer will be required to legibly sign a sign-in sheet and to legibly sign a sign-out sheet provided by LACDMH. Proposer is advised that the doors will be closed and the sign-in sheet will be removed 10 minutes after the start time stated for the Conference in the solicitation, as set forth in the Proposal Submission Requirements, Section 2.0, of this RFP. Once the doors are closed, no late admittance will be permitted.

- 1.4.3 Proposer must submit a Mandatory Letter of Intent to Submit a Proposal, as set forth in Proposal Submission Requirements, Section 2.8 respectively of this RFP.
- 1.4.4 Proposer must have five (5) years of experience within the last five (5) years, providing continuous PBM services and providing PBM services to an organization with a minimum volume of 15,000 pharmacy claims per month with a minimum of 200,000 covered lives.
- 1.4.5 Proposer must be accredited by the Utilization Review Accreditation Commission (URAC) for PBM Services and Drug Therapy Management and must submit a copy of each accreditation with the submitted proposal.
- 1.4.6 Proposer must be a Surescripts certified PBM and must submit a copy of its executed contract with Surescripts or a Surescripts directory clearly listing its PBM as a Surescripts Network Participant with the submitted proposal as proof if this requirement..
- 1.4.7 Proposer must demonstrate that they currently have a pharmacy network that includes a minimum of 100 contracted pharmacies in Los Angeles County that cover all eight (8) LACDMH defined Service Areas, as identified in Proposer's Background and Experience, Section 2.10.6.1 of this RFP.
- 1.4.8 Proposer must comply with the terms of a "pass through" or "transparency" pricing model whereby all sources of revenue the Proposer receives that are attributable to LACDMH's prescription drug utilization are passed onto LACDMH, in exchange for administrative fees. Revenue includes 100 percent of all manufacturer payments, including rebates and administrative fees, attributable to the prescription drug utilization of LACDMH Covered Clients. Further, under the "pass through" proposal, the Proposer agrees to charge LACDMH exactly what the Proposer pays the Participating Pharmacies to dispense drugs (including both ingredient and dispensing fees) net of any co-payments, coinsurances or deductible amounts, plus any applicable sales excise tax or other governmental charge. The Proposer shall not retain any margin or spread on such in-network Participating Pharmacy claims. Accordingly, any amount billed by the Proposer to be paid to dispensing Participating Pharmacies shall be paid fully to such Participating Pharmacies.
- 1.4.9 Proposer must guarantee financial rates, including any guaranteed financial element, but not limited to the annual aggregate average Retail Brand Effective Rate and the Maximum Brand Drug Dispensing Fee and Retail Generic Effective Rate and Maximum Generic Drug Dispensing

Fee.

- 1.4.10 Proposer must use Medispan as the pricing source for Average Wholesale Price (AWP) or any other pricing metric. Proposer must use the same pricing source (i.e. Medispan) for Participating Pharmacies as it is used for LACDMH. If the Proposer uses a Maximum Allowable Cost (“MAC”) formula to reimburse for some or all Generic Drugs, the Proposer must use the same MAC list and pricing for Participating Pharmacies as is used for LACDMH.
- 1.4.11 Proposer must comply with the RFP format and requirements set forth in the Proposal Submission Requirements, Section 2.0 of this RFP when submitting proposal.
- 1.4.12 Proposer must complete all Required Forms included as set forth in Appendix D - Required Forms Exhibits 1 through 26.
- 1.4.13 Proposer must demonstrate that it understands and agrees that it will be responsible for compliance with applicable provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and that it will take all necessary and reasonable actions to comply with the applicable requirements of HIPAA. Proposer will be required to enter into the Business Associate Agreement with LACDMH as contained in Appendix A, Sample Contract, Sub-paragraph 9.2 and Exhibit A.
- 1.4.14 Proposer must agree to comply with the Contractor Information Security Requirements as contained in Appendix A, Sample Contract Exhibits, Exhibit B.
- 1.4.15 Proposer must register in the County’s WebVen and provide Provider Identification Number (ID) as proof of registration. Registration can be accomplished online via the Internet by accessing the County’s home page at http://lacounty.info/doing_business/main_db.htm.
- 1.4.16 Proposer must not currently have a Settlement Agreement with LACDMH for repayment of County funds.
- 1.4.17 Proposer must not be on the Los Angeles County Debarment List (<http://doingbusiness.lacounty.gov/DebarmentList.htm>).
- 1.4.18 Proposer must not be on the Office of Inspector General (OIG) Health and Human Services (HHS) Debarment list (www.oig.hhs.gov/fraud/exclusions.asp) or the General Services Administration Exclusions List (<https://www.sam.gov>)
- 1.4.19 Proposers must be financially viable as determined by LACDMH based on the submission and review of the current and prior two (2) fiscal years

financial statements. Such financial statements are to include the independent Certified Public Accountant's (CPA) letter documenting internal control and/or other findings including those from federal single audits, if applicable. Proposers with average annual operating revenues based on the following parameters shall submit either compiled, reviewed or audited financial statements:

- Compiled statements - annual operating revenues averaging up to \$49,999.
- Reviewed statements – annual operating revenues averaging from \$50,000 - \$499,999.
- Audited statements - annual operating revenues averaging \$500,000 or more. The opinion of the CPA is to be included. If the opinion is qualified in any way, an explanation regarding the nature of the qualification is to be provided.
- Do not submit Income Tax Returns to meet these requirements. Financial statements will be kept confidential if so stamped on each page.

Form 990 (for Non-Profit), Department of the Treasury, Internal Revenue Service (IRS) *Return of Organization Exempt from Income Tax*, or Form 1120 (for Profit) *U S Corporation Income Tax Return* may be substituted for the CPA prepared financial statements when the latter are not available.

1.5 County Rights & Responsibilities

The County has the right to amend the RFP by written addendum. The County is responsible only for that which is expressly stated in the solicitation document and any authorized written addenda thereto. Such addendum shall be made available to each person or organization which County records indicate has received this RFP. Should such addendum require additional information not previously requested, failure to address the requirements of such addendum may result in the Proposal not being considered, as determined in the sole discretion of the County. The County is not responsible for and shall not be bound by any representations otherwise made by any individual acting or purporting to act on its behalf.

1.6 Contract Term

The Contract term shall be for a period of five (5) years, which includes an initial term of one (1) year and four (4) optional one-year renewal periods. The Contract shall commence on July 1, 2015, following Board of Supervisors' award.

1.7 Prescription Drug Pricing and Administrative Fees

This RFP requires the use of Medispan as the pricing source for Average Wholesale Price (AWP) or any other pricing metric. The PBM must use the same pricing source (i.e. Medispan) throughout the term of the contract, for

Participating Pharmacies as it is used for LACDMH. If the Proposer uses a proprietary Maximum Allowable Cost (“MAC”) formula to reimburse for some or all Generic Drugs, the Proposer must use the same MAC list and pricing for Participating Pharmacies as is used for LACDMH.

This RFP requests pricing on a “pass through” or “transparency” model whereby all sources of revenue the Proposer receives that are attributable to LACDMH’s prescription drug utilization are passed onto LACDMH, in exchange for administrative fees. Revenue includes 100 percent of all manufacturer payments, including rebates and administrative fees, attributable to the prescription drug utilization of LACDMH Covered Clients. Further, under the “pass through” proposal, the Proposer agrees to charge LACDMH exactly what the Proposer pays the retail pharmacies to dispense drugs (including both ingredient and dispensing fees) net of any co-payments, coinsurances or deductible amounts, plus any applicable sales excise tax or other governmental charge. The Proposer shall not retain any margin or spread on such in-network Participating Pharmacy claims. Accordingly, any amount billed by the Proposer to be paid to dispensing Participating Pharmacies shall be paid fully to such Participating Pharmacies. Administrative Fees are requested on a **per claim** basis (not including reversals and denials) and dispensing fees are requested on a per-prescription (claim) paid basis. The Proposer’s administrative fees shall remain firm and fixed for the term of the Contract.

This RFP requests guaranteed financial rates which shall include any guaranteed financial element, but are not limited to the annual aggregate average Retail Brand Effective Rate and the Maximum Brand Name Drug Dispensing Fee and Retail Generic Effective Rate and Maximum Generic Drug Dispensing Fee as defined in Appendix C, SOW Exhibits, Exhibit 3 List of Acronyms, Terms, and Definitions.

The Department’s funding allocation for the proposed contract is contingent upon approval of the Board of Supervisors. Any adjustment to the funding allocation after the contract is approved by the Board of Supervisors will be made through a contract amendment executed by LACDMH and Contractor.

1.8 Days of Operation

The Contractor shall be required to provide PBM services, five (5) days a week, Monday through Friday, from 8:00 a.m. until 5:00 p.m. and Claims Processing Services 24-hours a day, seven (7) days a week, 365 days a year. The County’s Contract Project Manager or County approved alternate shall have full authority to act for Contractor on all matters relating to the daily operation of this contract and shall be available during the County’s regular business hours to discuss problem areas. Contractor shall provide the name, e-mail address, and telephone number of the contact person for after-hours services. The Contractor is not required to provide services on County-recognized holidays. Note that Appendix A, Sample Contract, Sub-paragraph 2.10 lists the County holidays.

1.9 Contact with County Personnel

All contact regarding this RFP or any matter relating thereto must be in writing and may be mailed, e-mailed or faxed as follows:

Richard Kushi, Chief
Contracts Development and Administration Division
County of Los Angeles – Department of Mental Health
550 South Vermont Avenue, 5th Floor, Room 500
Los Angeles, CA 90020
E-mail address: rkushi@dmh.lacounty.gov
Fax #: (213) 381-7092

If it is discovered that Proposer contacted and received information from any County personnel, other than the person specified above, regarding this solicitation, County, in its sole determination, may disqualify their proposal from further consideration.

1.10 Final Contract Award by the Board of Supervisors

Notwithstanding a recommendation of a Department, agency, individual, or other, the Board of Supervisors retains the right to exercise its judgment concerning the selection of a proposal and the terms of any resultant agreement, and to determine which proposal best serves the interests of the County. The Board is the ultimate decision making body and makes the final determinations necessary to arrive at a decision to award, or not award, a contract.

1.11 Mandatory Requirement to Register on County's WebVen

All potential Contractors must register in the County's WebVen. The WebVen contains the Vendor's business profile and identifies the goods/services the business provides. Registration can be accomplished online via the Internet by accessing the County's home page at http://lacounty.info/doing_business/main_db.htm.

1.12 County Option to Reject Proposals

The County may, at its sole discretion, reject any or all proposals submitted in response to this RFP. The County shall not be liable for any costs incurred by the Proposer in connection with the preparation and submission of any proposal. The County reserves the right to waive inconsequential disparities in a submitted proposal.

1.13 Protest Policy Review Process

1.13.1 Under Board Policy No. 5.055 (Services Contract Solicitation Protest), any prospective Proposer may request a review of the requirements under a solicitation for a Board-approved services contract, as described in Section 1.13.3 below. Additionally, any actual Proposer may request

a review of a disqualification or of a proposed contract award under such a solicitation, as described respectively in the Sections below. It is the responsibility of the Proposer challenging the decision of a County Department to demonstrate that the Department committed a sufficiently material error in the solicitation process to justify invalidation of a proposed contract award.

1.13.2 Throughout the review process, the County has no obligation to delay or otherwise postpone an award of contract based on a Proposer protest. In all cases, the County reserves the right to make an award when it is determined to be in the best interest of the County of Los Angeles to do so.

1.13.3 **Grounds for Review**

Unless State or federal statutes or regulations otherwise provide, the grounds for review of a solicitation for a Board-approved services contract provided for under Board Policy No. 5.055 are limited to the following:

- Review of Solicitation Requirements (Reference Sub-paragraph 2.5 in the Proposal Submission Requirements Section)
- Review of a Disqualified Proposal (Reference Sub-paragraph 3.3 in the Selection Process and Evaluation Criteria Section)
- Review of Proposed Contractor Selection (Reference Sub-paragraph 3.7 in the Selection Process and Evaluation Criteria Section)

1.14 Notice to Proposers Regarding The Public Records Act

1.14.1 Responses to this solicitation shall become the exclusive property of the County. Absent extraordinary circumstances, the recommended proposer's proposal will become a matter of public record when (1) contract negotiations are complete; (2) LACDMH receives a letter from the recommended Proposer's authorized officer that the negotiated contract is the firm offer of the recommended Proposer; and (3) LACDMH releases a copy of the recommended Proposer's proposal in response to a Notice of Intent to Request a Proposed Contractor Selection Review under Board Policy No. 5.055.

Notwithstanding the above, absent extraordinary circumstances, all proposals will become a matter of public record when the Department's proposer recommendation appears on the Board agenda.

Exceptions to disclosure are those parts or portions of all proposals that are justifiably defined as business or trade secrets, and plainly marked by the Proposer as "Trade Secret," "Confidential," or "Proprietary."

1.14.2 The County shall not, in any way, be liable or responsible for the disclosure of any such record or any parts thereof, if disclosure is

required or permitted under the California Public Records Act or otherwise by law. **A blanket statement of confidentiality or the marking of each page of the proposal as confidential shall not be deemed sufficient notice of exception. The Proposers must specifically label only those provisions of their respective proposal which are "Trade Secrets," "Confidential," or "Proprietary" in nature.**

1.15 Indemnification and Insurance

Contractor shall be required to comply with the indemnification provisions contained in the - Appendix A, Sample Contract, Sub-paragraph 8.23 and 8.24. The Contractor shall procure, maintain, and provide to the County proof of insurance coverage for all the programs of insurance along with associated amounts specified in the Appendix A, Sample Contract, Sub-paragraphs 8.25 and 8.26.

1.16 SPARTA Program

A County program, known as 'SPARTA' (Service Providers, Artisan and Tradesman Activities) may be able to assist potential Contractors in obtaining affordable liability insurance. The SPARTA Program is administered by the County's insurance broker, Merriwether & Williams. For additional information, Proposers may call Merriwether & Williams toll free at (800) 420-0555 or can access their website directly at www.2sparta.com.

1.17 Injury & Illness Prevention Program (IIPP)

Contractor shall be required to comply with the State of California's Cal Occupational Safety and Health Administration's (OSHA's) regulations. Section 3203 of Title 8 in the California Code of Regulations requires all California employers to have a written, effective Injury and Illness Prevention Program (IIPP) that addresses hazards pertaining to the particular workplace covered by the program.

1.18 Background and Security Investigations

Background and security investigations of Contractor's staff may be required at the discretion of the County as a condition of beginning and continuing work under any resulting Contract. The cost of background checks is the responsibility of the Contractor; Contractor is required to comply with the Background and Security Investigations provisions contained in Appendix A, Sample Contract, Sub-paragraph 7.3 and the Background Check provisions contained in Appendix A, Sample Contract, Exhibit B Contractor Information Security Requirements.

1.19 Confidentiality and Independent Status of Contractor

As appropriate, Contractor shall be required to comply with the Confidentiality provision contained in Appendix A, Sample Contract, Sub-paragraph 7.4 and the Independent Status of Contractor provision contained in Sub-paragraph 8.22.

1.20 Conflict of Interest

No County employee whose position in the County enables him/her to influence the selection of a Contractor for this RFP, or any competing RFP, nor any spouse of economic dependent of such employees, shall be employed in any capacity by a Proposer or have any other direct or indirect financial interest in the selection of a Contractor. Proposer shall certify that he/she is aware of and has read Section 2.180.010 of the Los Angeles County Code as stated in Appendix D - Required Forms Exhibit 5, Certification of No Conflict of Interest.

1.21 Determination of Proposer Responsibility

- 1.21.1 A responsible Proposer is a Proposer who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Proposers.
- 1.21.2 Proposers are hereby notified that, in accordance with Chapter 2.202 of the County Code, the County may determine whether the Proposer is responsible based on a review of the Proposer's performance on any contracts, including but not limited to County contracts. Particular attention will be given to violations of labor laws related to employee compensation and benefits, and evidence of false claims made by the Proposer against public entities. Labor law violations which are the fault of the subcontractors and of which the Proposer had no knowledge shall not be the basis of a determination that the Proposer is not responsible.
- 1.21.3 The County may declare a Proposer to be non-responsible for purposes of this contract if the Board of Supervisors, in its discretion, finds that the Proposer has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County; (2) committed an act or omission which negatively reflects on the Proposer's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or omission which indicates a lack of business integrity or business honesty; or (4) made or submitted a false claim against the County or any other public entity.
- 1.21.4 If there is evidence that the apparent highest ranked Proposer may not be responsible, the Department shall notify the Proposer in writing of

the evidence relating to the Proposer's responsibility, and its intention to recommend to the Board of Supervisors that the Proposer be found not responsible. The Department shall provide the Proposer and/or the Proposer's representative with an opportunity to present evidence as to why the Proposer should be found to be responsible and to rebut evidence which is the basis for the Department's recommendation.

- 1.21.5 If the Proposer presents evidence in rebuttal to the Department, the Department shall evaluate the merits of such evidence, and based on that evaluation, make a recommendation to the Board of Supervisors. The final decision concerning the responsibility of the Proposer shall reside with the Board of Supervisors.
- 1.21.6 These terms shall also apply to proposed subcontractors of Proposers on County contracts.

1.22 Proposer Debarment

- 1.22.1 The Proposer is hereby notified that, in accordance with Chapter 2.202 of the County Code, the County may debar the Proposer from bidding or proposing on, or being awarded, and/or performing work on other County contracts for a specified period of time, which generally will not exceed five (5) years but may exceed five (5) years or be permanent if warranted by the circumstances, and the County may terminate any or all of the Proposer's existing contracts with County, if the Board of Supervisors finds, in its discretion, that the Proposer has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County; (2) committed an act or omission which negatively reflects on the Proposer's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same; (3) committed an act or offense which indicates a lack of business integrity or business honesty; or (4) made or submitted a false claim against the County or any other public entity.
- 1.22.2 If there is evidence that the apparent highest ranked Proposer may be subject to debarment, the Department shall notify the Proposer in writing of the evidence which is the basis for the proposed debarment, and shall advise the Proposer of the scheduled date for a debarment hearing before the Contractor Hearing Board.
- 1.22.3 The Contractor Hearing Board shall conduct a hearing where evidence on the proposed debarment is presented. The Proposer and/or Proposer's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing

Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Proposer should be debarred, and, if so, the appropriate length of time of the debarment. The Proposer and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.

- 1.22.4 After consideration of any objections, or if no objections are received, a record of the hearing, the proposed decision and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny or adopt the proposed decision and recommendation of the Contractor Hearing Board.
- 1.22.5 If a Proposer has been debarred for a period longer than five (5) years, that Proposer may, after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Proposer has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
- 1.22.6 The Contractor Hearing Board will consider requests for review of a debarment determination only where: (1) the Proposer has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.
- 1.22.7 The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the

Contractor Hearing Board.

- 1.22.8 These terms shall also apply to proposed subcontractors of Proposers on County contracts.
- 1.22.9 Appendix H provides a link to the County's website where there is a listing of Contractors that are currently on the Debarment List for Los Angeles County.

1.23 Proposer's Adherence to County's Child Support Compliance Program

Proposers shall: 1) fully comply with all applicable State and federal reporting requirements relating to employment reporting for its employees; and 2) comply with all lawfully served Wage and Earnings Assignment Orders and Notice of Assignment and continue to maintain compliance during the term of any contract that may be awarded pursuant to this solicitation. Failure to comply may be cause for termination of a contract or initiation of debarment proceedings against the non-compliant Contractor (County Code Chapter 2.202).

1.24 Gratuities

1.24.1 Attempt to Secure Favorable Treatment

It is improper for any County officer, employee or agent to solicit consideration, in any form, from a Proposer with the implication, suggestion or statement that the Proposer's provision of the consideration may secure more favorable treatment for the Proposer in the award of the Contract or that the Proposer's failure to provide such consideration may negatively affect the County's consideration of the Proposer's submission. A Proposer shall not offer or give either directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Contract.

1.24.2 Proposer Notification to County

A Proposer shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861. Failure to report such a solicitation may result in the Proposer's submission being eliminated from consideration.

1.24.3 Form of Improper Consideration

Among other items, such improper consideration may take the form of cash, discounts, services, the provision of travel or entertainment, or tangible gifts.

1.25 Notice to Proposers Regarding the County Lobbyist Ordinance

The Board of Supervisors of the County of Los Angeles has enacted an ordinance regulating the activities of persons who lobby County officials. This ordinance, referred to as the "Lobbyist Ordinance", defines a County Lobbyist and imposes certain registration requirements upon individuals meeting the definition. The complete text of the ordinance can be found in County Code Chapter 2.160. In effect, each person, corporation or other entity that seeks a County permit, license, franchise or contract must certify compliance with the ordinance. As part of this solicitation process, it will be the responsibility of each Proposer to review the ordinance independently as the text of said ordinance is not contained within this RFP. Thereafter, each person, corporation or other entity submitting a response to this solicitation, must certify that each County Lobbyist, as defined by Los Angeles County Code Section 2.160.010, retained by the Proposer is in full compliance with Chapter 2.160 of the Los Angeles County Code and each such County Lobbyist is **not** on the Executive Office's List of Terminated Registered Lobbyists by completing and submitting the Familiarity with the County Lobbyist Ordinance Certification, as set forth in Appendix D - Required Forms Exhibit 6, as part of their proposal.

1.26 Federal Earned Income Credit

The Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015, Reference Appendix I.

1.27 Consideration of GAIN/GROW Participants for Employment

As a threshold requirement for consideration for contract award, Proposers shall demonstrate a proven record of hiring participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) or General Relief Opportunity for Work (GROW) Programs or shall attest to a willingness to consider GAIN/GROW participants for any future employment openings if they meet the minimum qualifications for that opening. Additionally, Proposers shall attest to a willingness to provide employed GAIN/GROW participants access to the Proposers' employee mentoring program, if available, to assist these individuals in obtaining permanent employment and/or promotional opportunities. Proposers who are unable to meet this requirement shall not be considered for contract award. Proposers shall complete and return the form, Attestation of Willingness to Consider GAIN/GROW Participants, as set forth in Appendix D - Required Forms Exhibit 9, along with their proposal.

1.28 County's Quality Assurance Plan

After contract award, the County or its agent will evaluate the Contractor's performance under the contract on a periodic basis. Such evaluation will include assessing Contractor's compliance with all terms in the Contract and

performance standards identified in the SOW, Appendix B. Contractor's deficiencies which the County determines are severe or continuing and that may jeopardize performance of the Contract will be reported to the County's Board of Supervisors. The report will include improvement/corrective action measures taken by the County and Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate the Contract in whole or in part, or impose other penalties as specified in the Contract.

1.29 Recycled Bond Paper

Proposer shall be required to comply with the County's policy on recycled bond paper as specified in Appendix A, Sample Contract, Sub-paragraph 8.38.

1.30 Safely Surrendered Baby Law

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Appendix J of this solicitation document and is also available on the Internet at www.babysafela.org for printing purposes.

1.31 County Policy on Doing Business with Small Business

1.31.1 The County has multiple programs that address small businesses. The Board of Supervisors encourages small business participation in the County's contracting process by constantly streamlining and simplifying our selection process and expanding opportunities for small businesses to compete for our business.

1.31.2 The Local Small Business Enterprise Preference Program requires the Company to complete a certification process. This program and how to obtain certification are further explained in Sub-paragraph 1.33 of this Section.

1.31.3 The Jury Service and Living Wage Programs, provide exceptions to the Programs if a company qualifies as a Small Business. It is important to note that each Program has a different definition for Small Business. You may qualify as a Small Business in one Program but not the other. Further explanations of these two (2) Programs are provided in Sub-paragraph 1.32 - Jury Service Program and Sub-paragraph 1.37 - Living Wage Program of this Section.

1.31.4 The County also has a Policy on Doing Business with Small Business that is stated in Appendix F.

1.32 Jury Service Program

The prospective contract is subject to the requirements of the County's

Contractor Employee Jury Service Ordinance (“Jury Service Program”) (Los Angeles County Code, Chapter 2.203). Prospective Contractors should carefully read the Jury Service Ordinance, Appendix G, and the pertinent jury service provisions of the Sample Contract, Appendix A, Sub-paragraph 8.8, both of which are incorporated by reference into and made a part of this RFP. The Jury Service Program applies to both Contractors and their Subcontractors.

Proposals that fail to comply with the requirements of the Jury Service Program will be considered non-responsive and excluded from further consideration.

- 1.32.1 The Jury Service Program requires Contractors and their Subcontractors to have and adhere to a written policy that provides that its employees shall receive from the Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the employee’s regular pay the fees received for jury service. For purposes of the Jury Service Program, “employee” means any California resident who is a full-time employee of a Contractor and “full-time” means 40-hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) the Contractor has a long-standing practice that defines the lesser number of hours as full-time. Therefore, the Jury Service Program applies to all of a Contractor’s full-time California employees, even those not working specifically on the County project. Full-time employees providing short-term, temporary services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program.
- 1.32.2 There are two (2) ways in which a Contractor might not be subject to the Jury Service Program. The first is if the Contractor does not fall within the Jury Service Program’s definition of “Contractor”. The Jury Service Program defines “Contractor” to mean a person, partnership, corporation or other entity which has a contract with the County or a Subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one (1) or more County contracts or subcontracts. The second is if the Contractor meets one of the two (2) exceptions to the Jury Service Program. The first exception concerns small businesses and applies to Contractors that have, 1) ten (10) or fewer employees; and, 2) annual gross revenues in the preceding 12 months which, if added to the annual amount of this Contract is less than \$500,000; and, 3) is not an “affiliate or subsidiary of a business dominant in its field of operation”. The second exception applies to Contractors that possess a collective bargaining agreement that expressly supersedes the provisions of the Jury Service Program. The Contractor is subject to any provision of the Jury Service Program not expressly superseded by the collective

bargaining agreement.

- 1.32.3 If a Contractor does not fall within the Jury Service Program's definition of "Contractor" or if it meets any of the exceptions to the Jury Service Program, then the Contractor must so indicate in the Certification Form and Application for Exception, as set forth in Appendix D - Required Forms Exhibit 10, and include with its submission all necessary documentation to support the claim such as tax returns or a collective bargaining agreement, if applicable. Upon reviewing the Contractor's application, the County will determine, in its sole discretion, whether the Contractor falls within the definition of Contractor or meets any of the exceptions to the Jury Service Program. The County's decision will be final.

1.33 Local Small Business Enterprise (SBE) Preference Program

- 1.33.1 The County will give Local SBE preference during the solicitation process to businesses that meet the definition of a Local SBE, consistent with Chapter 2.204.030C.1 of the Los Angeles County Code. A Local SBE is defined as: 1) A business certified by the State of California as a small business; and 2) has had its principal office located in Los Angeles County for at least one (1) year. The business must be certified by the Internal Services Department (ISD) as meeting the requirements set forth in 1 and 2 above prior to requesting the Local SBE Preference in a solicitation.
- 1.33.2 To apply for certification as a Local SBE, businesses may register with Internal Services Department at <http://laosb.org>.
- 1.33.3 Certified Local SBEs must request the SBE Preference in their solicitation responses and may not request the preference unless the certification process has been completed and certification affirmed. Businesses must attach the Local SBE Certification Letter to the Required Form - Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information Form Exhibit 7 in Appendix C - Required Forms with their proposal. Sanctions and financial penalties may apply to a business that knowingly, and with intent to defraud, seeks to obtain or maintain certification as a certified Local SBE.
- 1.33.4 Information about the State's small business enterprise certification regulations is in the California Code of Regulations, Title 2, Subchapter 8, Section 1896 et seq., and is also available on the California Department of General Services Office of Small Business Certification and Resources Web site at <http://www.pd.dgs.ca.gov/smbus/default>.

1.34 Local Small Business Enterprise (SBE) Prompt Payment Program

It is the intent of the County that Certified Local SBEs receive prompt payment for services they provide to County Departments. Prompt payment is defined as 15 calendar days after receipt of an undisputed invoice.

1.35 Notification to County of Pending Acquisitions/Mergers by Proposing Company

The Proposer shall notify the County of any pending acquisitions/mergers of their company. This information shall be provided by the Proposer, Proposer's Organization Questionnaire/Affidavit as set forth in Appendix D – Required forms Exhibit 1. Failure of the Proposer to provide this information may eliminate its proposal from any further consideration.

1.36 Transitional Job Opportunities Preference Program

1.36.1 In evaluating proposals, the County will give preference to businesses that are certified by the County as Transitional Job Opportunity vendors, consistent with Chapter 2.205 of the Los Angeles County Code. A Certified Transitional Job Opportunity vendor is, and has been such for three (3) years, an entity: 1) that is a non-profit organization recognized as tax exempt pursuant to section 501 (c) (3) of the Internal Revenue Service's Code; set forth, under penalty of perjury, such information as requested by the County on either electronic or hard copy forms, along with their application form and three (3) most recent annual tax returns to the Department with their proposal response to the contracting solicitation for which they are competing; 2) has been in operation for at least one (1) year providing transitional job and the related supportive services to program participants; and 3) provide a profile of their program with a description of their program components designed to assist program participants, number of past program participants, and any other information requested by a contracting Department.

1.36.2 Transitional Job Opportunities vendors must request the preference in their solicitation response and may not receive the preference until their certification has been affirmed by the applicable Department. County must verify the Transitional Job Opportunity vendor certification prior to applying the preference. Sanctions and financial penalties may apply to a Proposer that knowingly and with intent to defraud seeks to obtain or maintain certification as a Transitional Job Opportunities vendor.

1.36.3 To request the Transitional Job Opportunities Preference, Proposer must complete the Transitional Job Opportunities Preference Application as set forth in Appendix D – Required Forms Exhibit 23, and submit it along with all supporting documentation with their proposal.

1.37 Living Wage Program

The prospective Contract is subject to the requirements of the County's Living Wage Program (Los Angeles County Code Chapter 2.201). Prospective Contractors should carefully read the Living Wage Ordinance, Appendix K, and the pertinent living wage provisions of the Sample Contract, Appendix A, Subparagraph 9.1, both of which are incorporated by reference into and made a part of this RFP. The Living Wage Program applies to both Contractors and their Subcontractors (For the purposes of this RFP, Participating Pharmacies are not considered Subcontractors). Proposals that fail to comply with the requirements of the Living Wage Program may be considered non-responsive and excluded from further consideration.

- 1.37.1 Evaluation of Contractor's History of Labor Law/Payroll Violations In evaluating proposals, the County will review a contractor's history of labor law/payroll violations (including but not limited to violations or pending claims pertaining to wages, hours and working conditions such as minimum wage, prevailing wage, living wage, the Fair Labor Standards Act, employment of minors, or unlawful employment discrimination). To facilitate this process, contractors must submit with their proposal a completed Acknowledgment and Statement of Compliance form, as set forth in Appendix D - Required Forms Exhibit 17, and disclose on that form: 1) any determination by a public entity within three (3) years of the date of the proposal that the Firm committed a labor law/payroll violation, and 2) any pending claim which involves an incident of labor law/payroll violation occurring within three (3) years of the date of the proposal. Applying established criteria, the County may deduct from 1 to 20 percent of the maximum number of available evaluation points for labor law/payroll violations, with substantially increased deductions for a contractor's failure to disclose reportable violations (See Appendix M, "Guidelines for Assessment of Proposer Labor Law/Payroll Violations). "Pending claims" (i.e., claims that do not have a final disposition) will not result in point deductions; however, such claims may be reported to the Board of Supervisors before a contract is awarded.
- 1.37.2 If a Proposer believes that it does not fall within the Living Wage Program's definition of Employer or that it meets any of the exceptions to the Living Wage Program, then the Proposer must complete and submit to the County, no less than 15 business days prior to submission of the proposal, the Application for Exemption, as set forth in Appendix D - Required Forms Exhibit 20, and include in its submission all necessary documentation to support the claim such as tax returns or a collective bargaining agreement, if applicable. Upon reviewing the Proposer's application, the County will determine, in its sole discretion, whether the Proposer falls within the definition of Employer or meets any of the exceptions to the Living Wage Program. The County's decision will be final.

Note that the collective bargaining agreement exception applies if it is demonstrated to the County that the agreement is bona fide and that the agreement expressly provides that it supersedes all of the provisions of the Living Wage Program, or (if not all) those specific provisions that are superseded. The Contractor is subject to any provision of the Living Wage Program not expressly superseded by the collective bargaining agreement.

- 1.37.3 The Living Wage Program requires Contractors and their Subcontractors to pay their full-time employees providing services to the County no less than a living wage. The County has established the Living Wage as \$11.84 per hour without health benefits, and \$9.64 per hour with health benefits. In order to qualify for paying the lower hourly Living Wage rate, the Contractor must pay at least \$2.20 per hour toward the provision of a bona fide health care benefit plan for each employee and any dependents. Each Proposer must complete the Contractor Living Wage Declaration, as set forth in Appendix D – Required Forms Exhibit 19, and submit it with the proposal.
- 1.37.4 The Proposer must submit with its proposal a staffing plan using the Model Contractor Staffing Plan, as set forth in Appendix D - Required Forms Exhibit 21, using full-time employees for the Contract. The Proposer will be required to assign and use full-time employees to provide services under the Contract, unless the Proposer demonstrates to the satisfaction of the County the need to use non-full-time employees based on staffing efficiency or the County requirements of an individual job. If a Proposer desires to assign and use non-full-time employees to provide services under the Contract, the Proposer must submit to the County, along with its proposal, a written request detailing the Proposer's request and justification, and providing all necessary documentation to substantiate the request. Based on the County's review of the Proposer's request and supporting documentation, the County shall determine, in its sole discretion, whether the Proposer may use non-full-time employees to provide services under the Contract. The County's decision will be final.
- 1.37.5 Throughout the term of the Contract, the Contractor and its Subcontractor(s) will be required to submit periodic monitoring reports for each employee providing services under the Contract, certifying under penalty of perjury, the hours worked, wages paid and amounts paid towards each employee's health benefits.
- At any time during the term of the Contract, the County may conduct an audit of the Contractor's records as well as field visits with the Contractor's employees to ascertain compliance with the Living Wage Program.

- The Contractor will be required to place specified Living Wage posters at the Contractor's place of business and locations where the Contractor's employees are working. The Contractor will also be required to distribute County-provided notices to each of its employees providing services to the County at least once per year.
- 1.37.6 The Contractor will have to demonstrate a history of business stability, integrity in employee relations and financial ability to pay the Living Wage.
- 1.37.7 Violations of the provisions of the Living Wage Program will subject the Contractor to withholding of monies owed the Contractor under the contract, liquidated damages, possible termination and/or debarment from future County contracts in accordance with Los Angeles County Code, Chapter 2.202, Determinations of Contractor Non-Responsibility and Contractor Debarment, Appendix L.
- 1.37.8 Contractors that submit false information may be barred from participating in the prospective contract and future County contracts in accordance with Los Angeles County Code, Chapter 2.202, Determinations of Contractor Non-Responsibility and Contractor Debarment, Appendix L.

1.38 Health Insurance Portability and Accountability Act

Contractor will be a "Business Associate" to LACDMH, as such term is defined by the federal Health Insurance Portability and Accountability Act of 1996 and the regulations thereunder (HIPAA), and will be required to comply with the provisions of HIPAA applicable to a Business Associate as in effect and as may be amended. In addition, Contractor will be required to enter into the Business Associate Agreement with LACDMH as contained in Appendix A, Sample Contract, Exhibit A

1.39 Proposer's Charitable Contributions Compliance

1.39.1 California's "Supervision of Trustees and Fundraisers for Charitable Purposes Act" regulates receiving and raising charitable contributions. Among other requirements, those subject to the Charitable Purposes Act must register. The 2004 Nonprofit Integrity Act (SB 1262, Chapter 919) increased Charitable Purposes Act requirements. Prospective Contractors should carefully read the Background and Resources: California Charities Regulations, Appendix N. New rules cover California public benefit corporations, unincorporated associations, and trustee entities and may include similar foreign corporations doing business or holding property in California. Key Nonprofit Integrity Act requirements affect executive compensation, fund-raising practices and documentation. Charities with over \$2 million of revenues (excluding funds that must be accounted for to a governmental entity) have new

audit requirements.

- 1.39.2 All prospective contractors must determine if they receive or raise charitable contributions which subject them to the Charitable Purposes Act and complete the Charitable Contributions Certification, Exhibit 22 as set forth in Appendix D - Required Forms. A completed Exhibit 22 is a required part of any agreement with the County.
- 1.39.3 In Appendix D – Required Forms Exhibit 22, prospective contractors certify either that:
- they have determined that they do not now receive or raise charitable contributions regulated under the California Charitable Purposes Act, (including the Nonprofit Integrity Act) but will comply if they become subject to coverage of those laws during the term of a County agreement,
 - OR -
 - they are currently complying with their obligations under the Charitable Purposes Act, attaching a copy of their most recent filing with the Registry of Charitable Trusts.
- 1.39.4 Prospective County contractors that do not complete Exhibit 22 as part of the solicitation process may, in the County's sole discretion, be disqualified from contract award. A County contractor that fails to comply with its obligations under the Charitable Purposes Act is subject to either contract termination or debarment proceedings or both. (County Code Chapter 2.202)

1.40 Defaulted Property Tax Reduction Program

The prospective contract is subject to the requirements of the County's Defaulted Property Tax Reduction Program ("Defaulted Tax Program") (Los Angeles County Code, Chapter 2.206). Prospective Contractors should carefully read the Defaulted Tax Program Ordinance, Appendix O, and the pertinent provisions of the Sample Contract, Appendix A, Sub-paragraph 8.50 and 8.51, both of which are incorporated by reference into and made a part of this solicitation. The Defaulted Tax Program applies to both Contractors and their Subcontractors.

Proposers shall be required to certify that they are in full compliance with the provisions of the Defaulted Tax Program and shall maintain compliance during the term of any contract that may be awarded pursuant to this solicitation or shall certify that they are exempt from the Defaulted Tax Program by completing Certification of Compliance with The County's Defaulted Property Tax Reduction Program, as set forth in Appendix D - Required Forms Exhibit 24. Failure to maintain compliance, or to timely cure defects, may be cause for termination of a

contract or initiation of debarment proceedings against the non-compliance contractor (Los Angeles County Code, Chapter 2.202).

Proposals that fail to comply with the certification requirements of the Defaulted Tax Program will be considered non-responsive and excluded from further consideration.

1.41 Disabled Veteran Business Enterprise Preference Program

- 1.41.1 The County will give preference during the solicitation process to businesses that meet the definition of a Disabled Veteran Business Enterprise (DVBE), consistent with: 1) A business which is certified by the State of California as a Disabled Veteran Business Enterprise (DVBE); or 2) A business which is certified by the Department of Veterans Affairs as a Service Disabled Veteran Owned Small Business (SDVOSB).
- 1.41.2 Certified DVBEs must request the DVBE Preference (see Appendix D., Required Forms, Exhibit 26) in their solicitation responses and may not request the preference unless the certification process has been completed and certification affirmed.
- 1.41.3 In no case shall the DVBE Preference Program price or scoring preference be combined with any other county preference program to exceed eight percent (8%) in response to any county solicitation.
- 1.41.4 Sanctions and financial penalties may apply to a business that knowingly, and with intent to defraud, seeks to obtain or maintain certification as a certified DVBE.

Information about the State's DVBE certification regulations is found in the California Code of Regulations, Title 2, Subchapter 8, Section 1896 et seq., and is also available on the California Department of General Services Office of Disabled Veteran Business Certification and Resources Website at: <http://www.pd.dgs.ca.gov/>

Information on the Department of Veteran Affairs SDVOSB certification regulations is found in the Code of Federal Regulations, 38CFR 74 and is also available on the Department of Veterans Affairs Website at: <http://www.vetbiz.gov/>

1.42 Time Off for Voting

The Contractor shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than 10 days before every statewide election, every Contractor and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000.

2.0 PROPOSAL SUBMISSION REQUIREMENTS

This Section contains key project dates and activities as well as instructions to Proposers in how to prepare and submit their proposal.

2.1 County Responsibility

The County is not responsible for representations made by any of its officers or employees prior to the execution of the Contract unless such understanding or representation is included in the Contract.

2.2 Truth and Accuracy of Representations

False, misleading, incomplete, or deceptively unresponsive statements in connection with a proposal shall be sufficient cause for rejection of the proposal. The evaluation and determination in this area shall be at the Director's sole judgment and his/her judgment shall be final.

2.3 RFP Timetable

The timetable for this RFP is as follows:

- Release of RFP 05/01/14
- Request for a Solicitation Requirements Review Due 05/15/14
(10 business days after release of solicitation document)
- Submission of Application for Exemption to Living Wage Program
..... 05/28/14
- **Mandatory Proposers' Conference 05/20/14**
- **Mandatory Letter of Intent (signed original on letterhead) must be delivered and signed in at 5th floor reception desk by 12:00 p.m., Pacific Standard Time (P.S.T.).....05/28/14**
- Release of Proposer's Conference Transcripts 06/03/14
- **Proposals are due at the 5th floor reception desk by 12:00 p.m., Pacific Standard Time..... 06/20/14**

2.4 Proposers' Questions

Questions will be answered at the Mandatory Proposers' Conference on May 20, 2014, and all responses will also be provided in the Proposers' Conference transcripts to be released on June 3, 2014.

There will be no responses to any questions/inquiries presented after the Proposers' Conference.

2.5 Solicitation Requirements Review

Any person or entity may seek a Solicitation Requirements Review by submitting Appendix E - Transmittal Form to Request a Solicitation Requirements Review to the Department conducting the solicitation as described in this Section. A request for a Solicitation Requirements Review may be denied, in the Department's sole discretion, if the request does not satisfy all of the following criteria:

1. The request for a Solicitation Requirements Review is made within ten (10) business days of the issuance of the solicitation document;
2. The request for a Solicitation Requirements Review includes documentation, which demonstrates the underlying ability of the person or entity to submit a proposal.
3. The request for a Solicitation Requirements Review itemizes in appropriate detail, each matter contested and factual reasons for the requested review; and
4. The request for a Solicitation Requirements Review asserts either that:
 - a. application of the minimum requirements, evaluation criteria and/or business requirements unfairly disadvantages the person or entity; or,
 - b. due to unclear instructions, the process may result in the County not receiving the best possible responses from prospective Proposers.

The Solicitation Requirements Review shall be completed and the Department's determination shall be provided to the requesting person or entity, in writing, within a reasonable time prior to the proposal due date.

2.6 Submission of Application for Exemption to Living Wage Program

If a Proposer believes that it does not fall within the Living Wage Program's definition of Employer or that it meets any of the exceptions to the Living Wage Program, then the Proposer must complete and submit to the County, by May 28, 2014, the Application for Exemption, as set forth in Appendix D - Required

Forms Exhibit 20, including all necessary documentation to support the claim. Proposer will be notified by LACDMH of the County's decision.

2.7 Proposers Conference

A **Mandatory Proposers' Conference** will be held to discuss the RFP and Living Wage Requirements. County staff will respond to questions from potential Proposers. Proposer **must** attend the Mandatory Proposers' Conference, there will be a sign-in/sign-out sheet and you must sign legibly, the doors will be closed and the sign-in sheet will be removed 10 minutes after the start time for the Conference stated in the solicitation. Once the doors are closed, no late admittance will be permitted. All potential Proposers must attend this Mandatory Proposers' Conference, or their proposals will be rejected and disqualified without review and eliminated from further consideration. The conference is scheduled as follows:

May 20, 2014
12:30 p.m. Registration
Start Time: 1:00 p.m.
1:00 p.m. to 5:00 p.m. Conference
St. Anne's Foundation Room
155 North Occidental Boulevard
Los Angeles, CA 90026:

Please bring your own copy of the RFP to the Conference.

2.8 Mandatory Letter of Intent

Proposer shall submit a **Mandatory Letter of Intent** on agency letterhead with original signature to submit a proposal for this RFP to LACDMH on the 5th floor on or before 12:00 p.m., Pacific Standard Time (P.S.T.), May 28, 2014, which is five (5) business days after the proposers' Conference. No facsimile (fax) or electronic mail (e-mail) of the Mandatory Letter of Intent will be accepted. Proposer must include the following information on the Proposer's stationary in the Mandatory Letter of intent:

- 1) Name of Agency
- 2) Address of Legal Entity or Agency
- 3) Clear description of Pharmacy Benefit Management service(s) to be provided countywide
- 4) Name(s) of Proposed Subcontractor(s), if applicable

The Mandatory Letter of Intent shall be delivered or mailed to:

Richard Kushi, Chief
Contracts Development and Administration Division
County of Los Angeles – Department of Mental Health
550 South Vermont Avenue, 5th Floor, Room 500
Los Angeles, CA 90020

and/or

Proposer may submit a Mandatory Letter of Intent at the end of the Mandatory Proposers' Conference. **The Mandatory Letter of Intent does not obligate a company to submit a proposal.**

2.9 Preparation of the Proposal

All Proposals must be bound and submitted in the prescribed format.

- The objective of the Proposal Package submission is for LACDMH to ascertain the Proposer's ability to provide or exceed the required service level. Any Proposal Package that deviates from this format may be rejected without review at the County's sole discretion. **Two (2) separate proposals must be submitted to make up the final submission:**
 - Labeled as Business Proposal and proposers shall use the Proposal Checklist as set forth in Appendix D - Required Forms Exhibit 25.
 - Labeled as Cost Proposal (see Section 2.10), including Cost Forms listed in Appendix D. Required Forms, Exhibits 14 through 16.

In preparing the two (2) written Proposal Packages, the Proposer shall ensure the following:

- Text must be legible, typewritten, and double-spaced.
- Proposals must be securely bound in consecutive numbered order, preferably in a three-ring binder.
- The font must be an Arial or Universal typeface, and a font size of 12 points or larger. No other font typeface or smaller point size may be used in the Proposal Narrative. (Type size in charts, tables, graphs, and footnotes will not be considered in determining compliance.) Margins must be at least one inch each (left, right, top, bottom).
- Pages must be numbered consecutively from beginning to end so that information can be located easily during review of the Proposal Packages. The cover page should be page 1, the transmittal letter should be page 2, etc. Appendices should be labeled and separated from the Proposal Project

Narrative and Cost Proposal Package, and the pages should be numbered consecutively to continue the sequence.

- Transmittal letter shall be included in the Proposal Package.
- The Business Proposal Package Narrative sections may not total more than 52 pages (see Section 2.10 below for page limitations per section).
- In preparing the written Proposal Package, the Proposer should use its own words and not copy the language in the RFP. The Proposer should ensure that the Proposal Package responds completely and thoroughly to all requirements set forth in this RFP. Specific information is requested from all Proposers to ensure that the Proposal Packages can be fairly compared and evaluated in a standard manner. The Proposer must respond to this RFP in accordance with the specifications for content and sequence set forth in the Proposal Package Format herein below. Failure to adhere to these specifications may be cause for rejection of the Proposal Package. **No correction or re-submission shall be accepted after the Proposal Package deadline.**
- Odd-sized and oversized attachments such as posters will not be copied or sent to reviewers. Do not include videotapes, audiotapes, or compact disks.
- Only information that is contained in the written Proposal Package will be evaluated. The County reserves the right to waive any inconsequential irregularity in a submitted Proposal Package.

All Proposals must be bound (e.g. 3-ring binder or notebook) and submitted with tabbed sections labeling each part of the Proposal Package Format as specified throughout Section 2.10 (see sample table at the end of Section 2.10). Any Proposal that deviates from this format may be rejected without review at the County's sole discretion.

2.10 Business Proposal Package Format and Proposal Checklist - (First Separate Binder)

Proposers shall use the Proposal Checklist, as set forth in Appendix D - Required Forms Exhibit 26, to ensure that the Proposal Package includes all the required documents in the specified sequence and include it after the proposal Cover Page. The content and sequence of the proposal must be as follows:

2.10.1 Cover Page

The cover page shall, at a minimum, identify the document as a Proposal Package stating the exact name and number of the RFP, Proposal package submission date, and the Proposer's name. It must also state that Pharmacy Benefit Management services, including access to Participating

Pharmacies, will be provided in all eight (8) Service Areas of Los Angeles County.

2.10.2 Transmittal Letter

The transmittal letter must be printed on the Proposer's stationary. The transmittal letter must include the Proposer's name, address, telephone, e-mail address, and facsimile numbers of the person or persons to be used for contact and who will be authorized to represent the proposer. **The transmittal letter must bear the signature of the person authorized to sign on behalf of the Proposer and to bind the Proposer in a Contract.**

2.10.3 Minimum Mandatory Requirement Checklist

Proposers applying for the Pharmacy Benefit Management Services RFP must meet all Minimum Mandatory Requirements as stated in the RFP, Section 1.4, at the time submission. If LACDMH deems that the Proposer does not meet these requirements, the proposal shall not receive further consideration. The documentation required to meet each proposal criteria is detailed in the Minimum Mandatory Requirement Checklist, as set forth in Appendix D - Required Forms Exhibit 11.

2.10.4 Table of Contents

List all material included in the Proposal. Include clear definition of the material, identified by sequential page numbers and by section reference numbers.

2.10.5 Executive Summary (labeled Section A) (limit 3 pages)

Condense and highlight the Proposer's services to be provided to LACDMH, giving a clear overview of the Proposer's mission, qualifications, experiences, and approach as reflected throughout Appendix B, SOW. Additionally, describe the organization's structure and the role of its management/Board of Directors in providing leadership. Include a current organizational chart that lists the names of personnel and their position titles and that clearly identifies the reporting structure.

2.10.6 Proposer's Qualifications (labeled Section B) (limit 5 pages)

Demonstrate that the Proposer's organization has the experience and the financial capability to perform the required services. The following sections must be included.

2.10.6.1 Proposer's Background and Experience (labeled Section B.1)

Provide a summary of relevant background information to demonstrate that the Proposer meets the minimum mandatory requirement(s) stated in Paragraph 1.4 of this RFP and has the capability to perform the required services as a corporation or other entity. Please include the following:

- A. Provide clear documentation that Proposer has a minimum of five (5) years of experience providing continuous PBM services within the last 5 years and is currently providing PBM services to an organization with a volume of 15,000 pharmacy claims per month with a minimum of 200,000 covered lives.
- B. Provide clear documentation that the PBM is certified by Surescripts by submitting a copy of its executed contract with Surescripts or a Surescripts' directory clearly listing its PBM as a Surescripts' Network Participant, with the submitted proposal as proof of this requirement.
- C. Provide clear documentation of URAC accreditation for PBM services and for Drug Therapy Management.
- D. Provide clear documentation that Proposer has a current pharmacy network that includes a minimum of 100 contracted pharmacies that cover all eight (8) Service Areas.
- E. Include a table titled PBM Background and Experience, labeled Appendix D, Supplemental Documents, Exhibit 1 including the following elements:
 - 1. Number of PBM Employees involved in direct client support activities (account management):
 - a. Current (2014)
 - b. 1 year prior (2013)
 - c. 2 years prior (2012)
 - 2. Membership count (total covered lives):
 - a. Current (2014)
 - b. 1 year prior (2013)
 - c. 2 years prior (2012)
 - d. Percent from top 10 clients
 - e. Percent from Government Entities
 - 3. Total claims processed in dollars discounted from AWP (calendar year 2013)
 - a. Retail
 - b. Mail Order
 - 4. Number of Group Plans Added:
 - a. Past 12 months
 - b. Past 24 months

5. Number of Group Plans Terminated
 - a. Past 12 months
 - b. Past 24 months
- F. Have you acquired or sold any organizations in the last 24 months?
- G. Have you relocated staff, changed computer or telephone systems in the last 12 months?
- H. Do you anticipate any major changes to your organization or structure in the next 12 – 24 months? If so, elaborate.

2.10.6.2 Proposer's References (Section B.2)

Proposer shall complete Prospective Contractor Reference form, as set forth in Appendix D - Required Forms Exhibit 2, and include it as part of labeled Section B.2 and include it as part of labeled Section B.2. It is the Proposer's sole responsibility to ensure that Appendix D - Required Forms Exhibit 2, accurately identifies current information for each of the required three (3) references, including the firm's name, and point of contact's name, address, point of contact's name, title, phone number and e-mail address. The same references may be listed in Appendix D - Required Forms, in both Exhibits 2 and 3.

County may disqualify a Proposer if:

- references fail to substantiate Proposer's description of the services provided; or
- references fail to support that Proposer has a continuing pattern of providing capable, productive and skilled personnel, or
- the Department is unable to reach the point of contact with reasonable effort. It is the Proposer's responsibility to inform the point of contact of LACDMH's normal working hours.

The Proposer must complete and include the following Required Forms:

- a. Prospective Contractor References, Exhibit 2:
Proposer must provide three (3) references, which can substantiate the same or similar scope of services provided by the Proposer.
- b. Prospective Contractor List of Contracts, Exhibit 3:
The listing must include all Public and Private Entity contracts for the last three (3) years. Use additional sheets if necessary.
- c. Prospective Contractor List of Terminated Contracts, Exhibit 4:

Listing must include contracts terminated within the past three (3) years with a reason for termination.

2.10.6.3 Proposer's Pending and Past Litigation and Judgments (Section B.3)

Proposer shall complete "Attestation Regarding Proposer's Pending and Past Litigation and Judgments" as set forth in Appendix D - Required Forms Exhibit 12 and include it as part of labeled Section B.3. Identify by name, case and court jurisdiction any pending litigation in which Proposer is involved, or judgments against Proposer in the past five (5) years. Provide a statement describing the size and scope of any pending or threatening litigation against the Proposer or principals of the Proposer.

2.10.6.4 Proposer's Approach to Providing Required Services (labeled Section C) (limit 35 pages)

Present a description of the methodology the Proposer will use to meet Contract work requirements. Describe how the proposer will provide comprehensive PBM services with a full range of customer (Covered Client, directly operated and contracted staff) service and describe in detail how the services will be performed to meet the intent of the SOW, Appendix B.

A. Claims Adjudication: Describe the claims adjudication process, including hours of service for claims adjudication, and include how proposer will ensure that all Claims submitted by participating pharmacies are processed using National Council for Prescription Drug Programs (NCPDP) standards and include the following information:

How proposer will provide the following services, upon receipt of each Claim:

1. Describe the process for determining the payment applicable to the Claim, if any.
2. Describe how the proposer will validate against the LACDMH Prescriber list to ensure any prescription dispensed was written by a LACDMH Prescriber.
3. Describe how the proposer will communicate through electronic messaging to the Participating Pharmacy that submitted the Claim any discrepancy which does not allow the Claim to be processed, or paid in full.

4. Describe how LACDMH Formulary and Benefit Plan limits and edits will be enforced and validated for each Claim.
 5. Describe the process for validating that the prescription was dispensed to an eligible LACDMH Covered Client.
 6. Describe the process for validation that the medication dispensed is a Covered Item on the LACDMH Formulary.
 7. Describe how the proposer will communicate information necessary to process the Claim to Participating Pharmacies, and include a description of what necessary information will be communicated.
 8. Describe how the proposer will ensure Participating Pharmacies verify client eligibility through State's Medi-Cal Eligibility Data System (MEDS) prior to submitting Claims.
- B. Drug Utilization Review (DUR):** Describe how Participating Pharmacies will receive the specified (Appendix B, SOW Section 2.3) drug utilization review for all claims. Describe therapeutic interventions that will take place. Describe any additional recommended DURs for LACDMH. Describe all standard concurrent DUR edits as well as retrospective DUR programs aimed at preventing and detecting overutilization and fraud, waste and abuse.
- C. Participating Pharmacy Network Management:** Describe your current pharmacy network and include a table with the location by LACDMH defined Service Area, County Supervisorial District, language capability, access to public transportation, hours of service (specify if 24-hours), days of service, holiday coverage, and indicate if they are a current LACDMH contracted pharmacy as indicated in Appendix C. SOW, Exhibit 2. Also include the following:
1. Review the current list of LACDMH Contracted Pharmacies (Appendix C SOW Exhibits, Exhibit 2) and describe the strategy for contacting those pharmacies who are not in the Proposer's network and negotiating and executing contracts should they want to pursue a contract.
 2. Review the current list of LACDMH contracted pharmacies that have agreed to the terms of the Indigent Medication Program (IMP) and describe a strategy for contacting those pharmacies and ensuring that they will remain designated as

an IMP Participating Pharmacies. If a pharmacy requests to no longer participate, describe how Proposer will engage additional Participating Pharmacies to ensure that the IMP Participating Pharmacy network size and scope does not decrease by more than 10%.

3. Include a sample Participating Pharmacy network directory labeled Appendix D, Supplemental Forms, Exhibit 2 and describe how this directory will be made available to all LACDMH Prescribers through LACDMH's e-prescribing platform, via the internet and/or a hard copy, also include how often the directories are updated and the method for ensuring the directories are accurate.
4. Describe the process for adding and terminating a pharmacy from the Participating Pharmacy network and include how the Proposer will ensure that the approved LACDMH distribution of Participating Pharmacies by Service Areas and Supervisorial Districts is comparable to LACDMH's current contracted pharmacy network and that access to community identified linguistic and culturally competent pharmacy services are not negatively impacted.
5. Indicate whether Proposer maintains multiple contracts with individual pharmacies at varying reimbursement rates.
6. Describe in detail how LACDMH, Prescribers and Covered Clients are notified within 24-hours when one (1) or more of the following has occurred within the Participating Pharmacy network:
 - a. Closure of a Participating Pharmacy
 - b. Change of address of a Participating Pharmacy
 - c. Name change of a Participating Pharmacy
 - d. Merger or Acquisition of a Participating Pharmacy
7. Describe any financial incentives to Participating Pharmacies that are tied to utilization rates, compliance goals, quality of care outcomes, or other performance results. Include any incentive-based dispensing fees, bonuses, withholds, retroactive capitations, etc.
8. Describe the process for transmitting to the Participating Pharmacy the following information and/or requiring the Participating Pharmacy to collect the following sums from the Client, if applicable:

- a. The appropriate sales/use tax.
 - b. The appropriate differential cost between Brand and Generic Drug, if Mandatory Generic Prescribing Program (as outlined in Appendix B, SOW Section 2.6 Special Programs Subsection C Mandatory Generic Prescribing) is triggered.
 - c. The appropriate Copayment/Coinsurance/Share of Cost.
 - d. Ensure that a Covered Client is not charged any minimum Copayment/Coinsurance amount in excess of the drug's Ingredient Cost.
 - e. Ensure that if an IMP eligible medication is dispensed that Participating Pharmacies abide by the provisions set forth in Appendix B, SOW Section 3.6 Special Programs, Subsection A, IMP.
9. Describe how the Proposer will process reversal of amounts paid as outlined in Appendix B, SOW Section 2.1, Subsection C, whereby LACDMH was incorrectly invoiced and paid Claims for medications dispensed to clients who were eligible for pharmacy benefit coverage from another entity and include how, upon receipt of a monthly list of all clients for whom alternative pharmacy benefits coverage was available, Proposer will communicate with Participating Pharmacies to bill third-party insurance.
10. LACDMH is a payor of last resort. As such, LACDMH expects the Proposer to coordinate with an individual's primary coverage to the extent a LACDMH client has alternative coverage. Describe how the proposer will coordinate with the Participating Pharmacies should they appeal LACDMH's decision regarding client's eligibility for alternative coverage. If a Participating Pharmacy does not appeal and/or the appeal is denied and it is determined that a client has alternative coverage, describe how the proposer will ensure the following will take place and are documented on the next LACDMH invoice:
- a. Reverse the reimbursement to the Participating Pharmacy.
 - b. Reverse any administrative fees or additional fees
 - c. Provide a credit to LACDMH.

D. Formulary Maintenance: LACDMH Pharmacy & Therapeutics (P&T): Describe how proposer will communicate with LACDMH's P&T on a monthly basis regarding the LACDMH Formulary and Benefit Plan as stated in Appendix C - SOW Exhibits, Exhibit 4, and include the following:

1. Does your PBM have a P&T Committee? If so, how often do they meet and what is their role with your current group plans/accounts?
2. The safety and efficacy of all drugs identified by LACDMH.
3. The net drug cost to LACDMH of any drugs identified by LACDMH, factoring in all financial benefits that shall be passed through to County for each such drug.
4. A disruption analysis to assess the likely impact of changing the formulary.

E. Medication-Treatment Authorization Request (M-TAR) (Prior Authorization): Proposer shall implement an electronic Prior Authorization Program as outlined in Appendix B, SOW Section 2.5 Formulary Maintenance, Subsection B. Medication Treatment Authorization Request, using the current M-TAR (Appendix C, SOW Exhibits, Exhibit 5) protocols.

1. Proposer shall complete a table titled Implementation of Hard Edit "Exceptions", labeled Appendix D, Supplemental Documents, Exhibit 3 indicating that they will create, implement and maintain the requested hard edit "exceptions" through the DMH Portal that will be utilized to enforce M-TAR requirements.

F. Special Programs: Proposer shall describe how it will implement the established LACDMH Special Programs, including IMP, Fund One, Mandatory Generic Prescribing Program, Retail 90 Program and Age Restriction Limitations as outlined in Appendix B, SOW Section 2.6. In addition, Proposer shall also describe how it would assist LACDMH in implementing Step Therapy and Too Soon Refill protocols should LACDMH request such programs. Include the following in your response:

1. IMP: Describe how the proposer will implement the IMP, and include:
 - a. How Proposer will identify (include a targeted number of pharmacies and their geographic location by Service Area) and ensure that a selection of Participating Pharmacies dispense IMP products to approved Covered Clients and will agree to the terms of the IMP Participating Pharmacy network (i.e. replacement medications in lieu of payment).
 - b. How will Proposer ensure that IMP drugs are only dispensed to IMP approved Covered Clients at an IMP Participating Pharmacy?
2. How will Proposer communicate electronically in real-time the following prompts to IMP Participating Pharmacies when an IMP drug is dispensed:
 - a. The pharmacy will be reimbursed for dispensing fees
 - b. The pharmacy will not be reimbursed for the cost
 - c. The pharmacy will receive replacement medication within 14 days.
3. How will Proposer handle suspensions from the IMP Participating Pharmacy network at either the Participating Pharmacy and/or LACDMH's request? How will Proposer engage and identify a replacement IMP Participating Pharmacy for the terminated pharmacy?
4. Fund One: Describe how the Proposer will implement the Fund One Program, and include:
 - a. How will LACDMH request to alter the list of Fund One Program Drugs (Appendix C. SOW Exhibits, Exhibit 7) and the timeframe (i.e. days) that changes will be implemented?
5. Mandatory Generic Prescribing Program: Describe how the Proposer will ensure that the Mandatory Generic Prescribing Program will be implemented, and include:
 - a. How will LACDMH override the Mandatory Generic Program if Prescribers or Covered Clients contact LACDMH and demonstrate the need for a Brand drug to be dispensed based on LACDMH protocols?

- b. A description of how the Proposer will track override allowances.
6. **Step Therapy:** Proposer shall describe how they would assist LACDMH with implementing a Step Therapy Program and ensure that LACDMH would be able to create Step Therapy “exceptions” through the DMH Portal.
 7. **Quantity Limits:** Proposer shall describe how they will ensure that LACDMH has the ability to implement quantity limits on prescriptions (e.g. a 14 or 30 day supply, only) for Covered Clients who meet LACDMH specified criteria.
- G. Prescriber Education:** How will Proposer design and implement and disseminate information, in collaboration with LACDMH P&T, relative to a targeted Prescriber education program aimed at detecting patterns in prescribing, dispensing, or administering drugs involving a select drug class or a long standing therapeutic issue. Include the following:
1. How will the Proposer identify Prescribers to receive LACDMH approved recommendations for safe and effective drug therapies and useful information on therapeutic issues?
 2. How will the Proposer disseminate this information (e.g. electronic, internet, mail, etc.) and how often (i.e. frequency)?
 3. How will Proposer design and disseminate a quarterly educational bulletin? How will the Proposer collaborate with P&T to recommend system-wide prescribing practice concerns that should be addressed?
 4. Describe any additional Prescriber education strategies that you would recommend for implementation by LACDMH.
- H. Rebates:** Describe the mechanism for analyzing LACDMH prescribing practices and using that data to review current LACDMH rebates to ensure LACDMH is getting the maximum compensation available (on a minimum, i.e., not fixed basis) and recommend additional potential rebates. Include the following:

1. How are rebates guaranteed per prescription? Indicate the per retail claim rebate guarantee.
2. Describe how the proposer will ensure that all rebates attributable to LACDMH client drug utilization be passed through to LACDMH.
3. Describe the process, including the frequency, for ongoing reconciliation of rebate guarantees to verify that LACDMH is receiving the guaranteed rebates.

I. Standard and Customized Reports: Describe the mechanism and timeframe for preparing and delivering the following standard and customized reports, as defined in Appendix B, SOW Section 2.9, to accompany each monthly invoice and include a half-page sample of each report titled Samples of Standard and Customized Reports and labeled Appendix D, Supplemental Documents, Exhibit 4:

1. Accounts Payable Report
 2. Clinical Review Report
 3. Prescriber Usage Review
 4. Pharmacy Claims Adjudication Listing
 5. Prior Authorization (M-TAR) Detail
 6. Rebate Report
 7. Describe the mechanism and timeframe (e.g monthly, quarterly, annually, etc.) for preparing and delivering the following customized reports:
 - a. Indigent Medications Program Report
 - b. Participating Pharmacy Shipment Report
 - c. IMP Eligible Client Report
 - d. 180 Day Exclusivity Report
1. Describe any other Claim/management reports you would be able to supply to LACDMH regularly at no additional charge and the frequency with which they could be provided.
 2. Describe any other reports either Clinical or Financial in nature that would be provided to LACDMH in order to help manage costs.
 3. Proposer shall describe the mechanism for LACDMH to request additional standard/customized reports and/or Ad Hoc reports beyond those identified in Appendix B, SOW and include a maximum number if

Ad Hoc reports that will be available per month (at no charge to LACDMH) and the request to delivery timeframe.

- J. DMH Portal:** Describe the process for developing, delivering and configuring a HIPAA compliant web portal with access at LACDMH offices for LACDMH identified staff to access Proposer's information systems for the purposes outlined in the Appendix B, SOW Section 2.10.
1. In what format should LACDMH send monthly eligibility changes and how often will Proposer upload that data into the PBM system? How will paper submitted eligibility changes be transmitted? Should transmission/upload errors occur, how will the Proposer communicate with LACDMH?
 2. In what format should LACDMH send Benefit Plan changes and how often will Proposer upload that data into the PBM system. How will paper submitted benefit plan changes be transmitted? Should transmission/upload errors occur, how will the Proposer communicate with LACDMH?
 3. Describe or include a sample of the on-site screen information and the screens that will be made available to LACDMH, and at a minimum include the following screens:
 - a. Eligibility
 - b. Prior Authorization
 - c. Reporting
 - d. Drug Formulary
 - e. Administrator
 - f. Provider
 - g. Participating Pharmacy
 - h. Claims View
 4. Describe the process for training LACDMH to use the DMH portal and the availability of on-going training and technical support as needed.
 5. Describe the process and timeframe for adding and terminating users.
 6. Describe the process and timeframe for adding authorized Prescribers to the PBM system.

7. Describe how complaints regarding the DMH portal and/or system maintenance and/or system outages will be addressed and include a strategy for minimizing the impact on clinical services.
8. Describe the mechanism for creating reports via the DMH Portal and list what information fields LACDMH administrators will have access to. Will the identified information fields allow LACDMH to run the following reports as defined in Appendix B. SOW, Section 2.9.2 Reports Subsection Customized Reports:
 - a. IMP Report
 - b. Prior Authorization Report
 - c. Fund One Program Report

K. Participating Pharmacy Audits: Describe in detail the Participating Pharmacy Claims auditing procedures Proposer has established (frequency, extent, etc.).

1. How will you communicate audit findings with LACDMH?
2. Is the right to audit included in your standard Pharmacy contracts? Will LACDMH have authority to perform (scheduled or at random) audits directly? If so, is there a limit per year?
3. Current Pharmacy Network Audits: (complete and attach a table titled Current Pharmacy Network Audits, labeled Appendix D, Supplemental Documents, Exhibit 5 and indicate number, amount, and percentage, where applicable, for calendar year 2013 audits):
 - a. Network Pharmacies Audited
 - b. Total Drug Costs Audited
 - c. Total Drug Costs Recovered
 - d. Most Prevalent Reasons for Recoveries
 - e. Desktop Audits
 - f. On-Site Audits
 - g. At Random Audits
 - h. Audits by Independent Agent
 - i. Pharmacies Needing Corrective Action
 - j. Contracts Terminated due to result of audit
 - k. Most prevalent reason for termination

L. Customer Service Center: Describe your current customer service center and include when responding to calls from Participating Pharmacies, LACDMH staff, and Covered Clients, what specific services the call center representative can answer questions regarding (e.g. client eligibility, LACDMH Formulary and Benefit Plan guidelines, Generic Drug substitution, etc.). In addition, include the following in your description:

1. The total calls received in the last six (6) months of 2013 and the following percentage breakdowns:
 - a. Percent of calls abandoned
 - b. Percent of calls handled by a live representative
 - c. Number of seconds to reach a live customer service representative
2. Will dedicated customer service representatives be assigned to LACDMH, if so, how many? Are there separate dedicated lines for Covered Client and Participating Pharmacy inquiries?
3. Are there any call types that the customer service center cannot answer and how will those calls be connected to the appropriate LACDMH staff?
4. Do you have a formal training process for customer service representatives? Please describe.
5. Do you monitor/record/audit call center calls? How? Describe the frequency and process.
6. Do customer service representatives have online access to real-time claim processing information?
7. Do customer service representatives have authority to approve Claims?
8. How many toll free numbers will be available to LACDMH staff and Covered Clients to handle Claims or other Covered Client service issues?
 - a. Will separate numbers be available for Special Programs (e.g. IMP, Prior Authorization (M-TAR), etc.?)
9. What days and hours (Pacific Standard Time) will all telephone lines be staffed?
10. Are automated services available 24/7? If not, please indicate

the days and hours (Pacific Standard Time).

11. How will clients receive initial identification (ID) cards and what is the turnaround time for replacement ID cards. Will LACDMH be able to produce ID cards and/or temporary proof of eligibility letters in “real-time”?

M. Prescription Drug Pricing (please complete Appendix D – Required Forms, Exhibits 13A – 13C) and describe the following:

1. Describe the financial rates the proposer is willing to guarantee as part of this Agreement.
2. Should the pharmacy rates fall short or surpass the guaranteed financial rate how are guarantees reconciled annually? How are “True ups” reconciled?
3. How often are AWP prices updated in your adjudication system?
4. Describe programs you have implemented to expedite conversion to newly released generic medications. Please provide examples.

2.10.6.5 Staffing Plan (labeled Section D) (limit 3 Pages)

Present a detailed staffing plan that will ensure full compliance with the Contract requirements as specified in Section 3.1 of Appendix B. SOW and consistency with the Proposer’s stated methodology of providing PBM services. The staffing plan must be supported by and consistent with the Proposer’s budgeted costs outlined in the Cost Proposal.

- A. Describe the role of the Lead Account Manager and list all staff roles (FTE, title and description of responsibilities) that will be assigned to LACDMH.
- B. Describe your plan for ensuring that customer call center services are provided in a culturally and linguistically competent manner, reflective of the community to be served, including the ability to serve monolingual clients.
- C. Describe the responsibilities of any proposed clinical employees and/or consultants.
- D. Describe the responsibilities of any proposed Information Technology support, including Help Desk support.

- E. Describe the on-going training plan for all staff. The plan should address training of new and ongoing staff, both full-time and part-time employees, interns and other persons involved in providing services to LACDMH.
- F. Complete a chart 1, similar to the one below, titled LACDMH PBM Services Staff, labeled Appendix D, Supplemental Documents, Exhibit 6 - include lead account manager, direct service staff, clinical staff, IT staff, and administrative staff to be assigned to LACDMH. Provide names or indicate staff that is to be hired.

LACDMH PBM Services Staff (SAMPLE)							
<u>Name</u>	<u>Title</u>	<u>Role</u>	<u>Implementation Team (Y/N)</u>	<u>Discipline</u>	<u>License (if applicable)</u>	<u># of Hrs per week</u>	<u>Languages Spoken (for Customer Service Center Staff)</u>

2.10.6.6 Proposer’s Quality Management Plan (labeled Section E) (limit 5 Pages)

Present a comprehensive Quality Management Plan to be utilized by the Proposer as a self-monitoring tool to ensure the required services are provided as specified in Appendix B, SOW 6.0 Quality Assurance Plan and Appendix C, SOW Exhibits, Exhibit 10, Performance Requirements Summary Chart.

The following factors shall be included in the plan:

- A. Activities to be monitored to ensure compliance with all Contract requirements;
- B. Monitoring methods to be used to ensure that all PBM services are provided in accordance with national pharmacy quality and performance standards as well as compliance with all contract requirements;
- C. Frequency of monitoring;
- D. Samples of forms to be used in monitoring/audits;
- E. Title/level and qualifications of personnel performing monitoring

functions; and

- F. Documentation methods of all monitoring/audit results, including any corrective action taken.
- G. Proposed number of incidents per month that you organization is willing to guarantee for system downtime due to scheduled maintenance, indicate any caps on system downtime.
- H. Description of how the Proposer will comply with LACDMH's Audit Mandate (Appendix C. SOW, Exhibit 11) for PBM which extends to the Participating Pharmacy network, manufacturer and pharmacy agreement level for rebates, Ingredient Costs and Dispensing Fees, respectively.

2.10.6.7 Proposer's Green Initiatives (labeled Section F) (limit 1 page)

Proposer shall describe its plan for implementing green initiatives as described in this Section and in Appendix B, SOW, Section 13.0.

Describe Proposer's current environmental policies and practices and those proposed to be implemented.

- A. Contractor shall use reasonable efforts to initiate "green" practices for environmental and energy conservation benefits.
- B. Contractor shall notify County's project Manager of Contractor's new green initiatives prior to contract commencement.

2.10.6.8 Terms and Conditions in Sample Contract, and Requirements of the SOW: Acceptance of/or Exceptions to (Section G)

- A. It is the duty of every Proposer to thoroughly review the Sample Contract and SOW to ensure compliance with all terms, conditions and requirements. It is the County's expectation that in submitting a proposal the Proposers will accept, as stated, the County's terms and conditions in the Sample Contract and the County's requirements in the SOW. However, the Proposers are provided the opportunity to take exceptions to the County's terms, conditions, and requirements.
- B. Section F of Proposer's response must include:
 - 1. A statement offering the Proposer's acceptance of or exceptions to all terms and conditions listed in Appendix A, Sample Contract.

2. A statement offering the Proposer's acceptance of or exceptions to all requirements listed in Appendix B, SOW and Appendix C, SOW Exhibits; and
 3. For each exception, the Proposer shall provide:
 - An explanation of the reason(s) for the exception;
 - The proposed alternative language; and
 - A description of the impact, if any, to the Proposer's price.
- C. Indicate all exceptions to the Sample Contract and/or the SOW by providing a 'red-lined' version of the language in question. The County relies on this procedure and any Proposer who fails to make timely exceptions as required herein, may be barred, at the County's sole discretion, from later making such exceptions.

The County reserves the right to determine if Proposers' exceptions are material enough to deem the proposal non-responsive and not subject to further evaluation.

The County reserves the right to make changes to the Sample Contract and its appendices and exhibits at its sole discretion.

2.10.6.9 Charitable Contributions Compliance (Section H)

Complete, sign and date the Charitable Contributions Certification - Appendix D Required Forms, Exhibit 22.

2.10.6.10 Transitional Job Opportunities Preference Application (Section H)

Complete the Transitional Job Opportunities Preference Application – Appendix D Required Forms, Exhibit 23 and provide all supporting documents.

2.10.6.11 Defaulted Property Tax Reduction Program (Section H)

Complete the Certification of Compliance with the County's Defaulted Property Tax Reduction Program Application – Appendix D Required Forms, Exhibit 24.

2.10.6.12 Disabled Veteran Business Enterprise Preference Program (Section H)

Complete the Request for DVBE Preference Program Consideration Form – Appendix D. Required Forms, Exhibit 26.

2.10.6.13 Living Wage Compliance (Section I)

A. Proposer's Organization Questionnaire/Affidavit and Required Support Documentation

1. The Proposer shall complete, sign and date the Proposer's Organization Questionnaire/Affidavit as set forth in Appendix D – Required Forms Exhibit 1. **The person signing the form must be authorized to sign on behalf of the Proposer and to bind the applicant in a Contract.**
2. Taking into account the structure of the Proposer's organization, Proposer shall determine which of the below referenced supporting documents the County requires. If the Proposer's organization does not fit into one of these categories, upon receipt of the Proposal or at some later time, the County may, in its discretion, request additional documentation regarding the Proposer's business organization and authority of individuals to sign Contracts.
3. If the below referenced documents are not available at the time of Proposal submission, Proposers must request the appropriate documents from the California Secretary of State and provide a statement on the status of the request.

4. **Required Support Documents:**

A. Corporations or Limited Liability Company (LLC):

The Proposer must submit the following documentation with the Proposal:

- 1) A copy of a "Certificate of Good Standing" with the state of incorporation/organization.
- 2) A conformed copy of the most recent "Statement of Information" as filed with the California Secretary of State listing corporate officers or members and managers.

B. Limited Partnership:

The Proposer must submit a conformed copy of the Certificate of Limited Partnership or Application for Registration of Foreign Limited Partnership as filed with the California Secretary of State, and any amendments.

5. The Living Wage Program requires that contractors demonstrate during both the solicitation process and for the term of their contract business stability, integrity in employee relations, and the financial ability to pay the living wage.

6. The Living Wage Forms included in Appendix D Required Forms, Exhibits 17 through 21 and should be completed, signed and included in the Business Proposal.

2.10.6.14 Business Proposal Required Forms (Section H)

Include **all** forms as provided in Appendix D - Required Forms Exhibits 1 through 26 and any requested Supplemental Documents (Exhibits 1 through 6). **Complete, sign, and date all forms as required.** Note that some Required Forms (e.g. References (Exhibit 2) Certification of Independent Price Determination and Acknowledgement of RFP Restrictions (Exhibit 14) and Attestation Regarding Proposer’s Pending and Past Litigation and Judgments (Exhibit 12) may also be included in other sections of the Proposal Package.

Section Label	Section Title	Page Limit	Max Pts.	Percentage %
A.	Executive Summary	3	500	5%
B.	Proposer’s Qualifications	5	1,500	15%
C.	Proposer’s Approach to Providing Required Services	35	2,000	20%
D.	Staffing Plan	3	1,000	10%
E.	Proposer’s Quality Control Plan	5	1,000	10%
F.	Proposer’s Green Initiatives	1	500	5%
G.	Terms and Conditions in Sample Contract and Requirements of the Statement of Work: Acceptance of/or Exceptions to	N/A		
H.	Proposal Required Forms (Appendix D)	Exhibits 1 – 26 Supplemental (Exhibits 1 – 6)		
I.	Living Wage	Exhibits 17-21	1,500	15%

Exhibit 1 Proposer’s Organization Questionnaire/Affidavit

Exhibit 2 Prospective Contractor Reference

Exhibit 3 Prospective Contractor List of Contractors

Exhibit 4 Prospective Contractor List of Terminated Contracts

Exhibit 5 Certification of No Conflict of Interest

Exhibit 6 Familiarity with the County Lobbyist Ordinance Certification

- Exhibit 7 Request for Local SBE Preference Program Consideration and CBE Firm/Organization Information
- Exhibit 8 Proposer's EEO Certification
- Exhibit 9 Attestation of Willingness to Consider GAIN/GROW Participants
- Exhibit 10 Contractor Employee Jury Service Program – Certification Form and Application for Exception
- Exhibit 11 Minimum Mandatory Requirements Checklist
- Exhibit 12 Attestation Regarding Proposers Pending and Past Litigation and Judgments
- Exhibits 13 (A-C) Instructions
 - Exhibit 13A - Prescription Drug Effective Rates & Dispensing Fee
 - Exhibit 13A - Prescription Drug Pricing Retail Quote
 - Exhibit 13B - Administrative Fee(s)
 - Exhibit 13C - Rebate Guarantees
- Exhibit 17 Living Wage Program – Contractor Non-responsibility Debarment Acknowledgment and Statement of Compliance
- Exhibit 18 Labor/Payroll/Debarment History Acknowledgement and Statement of Compliance
- Exhibit 19 Living Wage Declaration
- Exhibit 20 Application for Exemption
- Exhibit 21 Contractor Staffing Plan
- Exhibit 22 Charitable Contribution Certification
- Exhibit 23 Transitional Job Opportunities Preference Application
- Exhibit 24 Default Property Tax Reduction Program
- Exhibit 25 PBM Services Proposal Checklist
- Exhibit 26 Request For Disabled Veteran Business Enterprise Preference Program Consideration

2.10.6.15 Business Proposal Additional Living Wage Requirements (Section I)

A. Financial Capability

Provide copies of the company's most current and prior two (2) fiscal years (for example 2009 and 2008) financial statements. Statements should include the company's assets, liabilities and net worth and at a minimum should include the Balance Sheet, Statement of Income, and the Statement of Cash Flows. It should be noted that depending on the nature of the entity, i.e., for-profit, non-profit, governmental, the title of these statements may differ. For example, for a non-profit entity the Balance Sheet is referred to as the Statement of Financial Position. If audited statements are available, these should be submitted to meet this requirement. Do not submit Income Tax Returns to meet this requirement. **Financial statements will be kept confidential if so stamped on each page.**

B. Proposer's Staffing Plan

Proposer must submit a staffing plan that is comprised of full-time employees, unless the Contractor can demonstrate to the County the necessity of part-time staff. If a staffing plan contains part-time employees, Contractor must submit written justification for the use of part-time staff. A sample for the staffing plan is shown in Living Wage Contractor Staffing Plan, Appendix D Required Forms, Exhibit 21.

C. Proposer's Acknowledgement and Statement of Compliance

The Acknowledgement and Statement of Compliance, Exhibit 17 is a statement, under penalty of perjury, that there were no past labor violations of any federal, State, County or City statutes.

Should the Contractor have violations to report, Contractor shall provide a listing of projects and a brief description of the circumstances regarding the violation(s) on Appendix D. Required Forms, Exhibit 18, Acknowledgement and Statement of Compliance Labor/ Payroll/Debarment History.

D. Contractor Living Wage Declaration

The Contractor Living Wage Declaration, Exhibit 19 is a statement that the Contractor will be paying its employees the Living Wage hourly rate. If the Contractor has received notice from the County

that they are exempt from the Living Wage Program, this form should not be included.

E. Submit a copy of the health plan benefits provided for the employees. Indicate the dollar value of the health plan on an hourly basis. (If applicable)

F. Proposer's Approach to Labor-Payroll Record Keeping and Regulatory Compliance

Proposer is required to comply with State and federal labor regulations and record keeping requirements. The objective of this Sub-section is to determine the appropriateness, scope, and suitability of the procedures Proposer uses and the internal controls in place to ensure compliance with State and federal labor regulations and record keeping requirements. In order to appropriately evaluate this area, it is critical that Proposer submit a detailed description of the processes, and the steps associated with those processes.

Proposers should provide additional details to ensure a clear picture of the firm's processes and controls. Proposers must answer all questions thoroughly and in the same sequence as provided below. If Proposer believes that a question is not applicable, indicate with "N/A" and explain why that question is not applicable.

Proposer should describe the firm's employee labor-payroll record keeping system and the controls in place that ensure ongoing regulatory compliance. Include, at a minimum, a detailed discussion of the following:

1. Discuss how employee hours actually worked are tracked. The detailed explanation should include:
 - a. Where do firm's employees report to work at the beginning of their shift? At the work location or a central site with travel to the worksite? If the latter is the firm's practice/process, when does the firm consider the employees' shift to have started? At a central site or upon arrival at the work location?
 - b. How does the firm know employees actually reported to work and at what time? For example, sign-in sheets, computerized check-in, call-in system, or some other method.
 - c. What records are created to document the beginning and

- ending times of employee's actual work shifts? What records are maintained by the firm of actual time worked? Are the records maintained daily or at another interval (indicate the interval)? Who creates these records (e.g., employee, a supervisor, or office staff)? Who checks the records and what are they checking for? What happens to these records? Are they used as a source document to create the firm's payroll? **Provide a copy of these records.**
- d. If the records created in response to Sub-paragraph "c" above are not used to create the payroll, what is the source document that is used? Who prepares and who checks the source document? Does the employee sign it? Who approves the source document and what do they compare it with prior to approving the source document?
- e. How does the firm know that employees take mandated breaks and meal breaks (periods)? Does the firm maintain any written supporting documentation to validate that the breaks actually occurred? If so, who prepares, reviews, and approves such documentation?
2. Discuss how the firm's payroll is prepared and how the firm ensures that employee wages are appropriately paid. The detailed explanation should include:
- a. How are employees paid (e.g., manually issued check, cash, automated check, or combination of methods)? If by check, do they receive a single check for straight time and overtime or are separate payments made? What information is provided on the check (e.g., deductions for taxes, etc.)? **Provide a copy of a check and check stub (cover up or block out bank account information)** that shows deduction categories.
- b. If the firm uses a manual payroll system, describe the steps the person preparing the payroll takes to create a check, starting from the source document through the issuance of a check. If the employee has multiple wage rates (i.e., County's Living Wage rate for County work and the firm's standard rate for other non-County work), how does the person preparing the payroll calculate total wages paid?
- c. If the firm uses an automated payroll system or contracts for such automated payroll services to an outside firm, describe the steps taken to prepare the payroll. If the employee has multiple wage rates (i.e., County's Living Wage rate for

County work and the firm's standard rate for other non-County work), how does the automated payroll system calculate total wages paid? Is it embedded in the software program or does someone have to override the system to perform the calculation?

- d. How is travel time during an employee's shift paid? At what rate is such travel time paid if the employee has multiple wage rates? Discuss how the firm calculates the day's wages for each situation described in the following two (2) examples: 1) during a single shift, an employee works three (3) hours at a work location under a County Living Wage contract, then travels an hour to another work location to work 4 hours, where they are paid at a different rate than the County's Living Wage rate and 2) during a single shift, an employee works three (3) hours at a work location under a County Living Wage contract, then travels an hour to another work location to work four (4) hours, where they are also paid the County's Living Wage rate.
- e. How does the firm calculate overtime wages? What if the employee has multiple wage rates?

2.11 Cost Proposal Format (Second Separate Binder)

The content and sequence of the proposal must be in order as follows:

- Cover Page identifying the RFP, Proposer's name and the title labeled "Cost Proposal."
- Certification of Independent Price Determination & Acknowledgement of RFP Restrictions - Exhibit 14
- Budget Sheet Format - Exhibit 15
- Employee Benefits Sheet - Exhibit 16

2.12 Proposal Submission

Two (2) proposal binders must be submitted as follows:

The original Business Proposal and 11 copies shall be enclosed in a sealed envelope or box, plainly marked in the upper left-hand corner with the name and address of the Proposer and bear the words:

**"BUSINESS PROPOSAL FOR PHARMACY BENEFIT
MANAGEMENT SERVICES"**

The original Cost Proposal and 11 copies must be submitted in a separate sealed envelope or box, plainly marked in the upper left-hand corner with the name and address of the Proposer and bear the words:

**"COST PROPOSAL FOR PHARMACY BENEFIT
MANAGEMENT SERVICES"**

The Proposals shall be delivered or mailed to:

Department of Mental Health
550 South Vermont Avenue, 5th Floor, Room 500
Los Angeles, CA 90020

It is the sole responsibility of the submitting Proposer to ensure that its Proposal is received before the submission deadline. Submitting Proposers shall bear all risks associated with delays in delivery by any person or entity, including the U.S. Mail. Any Proposals received after the scheduled closing date and time for receipt of Proposals, as listed in Sub-paragraph 2.3, RFP Timetable, will not be accepted and returned to the sender unopened. Timely hand-delivered Proposals are acceptable. No facsimile (fax) or electronic mail (e-mail) copies will be accepted.

Until the proposal submission deadline, errors in proposals may be corrected by a request in writing to withdraw the proposal and by submission of another set of proposals with the mistakes corrected. Corrections will not be accepted once the deadline for submission of proposals has passed.

The deadline for submitting the Proposal Package is:

June 20, 2014

Proposal packages **must** be received in Room 500 on the 5th Floor of 550 South Vermont Avenue, Los Angeles, CA 90020 no later than 12:00 p.m., P.S.T.

ALL PROPOSALS SHALL BE FIRM OFFERS AND MAY NOT BE WITHDRAWN FOR A PERIOD OF 90 DAYS FOLLOWING THE LAST DAY TO SUBMIT PROPOSALS.

3.0 SELECTION PROCESS AND EVALUATION CRITERIA

3.1 Selection Process

The County reserves the sole right to judge the contents of the proposals submitted pursuant to this RFP and to review, evaluate and select the successful proposal(s). The selection process will begin with receipt of the proposal on **June 20, 2014**.

Evaluation of certain sections of the proposals will be made by an Evaluation Committee selected by the Department. At the discretion of the Department other sections of the proposals will be evaluated by Subject Matter Experts selected by the Department. The Committee and the Subject Matter Experts will evaluate the proposals and will use the evaluation approach described herein to select a prospective Contractor. All proposals will be evaluated based on the criteria listed below. All proposals will be scored and ranked in numerical sequence from high to low.

After a prospective Contractor has been selected, the County and the prospective Contractor(s) will negotiate a Contract for submission to the Board of Supervisors for its consideration and possible approval. If a satisfactory Contract cannot be negotiated, the County may, at its sole discretion, begin contract negotiations with the next qualified Proposer who submitted a proposal, as determined by the County.

The recommendation to award a Contract will not bind the Board of Supervisors to award a Contract to the prospective Contractor.

The County retains the right to select a Proposal other than the Proposal receiving the highest number of points if County determines, in its sole discretion, another Proposal is the most overall qualified, cost-effective, responsive, responsible and in the best interests of the County.

3.2 Adherence to Minimum Requirements (Pass/Fail)

County shall review the Proposer's Organization Questionnaire/Affidavit as set forth in Appendix D - Required Forms Exhibit I, and determine if the Proposer meets the minimum requirements as outlined in Sub-paragraph 1.4 of this RFP. Failure of the Proposer to comply with the minimum requirements may eliminate its proposal from any further consideration. The County may elect to waive any informality in a proposal if the sum and substance of the proposal is present.

3.3 Disqualification Review

A proposal may be disqualified from consideration because a Department determined it was non-responsive at any time during the review/evaluation process. If a Department determines that a proposal is disqualified due to non-responsiveness, the Department shall notify the Proposer in writing.

Upon receipt of the written determination of non-responsiveness, the Proposer may submit a written request for a Disqualification Review within the timeframe specified in the written determination.

A request for a Disqualification Review may, in the Department's sole discretion, be denied if the request does not satisfy all of the following criteria:

1. The person or entity requesting a Disqualification Review is a Proposer;
2. The request for a Disqualification Review is submitted timely (i.e., by the date and time specified in the written determination); and
3. The request for a Disqualification Review asserts that the Department's determination of disqualification due to non-responsiveness was erroneous (e.g. factual errors, etc.) and provides factual support on each ground asserted as well as copies of all documents and other material that support the assertions.

The Disqualification Review shall be completed and the determination shall be provided to the requesting Proposer, in writing, prior to the conclusion of the evaluation process.

3.4 Business Proposal Evaluation and Criteria – Binder No. 1 (80% or 8,000 points)

The total number of points overall that can be earned is **10,000**.

Any reviews conducted during the evaluation of the proposal may result in a point reduction.

3.4.1 Executive Summary (500 points, 5%)

Proposer will be evaluated on its description of Proposer's Executive Summary based on information provided in Section A of the proposal. (Referenced in 2.10.5)

3.4.2 Proposer's Qualifications (1,500 points, 15%)

1. Proposer will be evaluated on their experience and capacity as a corporation or other entity to perform the required services based on information provided in Section B.1 of the proposal. (Referenced 2.10.6)
2. Proposer will be evaluated on the verification of references provided in Section B.2 of the proposal. In addition to the references provided, a review will include the County's Contract Database and Contractor Alert Reporting Database, if applicable,

reflecting past performance history on County or other contracts. This review may result in point deductions up to 100% of the total points awarded in this evaluation category. Additionally, a review of terminated contracts will be conducted which may result in point deductions. (Referenced 2.10.6.2)

3. A review will be conducted to determine the significance of any litigation or judgments pending against the Proposer as provided in Section B.3 of the proposal.

3.4.3 Proposer's Approach to Providing Required Services (2,000 points, 20%)

The Proposer will be evaluated on its description of the methodology to be used to meet the County's requirements based on information provided in Section C of the proposal. (Referenced 2.10.6.4)

3.4.4 Staffing (1,000 points, 10%)

Proposer will be evaluated on its description of Proposer's Staffing Plan based on information provided in Section D of the proposal. (Referenced in 2.10.6.5)

Proposer will be evaluated on its ability to provide multicultural and multilinguistic (Customer Service Center and Participating Pharmacies) services to their respective populations within the specified service area (s).

Proposer is to describe the staffing plan and the role of all assigned LACDMH staff in providing comprehensive PBM services.

Proposer must also clearly describe the level of staff in relationship to the provision of LACDMH PBM services as referenced in Section 3.0 of the SOW, Appendix B.

Proposer must provide background and security investigations of all staff as a condition of beginning and continuing work under this contract. The cost of Background and Security Investigations is the responsibility of the Contractor as referenced in Section 3.1.1.A of the SOW, Appendix B.

3.4.5 Quality Control Plan (1,000 points, 10%)

The Proposer will be evaluated on its ability to establish and maintain a complete Quality Control Plan to ensure the requirements of this Contract are provided as specified. Evaluation of the Quality Control Plan shall cover the proposed monitoring system of all services listed on the Performance Requirements Summary (PRS) based on the information provided in Section E of the proposal. (Referenced

2.10.6.6)

3.4.6 Exceptions to Terms and Conditions of Sample Contract and/or Requirements of the Statement of Work

Proposer will be evaluated on their willingness to accept the Terms and Conditions outlined in the Sample Contract, Appendix A, and the Requirements of the SOW outlined in the SOW, Appendix B and in Sow Exhibits, Appendix C as stated in Section G of the proposal. The County may deduct rating points or disqualify the proposal in its entirety if the exceptions are material enough to deem the proposal non-responsive.

Proposers are further notified that the County may, in its sole determination, disqualify any Proposer with whom the County cannot satisfactorily negotiate a Contract.

3.4.7 Green Initiatives (500 points, 5%)

Proposer will be required to describe its ability to comply with the green requirements as described in the SOW, Appendix B - Paragraph 13.0). Proposer must demonstrate its implementation of Executive order 13423 “Strengthening Federal Environmental, Energy and Transportation Management” by utilizing environmentally preferable products and services and its compliance with Natural Resources Defense Council’s Green Business Guides. (Referenced 2.10.6.7)

3.4.8 Living Wage Compliance (1,500 points,15%)

A review/evaluation will be made based on the information provided in Section L of the proposal. (Referenced 2.10.6.13) The review/evaluation will include:

1. Financial Capability
2. Proposer’s Staffing Plan
3. Demonstrated Controls over Labor/Payroll Record Keeping
 - a. Proposer will be evaluated on the firm’s labor/payroll record keeping system and regulatory compliance information provided in Section I of the proposal.
 - b. The County may conduct site visits to audit a Proposer’s labor/payroll record keeping system and processes.

3.5 Cost Proposal Evaluation Criteria – Binder No. 2 (20% or 2, 000 points)

The maximum number of possible points will be awarded to the lowest cost proposal. All other proposals will be compared to the lowest cost and points awarded accordingly.

However, should one (1) or more of the Proposers request and be granted the Local SBE Preference and/or Transitional Job Opportunities Preference, the cost component points will be determined as follows:

Local SBE Preference: Eight percent (8%) of the lowest cost proposed will be calculated, which shall not exceed \$50,000, and that amount will be deducted from the Cost submitted by all Local SBE Proposers who requested and were granted the Local SBE Preference.

Transitional Job Opportunities Preference: Eight percent (8%) of the lowest cost proposed will be calculated and that amount will be deducted from the Cost submitted by all Proposers who requested and were granted the Transitional Job Opportunities Preference.

Disabled Veteran Business Enterprise Preference Program: Will be given preference during the solicitation process to businesses that meet the definition of a Disabled Veteran Business Enterprise (DVBE), and in no case shall the DVBE program price or scoring preference be combined with any other county preference program to exceed eight percent (8%) in response to any county solicitation.

3.6 Labor Law/Payroll Violations

Applying criteria as established in Appendix M of this RFP, the County may deduct from 1 to 20 percent of the maximum number of available evaluation points for labor law/payroll violations, with substantially increased deductions for a contractor's failure to disclose reportable violations. "Pending claims" (i.e., claims that do not have a final disposition) will not result in point deductions; however, such claims may be reported to the Board of Supervisors before a contract is awarded.

3.7 Department's Proposed Contractor Selection Review

3.7.1 Departmental Debriefing Process

Upon completion of the evaluation, the Department shall notify the remaining Proposers in writing that the Department is entering negotiations with another Proposer. Upon receipt of the letter, any non-selected Proposer may submit a written request for a Debriefing within the timeframe specified in the letter. A request for a Debriefing may, in the Department's sole discretion, be denied if the request is not received

within the specified timeframe.

The purpose of the Debriefing is to compare the requesting Proposer's response to the solicitation document with the evaluation document. The requesting Proposer shall be debriefed only on its response. Because contract negotiations are not yet complete, responses from other Proposers shall not be discussed, although the Department may inform the requesting Proposer of its relative ranking.

During or following the Debriefing, the Department will instruct the requesting Proposer of the manner and timeframe in which the requesting Proposer must notify the Department of its intent to request a Proposed Contractor Selection Review (see Section 3.7.2 below), if the requesting Proposer is not satisfied with the results of the Debriefing.

3.7.2 Proposed Contractor Selection Review

Any Proposer that has timely submitted a notice of its intent to request a Proposed Contractor Selection Review as described in this Section may submit a written request for a Proposed Contractor Selection Review, in the manner and timeframe as shall be specified by the Department.

A request for a Proposed Contractor Selection Review may, in the Department's sole discretion, be denied if the request does not satisfy all of the following criteria:

1. The person or entity requesting a Proposed Contractor Selection Review is a Proposer;
2. The request for a Proposed Contractor Selection Review is submitted timely (i.e., by the date and time specified by the Department);
3. The person or entity requesting a Proposed Contractor Selection Review asserts in appropriate detail with factual reasons one or more of the following grounds for review:
 - a. The Department materially failed to follow procedures specified in its solicitation document. This includes:
 - i. Failure to correctly apply the standards for reviewing the proposal format requirements.
 - ii. Failure to correctly apply the standards, and/or follow the prescribed methods, for evaluating the proposals as specified in the solicitation document.
 - iii. Use of evaluation criteria that were different from the evaluation criteria disclosed in the solicitation document.

- b. The Department made identifiable mathematical or other errors in evaluating proposals, resulting in the Proposer receiving an incorrect score and not being selected as the recommended contractor.
 - c. A member of the Evaluation Committee demonstrated bias in the conduct of the evaluation.
 - d. Another basis for review as provided by State or federal law; and
4. The request for a Proposed Contractor Selection Review sets forth sufficient detail to demonstrate that, but for the Department's alleged failure, the Proposer would have been the lowest cost, responsive and responsible bid or the highest-scored proposal, as the case may be.

Upon completing the Proposed Contractor Selection Review, the Department representative shall issue a written decision to the Proposer within a reasonable time following receipt of the request for a Proposed Contractor Selection Review, and always before the date the contract award recommendation is to be heard by the Board. The written decision shall additionally instruct the Proposer of the manner and timeframe for requesting a County Independent Review. (see Section 3.8 below)

3.8 County Independent Review Process

Any Proposer that is not satisfied with the results of the Proposed Contractor Selection Review may submit a written request for a County Independent Review in the manner and timeframe specified by the Department in the Department's written decision regarding the Proposed Contractor Selection Review.

A request for County Independent Review may, in the County's sole discretion, be denied if the request does not satisfy all of the following criteria:

1. The person or entity requesting a County Independent Review is a Proposer;
2. The request for a County Independent Review is submitted timely (i.e., by the date and time specified by the Department); and
3. The person or entity requesting review by a County Independent Review has limited the request to items raised in the Proposed Contractor Selection Review and new items that (a) arise from the Department's written decision and (b) are one of the appropriate grounds for requesting a Proposed Contractor Selection Review as listed in Section 3.7.2 above.

Upon completion of the County Independent Review, Internal Services Division will forward the report to the Department, which will provide a copy to the Proposer.