

**REQUEST FOR PROPOSAL**  
**FOR**  
**PHARMACY BENEFIT MANAGEMENT SERVICES**

**APPENDIX B**  
**STATEMENT OF WORK**



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## **1.0 INTRODUCTION**

### **1.1 Overview**

The Los Angeles County Department of Mental Health (LACDMH), the largest county mental health department in the country, directly operates more than 80 programs and contracts with more than 400 agencies to serve about 100,000 unique individuals of all ages per month in all eight (8) LACDMH defined Service Areas of Los Angeles County. The Department maintains financial responsibility for clients who have no other source of healthcare benefits (uninsured). Approximately 35,000 prescriptions for uninsured clients are dispensed monthly by LACDMH contracted pharmacies.

To track and dispense medication LACDMH currently utilizes a pharmacy authorization and tracking system that communicates prescriptions between directly operated and contracted provider clinic sites and the contracted pharmacies. This system incorporates adjudication of pharmacy claims, medication history, eligibility for medication benefits, and formulary management.

LACDMH intends to replace this current prescription tracking system with a Pharmacy Benefit Manager (PBM) to administer LACDMH's prescription drug program. The PBM will process and pay prescription drug claims, maintain LACDMH's Formulary, contract and provide administrative oversight of a Participating Pharmacy network, and negotiate discounts and rebates with drug manufacturers. The PBM is expected to decrease medication costs, improve quality of care and expand access to pharmacies for LACDMH Covered Clients.

### **1.2 Headings and Definitions**

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. Proposer shall refer to, Appendix C SOW Exhibits, Exhibit 3 for a complete list of acronyms, terms, and definitions.

## **2.0 SCOPE OF WORK**

The Proposer shall provide comprehensive PBM services with a full range of customer service for Covered Clients, directly operated sites and contracted staff.

### **2.1 Verification of Payor Status**

LACDMH maintains financial responsibility for clients who have no access to sources of pharmacy benefits (i.e. Covered Clients). LACDMH Covered Clients are required to pursue enrollment in Medi-Cal, Medicare, or other available

coverage sources, but a proportion of the LACDMH client population is either ineligible or in a state of transition between coverage periods.

- A. LACDMH shall provide a Usable Eligibility File and monthly updates to Proposer indicating LACDMH's current Covered Clients.
- B. LACDMH is payor of last resort and will only reimburse Proposer when no other coverage is available for client.
- C. Proposer shall be responsible either directly or through its Participating Pharmacies, for verifying Medi-Cal, Medicare, and other third-party payor eligibility and for billing Medi-Cal, Medicare, and third-party payors when a client is eligible.
  - 1. In the event that LACDMH determines it improperly paid for medication for a client when other coverage was available, LACDMH has the right to withhold payment from Proposer's future invoices, provided that Proposer does not successfully appeal LACDMH's decision.

## **2.2 Claims Adjudication**

Proposer shall process all prescriptions submitted by LACDMH Prescribers:

- A. Proposer shall provide 24-hour, 7 days a week, 365 days a year claims adjudication services.
- B. Proposer's Participating Pharmacies shall comply with National Council Prescription Drug Programs (NCPDP) standards.
- C. Proposer's Participating Pharmacies shall verify that the Covered Client is uninsured and that the medication dispensed is a covered item on the LACDMH Formulary.

## **2.3 Drug Utilization Review**

Proposer shall provide concurrent drug utilization review to all Participating Pharmacies for all Claims submitted on-line including:

- A. Drug to Drug Interactions
- B. Drug to Disease Inferred
- C. Duplicate Prescriptions
- D. Exceeding Maximum Dosage
- E. Below Minimum Dose
- F. Refill-Too-Soon based on the following "too soon parameters": refills can only be processed within 20 to 40 days of last dispensing date.
- G. Dose Range Check

- H. Therapeutic Duplications
- I. Prior Approval
- J. Drug/Pregnancy Conflicts
- K. Drug/Lactation Conflicts
- L. Drug/Age or Gender Conflicts (geriatric; pediatric)
- M. Noncompliance
- N. Polypharmacy (additive toxicity, side effects/disease, side effect and excess duration of therapy)
- O. Physician Edits
- P. Formulary Edits
- Q. Grandfathering (identified by the parties and agreed upon, in writing, prior to the Effective Date)

## **2.4 Participating Pharmacy Network**

Proposer shall provide a network of Participating Pharmacies and shall adhere to the terms outlined in Appendix C SOW Exhibits, Exhibit 12 (Participating Pharmacy Drug Pricing and Guarantees) and:

- A. Proposer shall identify Participating Pharmacies that agree to be designated as an Indigent Medication Program (IMP) Participating Pharmacy and dispense medications to approved IMP Covered Clients and receive replacement medications in lieu of payment.
- B. Proposer shall ensure the provision of linguistic and cultural competent pharmacy services to meet the needs of Covered Clients in the local community.
- C. Proposer shall ensure twenty-four (24)-hour dispensing pharmacy coverage and communications to LACDMH and Covered Clients when one of the following has occurred:
  - 1. Closure
  - 2. Change of address
  - 3. Name change
- D. Proposer shall ensure that the distribution of Participating Pharmacies by Service Area and Supervisorial District is comparable to LACDMH's Current Contracted Pharmacy Pharmacies (Appendix C- SOW Exhibits, Exhibit 2).
- E. Proposer shall provide either the opportunity to LACDMH's current contracted pharmacies (Appendix C-SOW Exhibits, Exhibit 2) to join Proposer's Participating Pharmacy network or a compelling rationale as to why pharmacy was not permitted to join the network.

- F. Proposer shall make available upon request a directory of Participating Pharmacies which shall include: hours of service, address, language capabilities, handicap access, public transportation, etc.
- G. Proposer shall require the Participating Pharmacy to collect the following sums from the Covered Client:
  - 1. Appropriate sales/use tax.
  - 2. Appropriate Co-payment/co-insurance/Share of Cost.  
(The appropriate differential cost between Brand and Generic Drug if triggered in the Mandatory Generic Program, Section 2.6, Special Programs, Subsection C Mandatory Generic Program of this SOW)
- H. Proposer shall ensure Client is not charged any minimum co-payment/co-insurance amount in excess of the drug's ingredient cost.
- I. Proposer shall ensure Participating Pharmacies abide by IMP eligibility requirements (Section 2.6 Special Programs, Subsection A Indigent Medications Program of this SOW) when medication is dispensed.

## 2.5 Formulary Maintenance

Proposer shall maintain LACDMH's Prescription Drug Benefits election of medicinal products, including, pharmaceuticals and biologics, in various therapeutic categories detailed in Appendix C - SOW Exhibits, Exhibit 4 LACDMH Formulary and Benefit Plan.

- A. Pharmacy and Therapeutics Committee: LACDMH has a Pharmacy and Therapeutics Committee that manages its formulary for Covered Clients and shall be the only party that has the right to change the formulary. Proposer shall provide the following information to LACDMH as requested:
  - 1. The safety and efficacy of any and all drugs identified by LACDMH;
  - 2. The net drug cost to LACDMH of any and all drugs identified by LACDMH, factoring in all financial benefits that may be passed through to County for each such drug; and
  - 3. A disruption analysis to assess the likely impact of changing the formulary.
- B. Medication Treatment Authorization Request (M-TAR): An M-TAR – (Appendix C-SOW Exhibits, Exhibit 5) is utilized by LACDMH Prescribers to request prior authorization to prescribe a non-formulary medication or to prescribe outside of LACDMH's medication parameters.
  - 1. Proposer shall implement an electronic M-TAR and shall ensure that M-TAR procedures are followed and that the required Hard

Edits (Appendix C - SOW Exhibits, Exhibit 6) are put in place that will prevent such drugs from being dispensed without LACDMH prior authorization.

2. Proposer shall ensure that the DMH Portal as described in Section 2.10 will enable LACDMH to approve or deny the dispensing of the requested drug.
- C. Step Therapy: Presently, LACDMH Prescribers may prescribe any medication on LACDMH's approved formulary; however, LACDMH may implement Step Therapy protocols. At LACDMH's request, Proposer shall ensure that the DMH Portal will be able to manage edits and exceptions through the DMH Portal.

## 2.6 Special Programs

Proposers shall implement the following LACDMH Special Programs and any associated Hard Edits:

- A. Indigent Medication Program: The IMP assists eligible Covered Clients to apply for pharmaceutical foundations' Patient Assistance Programs (PAP) to receive participating medications at no cost. IMP Participating Pharmacies shall dispense PAP medications to approved Covered Clients and accept replacement medications in lieu of payment.
1. Proposer shall ensure that IMP drugs are only dispensed to IMP approved Covered Clients at an IMP Participating Pharmacy.
  2. Proposer shall implement electronic prompts (i.e. pharmacy will be paid dispensing fees, pharmacy will not be reimbursed for the cost of the medication and pharmacy will receive replacement medication in lieu of payment) that are communicated in real-time to IMP Participating Pharmacy at the time an IMP drug is dispensed.
  3. Proposer shall ensure that should a Participating Pharmacy or LACDMH request to no longer participate in the IMP Participating Pharmacy network, Proposer shall engage an alternative pharmacy.
- B. Fund One: The Fund One Program is a cost savings initiative whereby Prescribers may only prescribe, without prior M-TAR approval, a single branded antipsychotic medication within a three (3) week period preventing polypharmacologic branded prescribing regimens.

Proposer shall maintain a list of LACDMH identified Fund One Program drugs and create a Hard Edit for each Fund One Program Drug to preclude any other antipsychotic drug from being dispensed within a three (3) week period from the date that the Fund One Program Drug is dispensed.

- C. Mandatory Generic Prescribing: The Mandatory Generic Prescribing Program is to ensure that Participating Pharmacies are required to dispense Generic Drugs that fall within the Mandatory Generic Program. Should a Covered Client request a Brand Drug that is dispensed by a Participating Pharmacy, LACDMH shall only be invoiced the cost of the generic drug and the dispensing fee. The Proposer shall ensure the following:
  - 1. Proposer shall provide LACDMH with the ability to override the Mandatory Generic Program if Prescribers demonstrate the need for a Brand Drug to be dispensed based on LACDMH protocols.
  - 2. Proposer shall track any override allowances.
- D. Quantity Limits: For individuals who are served in hospitals, County Jail, or Juvenile Justice Programs, LACDMH allows for a limited supply of prescription drugs upon discharge. Proposer shall ensure that LACDMH has the ability to establish Quantity Limits, either 14 (fourteen) or 30 (thirty) day supply for specified populations to transition to an outpatient directly operated or contracted site.

## **2.7 Prescriber Education**

- A. Proposer shall provide quarterly prescriber practice summaries and a retrospective client specific drug utilization review designed to detect patterns in prescribing, dispensing, or administering drugs involving a select drug class or a long standing therapeutic issue as determined by LACDMH Pharmacy and Therapeutics Committee.
- B. Proposer shall identify Prescribers to receive targeted LACDMH approved recommendations for safe and effective drug therapies and useful information on therapeutic issues, and a means for dissemination of such education information (e.g. electronic mail, DMH Portal, etc.).
- C. Proposer shall prepare and provide a monthly educational bulletin based on system-wide prescribing practices and concerns to be addressed in collaboration with LACDMH Pharmacy and Therapeutics Committee.

## **2.8 Rebates**

Proposer shall provide a mechanism for analyzing LACDMH prescribing practices to review current LACDMH rebate agreements to ensure DMH is receiving the maximum compensation available on a minimum (not fixed) basis. Proposer shall recommend and facilitate additional potential rebates.

- A. Proposer shall ensure that all payments to PBM by pharmaceutical manufacturers or intermediaries that are attributed directly to the Claims for Prescription Drugs paid by LACDMH shall be transferred to LACDMH

regardless of whether those payments are termed rebates, administrative fees or otherwise.

1. Rebate Guarantees

- For three-tiered plans with a \$15 or greater differential between the preferred and non-preferred brand co-payments, PBM shall guarantee a minimum annual, aggregate rebate reimbursement per all retail Claims paid by LACDMH, excluding reversals,
- For two-tiered plans or plans with less than a \$15 differential between the preferred and non-preferred brand copayments, PBM shall guarantee a minimum annual, aggregate rebate reimbursement per all retail Claims paid by LACDMH, excluding reversals.

**2.9 Reports**

Proposer shall develop and provide to LACDMH via the DMH Portal (e.g., monthly, quarterly, annually, etc.), the following reports:

2.9.1 Standard Reports

- A. Accounts Payable Payment: indicating Covered Client name and identification number, social security number, date of birth, claim adjudication date, date ordered, date dispensed, Participating Pharmacy dispensing the product, medication (generic name, dosage form, quantity), dispensing fee, Ingredient Cost of medication (including IMP meds), Prescriber (name and clinic/program name).
- B. Clinical Review: indicating Covered Client name, Covered Client identification number, Claim adjudication date, Participating Pharmacy dispensing the product, medication (generic name, dosage form, quantity), dispensing fee, direction for use, Ingredient Cost of medication (including IMP meds), Prescriber (name and clinic/program name).
- C. Prescriber Usage Review: Prescriber (name and clinic), medication (generic name, dosage form, quantity, dispensing fee, direction for use, Ingredient Cost of medication (including IMP meds)).
- D. Pharmacy Claims Adjudication: Participating Pharmacy name (including dba), address, detailed adjudication Claim amount, Covered Client name and identification number, drug name, NDC number, strength, directions for use, Prescriber's name and location, dispensing fee and Ingredient Cost of medication.

- E. M-TAR/Prior Authorization: Prescriber, Covered Client name and identification number, prescription number, drug name, strength, filled date and claim date.
- F. Rebates: Medication utilization data submitted to manufacturers for quarterly rebates, including details of the rebates received.

2.9.2 Customized Reports

- A. IMP Medications Dispensed: Prescriber, Covered Client's name and identification number, Participating Pharmacy, prescription fill date, IMP drug name, dosage and quantity.
- B. IMP Clients Eligible for PAPs: Prescriber, Covered Client's name and identification number, Participating Pharmacy, prescription fill date, IMP drug name, dosage and quantity.
- C. Participating Pharmacy Shipment: Participating Pharmacy, Covered Client's name and identification number, prescription number, IMP drug name, strength, filled date, filled quantity and Claim date.
- D. Ad Hoc: Additional reports as may be required from time to time by County beyond those identified in Section 2.9 of this SOW, Proposer shall create those reports and make them available via the DMH Portal.
- E. 180-Day Exclusivity: Annual report identifying all drugs during the previous year that Proposer believes should be categorized as drugs falling into Average Annual Ingredient Cost Guarantees for Generic Drugs within the 180-Day Exclusivity Period, as further described in Appendix C SOW Exhibits, Exhibit 12 (LACDMH's Participating Pharmacy Drug Pricing and Guarantees).

**2.10 DMH Portal**

Proposer shall develop, deliver, and configure Health Insurance Portability and Accountability (HIPAA) complaint web portal that meets the system requirements outlined in Section 2.13 Information Systems Integration and with access at LACDMH offices to Proposer's information systems with the following:

2.10.1 LACDMH Administrative Rights

- A. Monitoring the dispensing of medication on a daily basis.
- B. Administering the portal; making additions, updates, and deletions to the prescriber list.
- C. Accessing client's medication history.
- D. Making additions, updates and deletions to the LACDMH Drug

Formulary.

- E. System Overrides
  - 1. Generating overrides as determined by LACDMH.
  - 2. Enabling LACDMH to implement M-TAR protocols and/or edits.
  - 3. Paper submissions transmitted.
- E. Manage Eligibility
  - 1. Adding, updating, and terminating eligibility.
  - 2. Managing Covered Client eligibility and Benefit Plan changes

#### 2.10.2 Screen Information

The onsite system shall include at minimum the following screens:

- A. Eligibility
- B. M-TAR/Prior Authorization
- C. Reporting
- D. Drug Formulary
- E. Administrator
- F. Prescriber
- G. Participating Pharmacy
- H. Claims View

#### 2.10.3 Reports

Mechanism for creating Ad Hoc reports via DMH Portal with the fields specified Appendix C - SOW Exhibits, Exhibit 9.

#### 2.10.4 Training

Proposer shall provide initial on-site training to LACDMH designated staff to use DMH Portal and provide a plan for on-going training, as needed.

#### 2.10.5 Information Technology (IT) Support

- A. Proposer shall ensure that LACDMH staff have, at minimum, telephone access to Proposer's Information Technology staff for ongoing troubleshooting and questions during all phases of configuration of the DMH Portal, after initial delivery and implementation.
- B. Proposer shall ensure that they identify a help-desk access telephone line and electronic mail address for IT questions and support.

- C. Proposer shall carve-out periods of scheduled maintenance and shall communicate any scheduled maintenance downtime to LACDMH at least 30 days prior to any scheduled maintenance.
  - 1. All scheduled maintenance shall be capped at two times per month.

#### 2.10.6 Managing Complaints

- A. Manage, track and respond to complaints from LACDMH regarding the DMH Portal (e.g. system maintenance and/or system outages) and minimize impact on clinical services.

### **2.11 Participating Pharmacy Audits**

- A. Proposer shall perform routine audits (Appendix C SOW Exhibits, Exhibit 11) of Participating Pharmacies and provide annual audit findings to LACDMH.
- B. LACDMH shall have the right to audit Participating Pharmacies directly (Appendix C SOW Exhibits, Exhibit 11).
- C. LACDMH audit rights shall extend to Participating Pharmacies and to the manufacturer and Participating Pharmacy agreement level for Rebates, Ingredient Costs and Dispensing Fees, respectively (Appendix C SOW Exhibits, Exhibit 11).

### **2.12 Customer Service Center**

Proposer shall provide a Customer Service Call Center. The Call Center shall respond to inquiries from Participating Pharmacies, LACDMH staff, Prescribers, and Covered Clients and provide information including Participating Pharmacy location, DMH Portal troubleshooting, client eligibility, Benefit Plan guidelines and Generic Drug substitution.

- A. Customer Service Center shall have two toll-free lines and be staffed to answer calls five (5) days a week from 8:00 a.m. to 6:00 p.m., Pacific Standard Time. One line shall take inquiries from Participating Pharmacies in the Proposer's network, LACDMH staff, and Prescribers. The other line should take inquiries from LACDMH Covered Clients.
  - 1. Automated service information should be available 24-hours a day, seven (7) days a week, and 365 days a year.
  - 2. A web page shall be accessible by Covered Clients, 24-hours a day, seven (7) days a week, and 365 days a year.
- B. Customer Service Center shall provide new and replacement Covered Client ID cards and Covered Client introduction materials.

## 2.13 Information Systems Integration

LACDMH has acquired an Integrated Behavioral Health Information System (IBHIS) from Netsmart, Inc. which includes an Electronic Health Record (Avatar) and an electronic prescribing module (OrderConnect) 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. An estimated 4,000 LACDMH employees currently using disparate systems and paper-based processes will use an integrated, web-based electronic health record system that is accessible and available around-the-clock.

- A. The Proposer shall be able to accept either the industry standard, HIPAA mandated ANS X 12 N 834 format, or the other PBM standard enrollment format agreed upon by LACDMH.
- B. The current LACDMH integration environment utilizes the BizTalk Integration engine and supports the following standard transaction sets:
  1. HIPAA Standard X12 Transactions, such as:
    - 834 Member Enrollment
    - 837 Claim submission
    - 835 Claim Payment/Remittance
    - 270 Patient Eligibility Inquiry
    - 271 Patient Eligibility Response
    - 278 Authorization Request/Response
  2. HL7, such as:
    - ADT – Register Patient, Update Patient, Discharge Patient
    - RRA - Pharmacy/treatment administration acknowledgment
    - RRD - Pharmacy/treatment dispense acknowledgment
    - RRE - Pharmacy/treatment encoded order acknowledgment
    - RRE - Pharmacy/Treatment Refill Authorization Acknowledgement
    - RRG - Pharmacy/treatment give acknowledgment
    - RDY - Dispense Information (Response)
    - QBP – Dispense History, Dispense Information
    - QRY Pharmacy/treatment administration information, Pharmacy/treatment dispense information, Pharmacy/treatment encoded order information, Pharmacy/treatment dose information, Pharmacy/treatment order response

3. NCPDP, such as:
  - Request new prescription
  - New prescription response
  - Refill prescription
  - Cancel prescription
  - Request Medication History
  - Notify census
  - PA Initiation Request/Response
  - PA Request/Response
  - PA Appeal Request/Response
  - PA Cancel Request/Response
4. Web Services (SOAP/XML)
  - Custom Defined Web Services

LACDMH, in its sole discretion, shall determine and identify the specific standard transactions sets as defined herein, which shall be supported by the selected Proposer at a later date based on LACDMH needs.

## **2.14 Invoicing**

- A. Contractor must check client's primary insurance health coverage (e.g. Medi-Cal, Medicare, HMO, etc.) to ensure that LACDMH is only billed when the client has no other third-party payor for pharmacy benefits. Proposer shall ensure that Participating Pharmacies verify Medi-Cal, Medicare, and other third-party payors eligibility and directly bill for pharmacy services. LACDMH will only reimburse Claims for Covered Clients.
- B. Contractor shall submit monthly invoices to LACDMH Accounts Payable Division located at 550 South Vermont Avenue, 8<sup>th</sup> Floor, Los Angeles, CA 90020. Invoices must include the Claims Data Utilization Fields identified in Appendix C, SOW Exhibits, Exhibit 9.
- C. LACDMH shall pay Contractor for services in arrears within 30 days of receipt of complete, verified, and correct invoices/billings.
- D. Each Invoice Statement shall be accompanied by a complete Claims file that contains at a minimum for each Claim all fields listed in Appendix C SOW Exhibits, Exhibit 9, without redaction or modification. Brand Drugs and Generic Drugs shall be classified in said Claims file using the definitions stated in this Agreement. Claims data shall be produced in a delimited flat file with a pipe character ( | ) as the delimiter and include a message with the file of the record count and file size. A separate file must be provided that includes a data dictionary of data layout/format. Layout/format must include; (a) field name; (b) data type; (c) length; and (d) description. File format must remain constant from submission to

submission, unless additional fields need to be added. Proposer shall transmit all such electronic data to the LACDMH, or to the LACDMH auditor, or to both, as directed by the LACDMH.

### **3.0 STAFFING AND SPECIFIC TASKS**

Additionally, Proposer shall ensure that the following staff, consultant, and volunteer requirements are met:

#### **3.1 Staffing**

Proposer shall be required to use full-time employees, defined as those employees working a minimum of 40 hours per week, or a lesser number of hours in accordance with recognized industry standards approved by County Chief Executive office, but not less than 35 hours. An employee who works on County contracts, and also on non-county facilities for a combined total of 40 hours per week is considered a full-time employee. The Living Wage program only requires that the employer pay the living wage to the employee for the hours worked on the County contract.

- A. Contractor shall provide a full-time Lead Account Manager or designated alternate. County must have access to the Lead Account Manager during all hours, 365 days per year. The selected Contractor shall provide a telephone number where the Lead Account Manager may be reached on a nine (9)-hour per day basis.
- B. Lead Account Manager shall act as a central point of contact with the County.
- C. Lead Account Manager shall have three (3) years of experience as a PBM Account Manager.
- D. Lead Account Manager/alternate shall have full authority to act for Contractor on all matters relating to the daily operation of the Contract. Lead Account Manager/alternate shall be able to effectively communicate, in English, both orally and in writing.
- E. Contractor shall assign a sufficient number of employees to perform the required work. At least one (1) employee on site shall be authorized to act for Contractor in every detail and must speak and understand English.
- F. Contractor shall be required to perform a background check of their employees as set forth in sub-paragraph A – Background & Security Investigations, of the SOW.

##### **3.1.1 General Staffing Requirements**

- A. Background and Security Investigations: Contractor shall ensure that criminal clearances and background checks have been conducted for

all Contractor's staff and volunteers, prior to beginning and continuing work under any resulting Contract. The cost of such criminal clearances and background checks is the responsibility of the Contractor whether or not the Contractor staff passes or fails the background and criminal clearance investigations.

- B. Language Ability: Contractor's personnel who are performing services under this Contract shall be able to read, write, speak, and understand English in order to conduct business with the County. In addition to having competency in English, Contractor shall ensure there is a sufficient number of bilingual staff to meet the language needs of the community served which is to include threshold languages: Chinese, Cambodian, Korean, Russian, Armenian, Spanish, Tagalog, Vietnamese and Farsi.
- C. Service Delivery: Contractor shall ensure that all professional, paraprofessional staff and volunteers providing PBM services are able to provide services in a manner that effectively responds to differences in cultural beliefs, behaviors and learning, and communication styles within the community where the services are provided.
- D. Materials and Equipment: The purchase of all materials/equipment to provide the needed services is the responsibility of the Contractor. Contractor shall use materials and equipment that are safe for the environment and safe for use by the employee.
- E. Driver's License: Contractor shall maintain copies of current driver's licenses, including current copies of proof of auto insurance of all staff.
- F. Driving Record: Contractor shall maintain copies of driver's Department of Motor Vehicles (DMV) printouts for all Contractors' drivers providing service under this Contract. Reports shall be available to LACDMH on request. County reserves the option of doing a DMV check on Contractor's drivers.
- G. Experience: Contractor shall be responsible for securing and maintaining staff who meet the minimum qualifications below and who possess sufficient experience and expertise required to provide services required in this SOW. Contractor shall obtain written verification for staff with foreign degrees that the degrees are recognized as meeting established standards and requirements of an accrediting agency authorized by the U.S. Secretary of Education.

### 3.1.2 Implementation Timeline and Team

- A. Contractor shall assign and introduce an implementation team to LACDMH who will be responsible for the accurate installation of all

administrative, clinical and financial parameters for LACDMH, within 24 hours of contract execution.

- B. The local implementation team, which includes the Lead Account Manager, shall be available during business hours to County during the first four (4) months of implementation for development, configuration, and testing and to ensure that all SOW requirements are being met.
- C. Contractor shall implement full services with no system errors or Identification Card and Covered Client introduction material delivery delays. Testing of the DMH Portal shall commence within 90 days of Contract execution with full delivery and access by LACDMH staff at LACDMH offices within 120 days of contract execution.

### **3.2 Specific Tasks**

- A. Staff Training: Contractor shall train all staff providing PBM services within 30 business days of their start date.
- B. Documentation: Contractor shall maintain documentation in the personnel files of all Professional and Paraprofessional Staff, consultants and volunteers of: (1) all training hours and topics; (2) copies of resumes, degrees, and professional licenses; and (3) current criminal clearances. Contractor shall provide LACDMH, at the beginning of each Contract term and within 30 days of any staff change(s), a roster of all staff that includes: (1) name and positions; (2) work schedule; and (3) fax and telephone numbers.
- C. Changes: Contractor shall advise LACDMH in writing of any change(s) in Contractor key personnel at least twenty-four (24) hours before proposed change(s), including name and qualifications of new personnel. Contractor shall ensure that no interruption of services occurs as a result of the change in personnel.
- D. Meetings: Contractor is required to send a representative to attend monthly PBM Administration meetings.
- E. Customer Satisfaction Survey and Client Status Report: Contractor is required to submit information quarterly from Covered Clients regarding their satisfaction with the PBM services and Participating Pharmacy services and access.
- F. Civil Rights Compliance with the Resolution Agreement: Threshold Language Capability: Contractor must provide threshold language services using bilingual staff or through the use of an interpreter provided by the use of language line services. Contractor will send at least (2) staff to LACDMH/DPSS Civil Rights Training.

## 4.0 ADMINISTRATIVE TASKS

### 4.1 Computer and Information Technology Requirement

Contractor shall acquire a computer system, within 30 days of commencement of the contract with sufficient hardware and software and an agreement for its on-site maintenance for the entire term of this agreement to comply with the terms of the contract. Contractor shall ensure that the following standardized and non-standardized system edits are tested and delivered within 45 days of commencement of the contract:

#### A. Standardized Computer Edits:

Contractor shall be responsible for maintaining standardized “edits” to evaluate the dispensing of Prescription Drug Products. Said standardized “edits” shall include the following:

1. All new prescriptions must be filled within 30 days of the date prescribed.
2. All refills must be filled within a 20 to 40 day window.
3. Vacation overrides, lost/stolen/spilled overrides, emergency overrides, and school supply and facility overrides: In no circumstances may these overrides exceed the quantity necessary for a two (2) week supply of medication.

#### B. Non-Standardized Computer Edits:

Contractor shall be responsible for implementing non-standardized “edits” established by County, upon written direction from County. Said non-standardized “edits” may include any of the following, without limitation:

1. Medicare Part D Eligibility Block: Contractor to screen eligibility based on Date of Birth, and block any dispensing to any Medicare Eligible individual, as described in protocols set forth by County.
2. Financial Screening Block: Prescription Drug Product may not be dispensed to a Covered Client until Financial Screening has been completed.
3. Fund One: Prevents entry of specific drugs that fall into the category of branded second generation (atypical) antipsychotics. “Fund” means that LACDMH will “pay” for only ONE of the drugs that fall into this therapeutic class.

### 4.2 Days/Hours of Operation

Contractor shall maintain an office with a telephone in the company’s name where Contractor conducts business. The office shall be staffed during the hours of 9:00 a.m. to 5:00 p.m., Monday through Friday, by at least one (1)

employee who can respond to inquiries and complaints which may be received about the Contractor's performance of the Contract. When the office is closed, an answering machine shall be provided to receive messages. The Contractor shall respond to voicemails within 24-hours.

#### **4.3 Participating Pharmacies**

Participating Pharmacies shall be staffed during the hours of 8:00 am to 8:00 pm., Monday through Saturday. A percentage mutually agreed upon by County and Contractor shall be open 24-hours a day, seven (7) days a week and shall provide holiday coverage.

#### **4.4 Customer Service Center Hours**

Contractor's toll-free phone line(s) shall be available from 8:00 am to 6:00 p.m. pacific standard time, five (5) days a week, except for scheduled maintenance or telephone switches. A web-page shall be accessible by Covered Clients 24-hours a day, seven (7) days a week, 365 days a year.

- A. Claims adjudication shall be available 24-hours a day, seven (7) days a week, 365 days a year.
- B. Proposer's IT Helpdesk shall be staffed during the hours of 8:00 a.m. to 5:00 p.m., Monday through Friday.

#### **4.5 Record Keeping**

Contractor shall keep a record of services that were provided, as well as the dates, agendas, sign-in sheets, and minutes of all Contractor's Administration meetings.

#### **4.6 Evaluation Tools**

Proposer shall provide Covered Clients and their families with a tool by which to evaluate the services rendered. Contractor shall make this information available to LACDMH upon request. Contractor shall ensure the tool addresses the performance of the Contractor and its Participating Pharmacies.

#### **4.7 Data Entry**

Contractor shall collect and enter any data required by LACDMH. Contractor shall ensure the data is entered electronically at network sites and made accessible to LACDMH.

#### **4.8 Cooperation**

Contractor shall work cooperatively with LACDMH Information Technology Services staff and any program evaluator, if applicable.

#### **4.9 Data Collection**

Contractor shall be responsible for collecting, entering, managing and submitting specific demographic, diagnostic, and outcome data as directed by LACDMH to demonstrate client outcomes inclusive of guidelines set forth by LACDMH and the State.

### **5.0 QUALITY CONTROL**

The Contractor shall establish and utilize a comprehensive Quality Management Program and Plan including Quality Assurance and Quality Improvement processes to ensure the required services are provided at a consistently high level of service throughout the term of the Contract. The Plan shall be submitted to LACDMH for review and approval prior to the Contract start date. The Plan shall be effective on the Contract start date and shall be updated and re-submitted for LACDMH approval as changes occur.

- A. The Plan shall include an identified monitoring system covering all the services listed in this RFP and SOW. The system of monitoring to ensure that contract requirements are being met shall include:
  1. A record of all inspections conducted by the Contractor, any corrective action taken, the time a problem was first identified, a clear description of the problem, and the time elapsed between identification and completed corrective action, shall be provided to the County upon request.
  2. Activities to be monitored, frequency of monitoring, samples of forms to be used in monitoring, as well as title/level and qualifications of personnel performing monitoring functions.
  3. A list of identified staff who will be responsible for quality assurance and quality improvement activities.
  4. Ensuring that the services meet requirements for timeliness, accuracy, completeness, consistency, and conformity as defined in the RFP SOW.
  5. Ensuring that professional staff rendering services under the contract has the necessary prerequisites during the life of the contract.
  6. Identifying and preventing deficiencies in the quality of service before the level of performance becomes unacceptable including

description of the Quality Improvement strategy and intervention methods.

7. Taking any corrective action, if needed, including a commitment to provide to the County upon request a record of all inspections, the corrective action taken, the time the problem is first identified, a clear description of the problem, and the time elapsed between identification and completed corrective action.
8. Continuing to provide services to the County in the event of a strike or other labor action of the Contractor's employees.

## **6.0 QUALITY ASSURANCE PLAN**

The County will evaluate the Contractor's performance using the quality assurance procedures as defined in DMH's Quality Assurance Reimbursable Activities Guide, Revised.

## **7.0 CONTRACT DISCREPANCY REPORT (Appendix C SOW Exhibits, Exhibit 1)**

- 7.1 Verbal notification of a Contract discrepancy will be made to the Contract Project Monitor as soon as possible whenever a Contract discrepancy is identified. The problem shall be resolved within a time period mutually agreed upon by the County and the Contractor.
- 7.2 The County Contract Project Monitor will determine whether a formal Contract Discrepancy Report, Appendix C SOW Exhibits, Exhibit 1, shall be issued. Upon receipt of this document, the Contractor is required to respond in writing to the County Contract Project Monitor within seven (7) business days, acknowledging the reported discrepancies or presenting contrary evidence. A plan for correction of all deficiencies identified in the Contract Discrepancy Report shall be submitted to the County Contract Project Monitor within 15 to 30 business days.

## **8.0 RECORDS AND AUDIT MANDATE**

- 8.1 Maintenance of Records Contractor shall maintain documentation of all Claims processed and all Contractor services rendered for six (6) years from the date Claims are paid or Contractor services are rendered, or for a period of time any relevant geographic jurisdiction or government entity requires by law or regulation, whichever is longer. Should Contractor alter the original format of said documentation (e.g. by converting hard copy documents to electronic documents, or electronic documents to microfiche), all information contained in the original documents shall be contained in the new format, without change or deletion. Records shall include original prescriptions to be held in Participating pharmacy locations.

- 8.2** Ownership of Information All Claims data and other data arising from implementation of this Contract shall solely be the property of County. Contractor shall not be allowed to sell such data in any form, to any third party. However, should Contractor be presented with an opportunity to sell any such data to any third party, Contractor may contact LACDMH, fully disclose the third party's proposed data sales terms, and negotiate a mutually agreeable contract in writing with County concerning data sales. Contractor shall have the ability to provide data to Pharmaceutical Manufacturers (at no cost to Pharmaceutical Manufacturers and with no financial benefit to Contractor) to enable Contractor to collect Financial Elements.
- 8.3** Rights to Audit Contractor is required to participate in LACDMH audits as outlined in Appendix C SOW Exhibits, Exhibit 11 (LACDMH Audit Mandate).

## **9.0 COUNTY OBSERVATIONS**

In addition to departmental contracting staff, other County personnel may observe performance, activities, and review documents relevant to this contract at any time during normal business hours. However, these personnel may not unreasonably interfere with Contractor's performance.

## **10.0 UNSCHEDULED WORK**

- 10.1** The County Project Manager or his designee may authorize the Contractor to perform unscheduled work, including, but not limited to, repairs and replacements when the need for such work arises out of extraordinary incidents such as vandalism, acts of God, and third party negligence; or to add to, modify or refurbish existing facilities.
- 10.2** Prior to performing any unscheduled work, the Contractor shall prepare and submit a written description of the work with an estimate of labor and materials. If the unscheduled work exceeds the Contractor's estimate, the County Project Director or his designee must approve the excess cost. In any case, no unscheduled work shall commence without written authorization.
- 10.3** When a condition exists wherein there is imminent danger of injury to the public or damage to property, Contractor shall contact County's Project Director for approval before beginning the work. A written estimate shall be sent within 24-hours for approval. Contractor shall submit an invoice to County's Project Director within five (5) working days after completion of the work.
- 10.4** All unscheduled work shall commence on the established specified date. Contractor shall proceed diligently to complete said work within the time allotted.
- 10.5** The County reserves the right to perform unscheduled work itself or assign the work to another Contractor.

## **11.0 DATA COLLECTION**

Proposer shall have the ability to collect manage, and submit data as directed by LACDMH to demonstrate client outcomes and prescribing patterns inclusive of guidelines set forth by LACDMH and the State. Proposer shall perform data entry to support these activities.

## **12.0 PRIVACY AND ELECTRONIC SECURITY**

**12.1** Proposer shall comply with applicable federal and State laws as they apply to Protected Health Information, Individually Identifiable Health Information, Personally Identifiable Information, and electronic information security.

**12.2** Contractor is deemed a "Business Associate" of County under HIPAA and shall enter into a Business Associate Agreement with the County of Los Angeles to ensure compliance with the applicable privacy and electronic security standards.

## **13.0 GREEN INITIATIVES**

Proposer shall provide a "green" initiative implementation plan with its current environmental policies and practices, and include the following:

**13.1** Contractor shall use reasonable efforts to initiate "green" practices for environmental and energy conservation benefits.

**13.2** Contractor shall notify County's Project Manager of Contractor's new green initiatives prior to the contract commencement.

## **14.0 PERFORMANCE REQUIREMENTS SUMMARY**

**13.1** A Performance Requirements Summary (PRS) chart, Appendix C SOW Exhibits, Exhibit 10, listing required services that will be monitored by the County during the term of this Contract is an important monitoring tool for the County. The chart should include:

- A. Reference section of the contract
- B. List required services
- C. Method of monitoring
- D. Indicate the deductions/fees to be assessed for each service that is not satisfactory

**13.2** All listings of services used in the PRS are intended to be completely consistent with the Contract and the SOW, and are not meant in any case to create, extend, revise, or expand any obligation of Contractor beyond that defined in the Contract and the SOW. In any case of apparent inconsistency between services as stated in the Contract and the SOW and this PRS, the meaning

apparent in the Contract and the SOW will prevail. If any service seems to be created in this PRS which is not clearly and forthrightly set forth in the Contract and the SOW, that apparent service will be null and void and place no requirement on Contractor.

## **15.0 SUBCONTRACTOR(S)**

For the purposes of this RFP Proposer's Contracts with Participating Pharmacies are not considered Subcontracts.

- 15.1** If Proposer intends to employ a Subcontractor(s) to perform some of the services described in this SOW, the transmittal letter shall clearly indicate the other agency(s) involved, and Proposer shall clearly describe the role of the Subcontractor in the provision of PBM services in the Proposal Package. A statement from all Subcontractors indicating their willingness to work with the Proposer and the intent to sign a formal contract between the parties shall be submitted with the signature of the person authorized to bind the subcontracting organization.
- 15.2** If Proposer is selected for funding, Proposer shall obtain prior written approval from LACDMH in order to enter into a particular subcontract and all requests must be in writing. Proposer shall remain responsible for any and all performance required of it under the contract.
- 15.3** All Subcontracting Agreements shall be required for County review after award of the contract, if any.
- 15.4** Subcontractors providing Proposition A services are required to use full-time employees, defined as those employees working a minimum of 40 hours per week, or a lesser number of hours in accordance with recognized industry standards approved by County Chief Executive office, but not less than 35 hours. An employee who works on County contracts, and also on non-county facilities for a combined total of 40 hours per week is considered a full-time employee. The Living Wage program only requires that the employer pay the living wage to the employee for the hours worked on the County contract.

## **16.0 OUTCOME MEASUREMENT**

- 16.1** Contractor's ability to perform as required will be measured via the following methods:
  - A. Ongoing tracking of Contractor or client complaints pertaining to level of service provided by Contractor and Participating Pharmacies.
  - B. Ongoing monitoring and documentation by LACDMH Accounts Payable Division of Contractor billing inaccuracies
  - C. Ongoing tracking of unauthorized prescriptions processed by Contractor.