

*Colorado Department of
Health Care Policy and Financing*



Solicitation #:

HCPFRFPKC13PBMS2

Pharmacy Benefit Management System (PBMS)

Request for Proposals

PBMS RFP Body

Modification Number 1

Changes are made in red.

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SECTION 1.0 INTRODUCTION

1.1. GENERAL INFORMATION

- 1.1.1. The State of Colorado, Department of Health Care Policy and Financing (hereafter referred to as “the Department”) is soliciting proposals to obtain Core MMIS and Supporting Services for the implementation and operations of a state-of-the-art, Medicaid Management Information System (MMIS) and Fiscal Agent Operations Services to support Colorado’s Medicaid, Child Health Plan Plus (CHP+) programs, and other health benefit programs (collectively referred to as the “Colorado Medical Assistance program”). The Pharmacy Benefit Management System (PBMS) Request for Proposal (RFP) is a separate component of the above effort, but is part of the overall replacement project. For purposes of this Request for Proposal (RFP), activities related to this procurement will be referred to as the COMMIT (Colorado Medicaid Management Innovation and Transformation) project.
- 1.1.2. The Department is seeking a flexible solution that maximizes the use of cost-effective, industry-related, and application-ready Commercial Off-The-Shelf (COTS) technologies that will support the existing Colorado Medical Assistance program and future expansions and changes as directed by the Department’s Medicaid Director. The scope of the PBMS RFP is not limited to any specific program administered by the Department, and the Department reserves the right to seek additional services via sole source or competitive procurement for any service required by the Department beyond those anticipated in this procurement. The Department encourages PBMS Offerors to propose creative, innovative solutions for Operations, as well as a suite of PBMS applications or components to support a “best of breed” MMIS.
- 1.1.3. The solution will need to provide the Department the ability to administer and modernize all aspects of the Colorado Medical Assistance program without considerable changes to the underlying technology and coding that take significant time to complete. To create a modern program that delivers cost-effective health care services that are population-specific, the Department will continue to adapt and make progress on how services to clients are delivered. In addition, the Department will need to modify payments (or rates) to providers and adapt payment methodologies that encourage quality services and healthy outcomes. The solution cannot serve as a cost, time, or resource constraint to implementing these evolving delivery systems and provider payments.
- 1.1.4. The Department is not requiring proposed solutions to be previously certified by the Centers for Medicare & Medicaid Services (CMS). However, all proposed solutions are expected to meet CMS certification requirements within a reasonable period following the completion of system development. Where practical, proposed solutions should leverage existing components and/or components that can be transferred from an existing PBMS that has been certified by CMS. The Department expects Offerors to propose a solution that leverages technology and resources previously developed/deployed in other state and/or commercial environments to reduce implementation and operating costs. The proposed solution should provide a benefit to the Department and other states as future changes in technology and federal

- regulations can be shared across all partners. Further, the proposed solution should include technology refreshes that allow the System to remain up-to-date and continue to incorporate new industry best practices.
- 1.1.4.1. Though the Department is not requiring that the proposed solution be previously certified by CMS, due to the change in the implementation timeline from the original solicitation, to meet the PBMS Ongoing Operations and Enhancements Contract Stage start date of **November 1, 2016**, a successful Offeror may need to propose a System that is currently utilized for claims and drug rebate processing by a state Medicaid agency to complete the PBMS Implementation Contract Stage within the defined time period. Further, a successful Offeror is expected to propose an implementation team that has successfully implemented a similar System within the proposed timeline.
 - 1.1.5. As a result, this RFP is focused on objectives, outcomes, CMS certification criteria, and performance measurements. Performance measurements associated with specific requirements are located in Appendix A – PBMS Requirements and Performance Standards Matrix.
 - 1.1.6. The Department is releasing three (3) separate RFPs to provide flexibility for Offerors to provide innovative solutions. These RFPs are:
 - 1.1.6.1. COMMIT Core MMIS and Supporting Services.
 - 1.1.6.2. COMMIT Business Intelligence and Data Management Services (BIDM).
 - 1.1.6.3. COMMIT Pharmacy Benefits Management System (PBMS).
 - 1.1.7. This RFP focuses on the COMMIT PBMS. Any descriptions and discussion of the COMMIT Core MMIS and Supporting Services or COMMIT BIDM are included to provide the Offeror with a comprehensive view of the Department’s overarching procurement strategy.
 - 1.1.8. This RFP also describes “optional” functionality to enhance the Department’s ability to meet its technical and business strategy. Pricing should be provided if possible, when the optional requirement(s) cannot be met within the proposed base price. The pricing will be used for informational purposes. The Department will evaluate optional requirements that can be met within the proposed base price. Optional requirements that cannot be met within the proposed base price will not be evaluated. Pricing for optional requirements is described and is included in Appendix E – PBMS Pricing Schedules.
 - 1.1.9. The scope of this RFP does not include:
 - 1.1.9.1. COMMIT Core MMIS and Supporting Services.
 - 1.1.9.2. COMMIT Business Intelligence and Data Management Services (BIDM).
 - 1.1.9.3. Current Statewide Data and Analytics Contractor (SDAC).
 - 1.1.10. The CORE MMIS contract has been awarded to HP Enterprise Services, LLC. The BIDM solicitation is currently under evaluation by the Department.

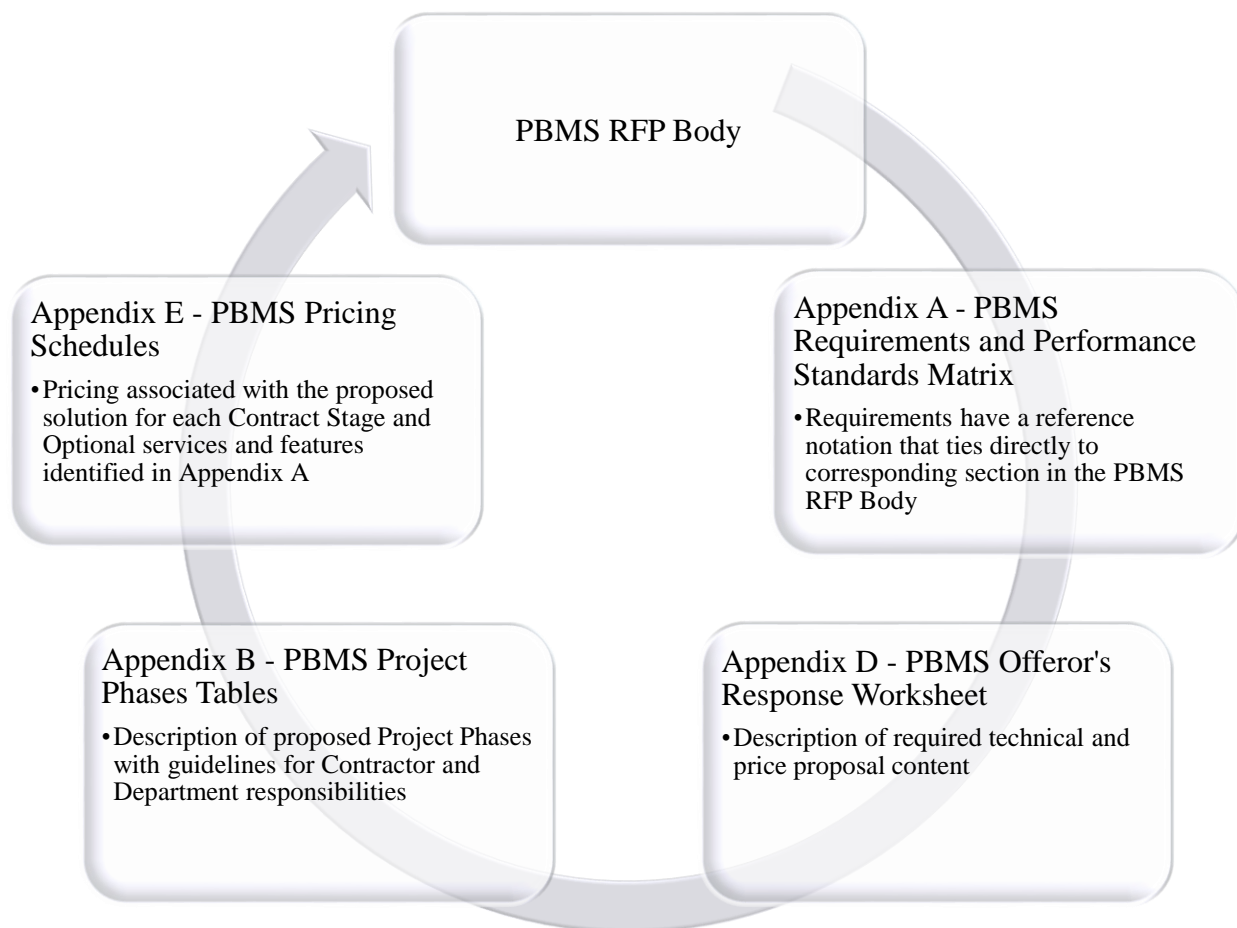
- 1.1.11. General solicitation information, timelines, and proposal submission requirements are available in Appendix C – PBMS Administrative Information Document. To be considered responsive, an Offeror shall comply with all of the requirements and timelines contained in Appendix C – PBMS Administrative Information Document.
- 1.1.12. The language in Section 7.0 – Contractors General Requirements, Section 10.0 – Compensation and Invoicing, and Section 11.0 – Evaluation is very similar for the COMMIT Core MMIS and Supporting Services RFP, the COMMIT BIDM RFP, and the COMMIT PBMS RFP. The Department’s intent is for some requirements to be “global” in nature to ensure greater integration and usability among related systems and services.

1.2. ORGANIZATION OF THE RFP

1.2.1. RFP Organization and structure

- 1.2.1.1. This RFP is designed as a package that consists of multiple documents. The intent of this structure is to provide Offerors with easier access to reference information during the response process. The Appendices provided within this RFP contain the detail for each component, and can be accessed independently for reference.
- 1.2.2. For comprehensive understanding of the PBMS requirements provided by the Department, Offerors will need to reference the documents listed in 1.2.2.1 – 1.2.2.15 concurrently for their initial review:
 - 1.2.2.1. PBMS RFP Body (this document).
 - 1.2.2.2. Appendix A – PBMS Requirements and Performance Standards Matrix.
 - 1.2.2.3. Appendix B – PBMS Project Phases Tables.
 - 1.2.2.4. Appendix D – PBMS Offeror’s Response Worksheet.
 - 1.2.2.5. Appendix E – PBMS Pricing Schedules.
- 1.2.3. Figure 1.2.3 provides a visual representation of which components will be needed in order to obtain a comprehensive understanding of the PBMS RFP.

Figure 1.2.3: How to Read This RFP

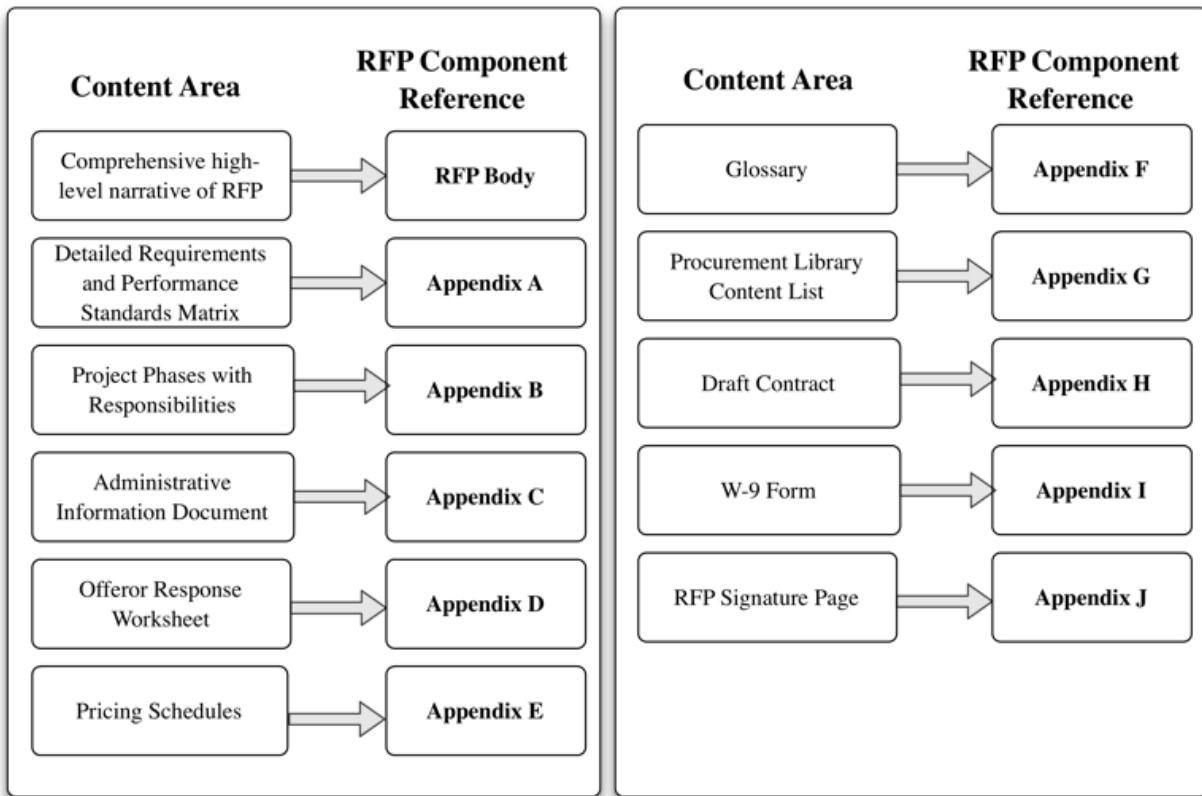


1.2.4. RFP Component Navigation

- 1.2.4.1. Figure 1.2.4.1 provides a visual representation of how to navigate the RFP content and how the RFP components are tied together. Section 1.2.5 contains a narrative summary of this RFP's Components.

Figure 1.2.4.1: Organization of this RFP

RFP Overview



1.2.5. RFP Component Description

- 1.2.5.1. **PBMS RFP Body:** This document (referred to as the “PBMS RFP Body”) provides a high-level, comprehensive description of the System required by the Department. It provides project background information, an overview of the Statement of Objectives (SOO), project goals and strategy, management and organization overview, Contract personnel requirements, general Contractor requirements, PBMS Statement of Work, PBMS Operations Statement of Work, compensation and invoicing, and the proposal evaluation criteria. Although it includes some general guidance in terms of design, overall functionality, and technical implementation, this document does not include specific requirements; those are found in Appendix A – PBMS Requirements and Performance Standards Matrix. The intent of this document is to provide a comprehensive narrative that reflects the COMMIT project guiding principles, while providing Offerors an opportunity to respond with creative, innovative solutions. This design is part of the Department’s objectives-based procurement approach.

- 1.2.5.2. **Appendix A – PBMS Requirements and Performance Standards Matrix:** This component contains the detailed requirements and related performance metrics that are directly associated with the corresponding sections in the PBMS RFP Body. This component should be accessed concurrently with the PBMS RFP Body to obtain a comprehensive understanding of how the specific requirements tie to the overall procurement goals and strategy. Some sections intentionally contain requirements that are similar, and in some cases duplicative. This is by design, and illustrates the overlap between various requirements groups. All requirements, regardless of duplication, require a response.
- 1.2.5.3. **Appendix B – PBMS Project Phases Tables:** This component provides guidelines for Contractor and Department responsibilities for each Project Phase described in the PBMS RFP Body.
- 1.2.5.4. **Appendix C – PBMS Administrative Information Document:** This component contains general communications information, schedule of activities, general considerations, proposal response information, and Contract and award information.
- 1.2.5.5. **Appendix D – PBMS Offeror’s Response Worksheet:** This component contains questions that require an Offeror response. It ties to the concepts described in the PBMS RFP Body and detailed requirements in Appendix A – PBMS Requirements and Performance Standards Matrix. Offerors’ Technical Proposals shall contain a description of how the Offeror’s solution will address the requirements in Appendix A – PBMS Requirements and Performance Standards Matrix and describe any necessary modifications to the Offeror’s proposed solution and operations that are required to satisfy the requirements.
- 1.2.5.6. **Appendix E – PBMS Pricing Schedules:** This component includes detailed information and instructions for twelve (12) different pricing schedules required for Offerors’ Price Proposals. It shall include pricing information for the Offeror’s solution and operations, and any pricing associated with modifications to the Offeror’s solution and operations to satisfy detailed requirements in Appendix A – PBMS Requirements and Performance Standards Matrix. In addition, the pricing information will include pricing associated with travel related to the design, development, and implementation of Offerors’ proposed solution and operations.
- 1.2.5.7. **Appendix F – Glossary:** This component contains definitions for terms and acronyms used throughout the Core MMIS and Supporting Services RFP, the BIDM RFP, and this PBMS RFP.
- 1.2.5.8. **Appendix G – PBMS Procurement Library Content List:** This component contains a list of documents, forms, manuals and/or links that Offerors shall reference to gain additional information or understanding of areas and/or processes referenced in this RFP.
- 1.2.5.9. **Appendix H – Draft Contract:** This component contains a sample contract that can be referenced by Offerors.
- 1.2.5.10. **Appendix I – W-9 Form:** This component contains the W-9 form that needs to be completed as part of the proposal submittal.

- 1.2.5.11. **Appendix J – RFP Signature Page:** This component contains the signature document required for proposal submittal.

1.3. MANDATORY OFFEROR REQUIREMENTS

- 1.3.1. The Mandatory Offeror Requirements are intended to ensure that evaluation of the Technical Proposal can proceed and that the Offeror has the required system development, implementation, and operational experience. Any Offeror that does not meet the Mandatory Offeror Requirements may be considered non-responsive and may receive no further consideration.
- 1.3.2. All Mandatory Offeror Requirements shall be met on the date of proposal submission.
- 1.3.3. Failure, in whole or in part, to respond to a specific Mandatory Offeror Requirement may result in rejection of a proposal during the evaluation phase.
- 1.3.4. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 0.0.

1.4. TERMINOLOGY

- 1.4.1. Acronyms and abbreviations are defined at their first occurrence in this RFP. Definitions for acronyms, abbreviations, and other terminology used in all RFPs associated with the COMMIT project, as well as associated requirements in Appendix A – PBMS Requirements and Performance Standards Matrix, are contained in Appendix F – Glossary. This glossary will serve as the master source for terminology and definitions used in documents associated with the COMMIT project.

SECTION 2.0 OVERVIEW STATEMENT OF OBJECTIVES

2.1. OVERVIEW

- 2.1.1. As mentioned in Section 1.0, this procurement is taking an objectives-based approach. A Statement of Objectives (SOO) focuses on the “what” aspect of the various functions the Contractor services and technology solutions shall perform, rather than “how” the Contractor or technology shall perform those functions. This overview describes the objectives, strategy, and general scope of the work that the Department believes will achieve the best overall solution for the Colorado Medical Assistance program.
- 2.1.2. This SOO is not inclusive of every possible duty, task, or Deliverable necessary to achieve success on this Contract. Therefore, Offerors should not assume that any perceived lack of detail in a specific area indicates that the Contractor will have no duties in that area. Offerors shall develop a solution that fulfills the Department’s goals and requirements in a cost-effective manner, which may include details not specifically outlined in this RFP.
- 2.1.3. This SOO describes the end result, thus allowing Offerors flexibility in proposing the details of how their solution meets the Department’s goals. While the Department is encouraging creativity to promote innovative solutions, some details of the Offeror’s solution may be subject to Department approval and/or certain constraints.
- 2.1.4. Expected functionality and services are described under the Statement of Work (SOW) sections of this RFP, and requirements are provided in Appendix A – PBMS Requirements and Performance Standards Matrix. Requirements have been defined as Priority 1, Priority 2, Priority 3, and “Optional” (definitions for each are included in Section 11.5.2.1 of this PBMS RFP Body and in Appendix A – PBMS Requirements and Performance Standards Matrix). **Priority 1, 2, and 3 requirements shall be included within the Offeror’s proposed services and system capabilities.**
- 2.1.5. Due to the “abstract” nature of a SOW, Offerors shall specifically identify tasks and Deliverables in Appendix D – PBMS Offerors Response Worksheet that are part of their solutions, as well as tasks and Deliverables they believe are not included in their core service and system capability. This approach will help clarify cost, schedule, and implementation boundaries for both parties.

2.2. PROCUREMENT GOALS

- 2.2.1. The goal of this procurement is to redefine systems and business processes for the Colorado Medical Assistance program by procuring technical and business services to replace the Legacy System with a modern system and service delivery model, which includes a PBMS. The service delivery model and modern system shall be both flexible and adaptable, and be able to easily interface with business intelligence and analytics tools to provide easy access to data and comprehensive reporting. In addition, the Department is seeking all services necessary to maintain, operate, and support a System with the expectation of excellent customer service and operational automation for both providers and the Department.
- 2.2.2. The Department seeks to provide Department staff and business partners with the information management and analytics tools that will enable the Department to manage

and transform its Colorado Medical Assistance program to quickly adapt to and support the next decade of reform that is expected to occur in health care administration. As a result, new information technology systems and services, as well as modifications to current business processes to improve the Medicaid Information Technology Architecture (MITA) maturity levels, are required. In addition, effective professional services will be crucial to the success of program improvements.

- 2.2.3. The COMMIT project's leadership has established the following guiding principles, which will serve as the backdrop for this procurement. All decisions will be assessed against these principles on an ongoing basis to ensure that risks are mitigated appropriately, the procurement is successful, and that clients, the provider community and other stakeholders experience minimal impact.
 - 2.2.3.1. **Adaptability:** Implement a flexible, rules-based, modular, Configurable solution to enhance decision-making and increase management efficiencies.
 - 2.2.3.2. **Business Intelligence and Data Analytics:** Implement business intelligence and data analytic services to enable accurate, real-time data and reporting that will meet changing business and management needs. The solution should be enterprise centric, which would enable other health care and program data typically not found in a Legacy System to support enterprise decision-making.
 - 2.2.3.3. **Service Focused:** Structure the procurement to focus on the delivery of services to provide an enhanced customer service experience for providers and clients.
 - 2.2.3.4. **Performance-Based Contract:** Implement an incentive-based contract management structure that enables the Department to manage to performance-based service levels for the Contractor, without substantial increased cost to mitigate Offeror risk.
 - 2.2.3.5. **Information Sharing:** Implement a solution that provides an easy to access and comprehensive "one-stop-shop" for providers.
 - 2.2.3.6. **Realistic Project Schedule:** Structure the scheduled project activities to ensure a quality procurement and a successful implementation of the contracted services and supporting technology.
- 2.2.4. In addition to the guiding principles identified by Department leadership, the following objectives have been defined:
 - 2.2.4.1. **Maximize Enhanced Federal Funding:** Maximize qualification for enhanced Federal Financial Participation (FFP) for development, implementation, and operations for all systems and services procured as a result of the COMMIT project (including Core MMIS and Supporting Services, BIDM, and PBMS).
 - 2.2.4.2. **Ensure Federal Standards Compliance:** Comply with the Centers for Medicare & Medicaid Services (CMS) requirements.

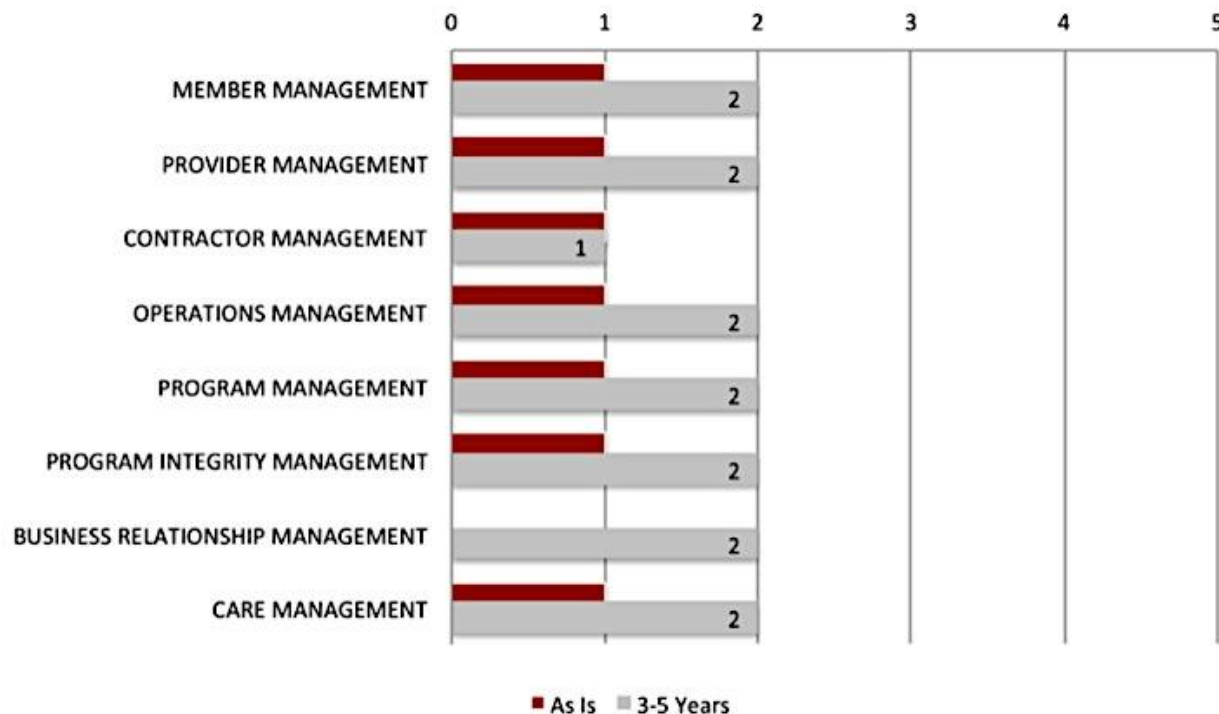
- 2.2.4.3. **Obtain Federal Certification:** Implement project management controls for the development and implementation for all systems to ensure CMS certification. Contractors will receive financial incentives for supporting timely CMS certification in order for the Department to fully qualify for enhanced federal funding.
- 2.2.4.4. **Integrate with Statewide IT Systems:** Ensure that the PBMS is designed for integration with the BIDM and the State's Core MMIS and Supporting Services, which integrates with Medicaid eligibility system (CBMS), Health Information Exchange, and Health Insurance Exchange as envisioned through the Affordable Care Act, and subsequent federal policies and regulations.

2.3. PROJECT GOALS

- 2.3.1. The Department's leadership team has established high-level project goals that are key factors in delivering a solution that will provide top value to the Department. The Department's current PBMS, referred to as the Prescription Drug Claim System (PDCS X2), was last procured in May 2007. Since then, many workarounds and manual processes have been developed to accommodate Medical Assistance pharmacy program changes, as well as State and federal mandates. Project stakeholders participated in a facilitated visioning session to determine a common "vision" for the COMMIT project and future service delivery model. In addition, various stakeholders participated in Colorado's MITA 2.01-based State Self-Assessment (SS-A) sessions to identify opportunities for improving business operations and to establish the transition goals necessary to achieve the vision. These transition goals have been translated to the business and system objectives that will be realized as a result of the RFPs associated with the COMMIT project.
- 2.3.2. The PDCS X2 is an online claims processing system used for the Medical Assistance program that allows providers to submit pharmacy claims and receive a response real-time. However, the current processes to develop and implement system changes are inefficient, and in some cases, require a lengthy implementation time. Many of the system components are not easily Configurable, making quick system changes difficult. The Department is seeking a robust, flexible system that will allow the State to not only capitalize on cost saving measures, but to ensure that clients of the Medical Assistance program can receive their pharmacy benefits in a timely manner.
- 2.3.3. The PDCS X2 contains the following functionality:
 - 2.3.3.1. Claims adjudication via real-time response, batch and paper billing.
 - 2.3.3.2. Claims processing in accordance with the National Council for Prescription Drug Programs (NCPDP) standards.
 - 2.3.3.3. Claims processing for multiple pricing methodologies (e.g., Wholesale Acquisition Cost, State Maximum Allowable Cost, Federal Upper Limit).
 - 2.3.3.4. Customization for specific Medical Assistance pharmacy programs.
 - 2.3.3.5. Client assignment to specific drug plans.
 - 2.3.3.6. Prior Authorization Request (PAR) Service Management.

- 2.3.3.7. Preferred Drug List.
- 2.3.3.8. Call Center services.
- 2.3.3.9. Help Desk services.
- 2.3.3.10. Data interface support (e.g., MMIS, third party vendors).
- 2.3.3.11. Reporting.
- 2.3.4. Figure 2.3.2 conveys a summary of the Department’s “As Is” and “To Be” business capability in each business area:

Figure 2.3.2: Level of Business Capability



- 2.3.5. The Department is pursuing solutions that combine excellence and innovation in technology, business operations, and system implementation. Table 2.3.2 provides a description of the overall COMMIT project goals. Not all outcomes associated with project goals apply to the PBMS; some goals will be achieved via the Core MMIS and Supporting Services and BIDM RFPs. The Department expects proposed solutions to provide capabilities that will enable higher MITA maturity levels over time.

Table 2.3.2: Summary of Project Goals

Goal	Description
Audit Trail	Provide access to data changes and viewing history within the MMIS, BIDM, and PBMS records to allow the Department to understand the history of data changes, and to ensure HIPAA compliance. The online, human-readable audit trail should identify the effective and termination date for the data, identify who made the changes (e.g., individual or automated process), and the value of the data element for the identified data range.
Workflow Management	Implement automated solutions that support the establishment of work queues allowing in process documents to flow from one worker's queue to another.
Access to Data	Provide real-time, centralized access to pharmacy data including Preferred Drug List information, Pharmacy Benefit Plan information, PAR information, and other Medical Assistance pharmacy program related data.
Client Management	Create an online, electronic client System component and Web Portal that improves the Department's ability to manage client information and client related processes. CBMS will continue to be the master data source for eligibility determination, while the Core MMIS and Supporting Services will rely upon the eligibility determination to determine enrollment in the appropriate Health Benefit Plan, as well as for claims payment and reporting. The electronic client System component would interface with both systems to support determination of eligibility as well as Health Benefit Plan assignment. This functionality is optional for proposed solutions.
Provider Management	Create an online, electronic provider enrollment application through a Web Portal that will collect required information to support decisions regarding approval/denial of a provider's request to supply Medical Assistance. The online application would allow the electronic attachment of supporting documentation to allow efficient decision-making. The solution would leverage an automated workflow so that data and documentation could be routed to appropriate units responsible for decisions on provider enrollment applications. In addition, providers could use a Web Portal to submit updates to their information (e.g., address changes, updated licensing information).

Goal	Description
Financial Management	Improve financial management processes by leveraging information available electronically to support more efficient budgeting and financial forecasting. Electronic financial management will leverage solutions used to support centralized data access and policy/utilization modeling. Modify System data that will be required for the BIDM to produce federally required reports through Configuration rather than modifying programming code.
Health Benefit Plan Management	Through a rules-driven design, obtain the flexibility to create and modify Health Benefit Plans within the System, such that Department users can easily Configure services, service limitations, Prior Authorizations, provider rates, and client cost sharing amounts within a Health Benefit Plan. This will allow the Department to define Health Benefit Plans unique to specific populations, as well as different payment methodologies and provider payments (or rates) for Health Benefit Plans. For example, payments to inpatient hospital providers under one Health Benefit Plan can be made on a per diem basis, while others can be made under a prospective diagnosis-related group (DRG) basis. In addition, the payment methodology could be the same across Health Benefit Plans, while provider rates of services differ between the Health Benefit Plans.
Pharmacy Benefit Plan	Through a rules-driven design, obtain the flexibility to create and modify Pharmacy Benefit Plans within the PBMS, such that Department users can easily Configure services, service limitations, Prior Authorizations, provider rates, and client cost sharing amounts within a Pharmacy Benefit Plan. Obtain the ability to independently define benefits in the PBMS.
Utilization Tracking and Forecasting	Track utilization trends to support improved decision-making on where to allocate staff and program resources. The information collected and tracked over time will support forecasting and allow the Department to make more timely changes to policy to improve health care and financial outcomes. This goal will leverage solutions used to achieve centralized data access and policy/utilization modeling goals.

Goal	Description
Electronic Communication Capabilities	Improve, standardize, and automate communications with clients, providers, and other agencies. The standardization of communications would allow the Department to move to electronic options for communications including a Web Portal and electronic messaging. In addition, standardization should support the ability to provide messaging in multi-language and multi-literate formats. These capabilities may result in timely communications that would lead to improved outcomes.
Electronic Case Management	Implement an online, electronic case management solution within the Core MMIS and Supporting Services. The Case Management solution will replace the existing Benefits Utilization System (BUS) and DDDweb functionality. The solution will integrate with the Core MMIS and Supporting Services, but is not required to be native functionality.
Reporting Capabilities	Via the BIDM Contract, obtain a robust reporting solution that will leverage centralized access to data to improve reporting results. The Department expects that a solution would provide flexible reporting and business intelligence tools that provide a variety of graphical and data formats. The variety of formats will allow the Department to communicate data in a view appropriate for each audience. The solution will also provide options to automate reporting, including the ability of users to designate reports for generation at specific intervals, and the ability to set parameters for ad hoc reports. This also includes the ability to search on user-defined data elements.
System Flexibility	Create a solution that provides greater automation and is easily and quickly Configurable based on changing business requirements. The solutions resulting from the COMMIT project should focus on Configuration changes rather than custom code development for business requirements (or Customization). The Contractor will need to be intimately familiar with its solution in order to make recommendations to best incorporate business requirement changes. This goal may also require an evaluation of the process to communicate the Department's requirements for a change. Making this process more efficient in achieving Department approval for changes will reduce the amount of time to get business requirements implemented in the System and increase accuracy of System transactions. Examples include the ability to make payments through benefit plans/services created or the ability to add new data fields to the System that can drive workflow and/or reporting capabilities.

Goal	Description
Reusability	Obtain a solution that, where practical, leverages existing technology and resources, and/or System components that can be transferred from an existing, CMS certified system across states, or from an existing commercial solution, to reduce implementation and operating costs. The solution implemented should provide a benefit to the Department and other states as future changes in technology and federal regulations can be shared across all partners via a “Software as a Service” delivery model. The System is not required to be previously CMS certified, however, all proposed solutions are expected to meet CMS certification requirements, as specified in the agreed upon project schedule, as defined and maintained under this Contract.

2.4. CONTRACTOR RELATIONSHIP EXPECTATIONS

2.4.1. Prime Contractor

- 2.4.1.1. The PBMS Contractor shall be the Prime Contractor for this Contract and shall be solely responsible for integration of all Work to be performed under this Contract, regardless of whether the PBMS Operations role or any other role is subcontracted.
- 2.4.1.2. The PBMS Contractor shall work solely with the Department to perform all contract administration activities for this Contract, including tasks for which a Subcontractor may be responsible.
- 2.4.1.3. The relationship with the Department and other Subcontractors shall be based on trust, confidentiality, objectivity, transparency, and integrity at all times. Nothing contained within this document or any Contract documents created as a result of any Contract awards derived from this RFP shall create any contractual relationships between any Subcontractor and the Department. All subcontracting relationships require the consent and approval of the Department prior to start of Work under the Contract.
- 2.4.2. The Department, in conjunction with all other COMMIT project Contractors (Core MMIS and Supporting Services, BIDM) will develop a formal agreement that specifies the roles and responsibilities of each Contractor as it relates to the COMMIT project.
- 2.4.3. Contractor relationship with Core MMIS and Supporting Services Contractor
 - 2.4.3.1. The Core MMIS and Supporting Services Contractor shall be the System Integrator and shall be responsible for integration of all Work to be performed under the COMMIT project.
 - 2.4.3.2. PBMS Contractor staff will have an ongoing relationship with Core MMIS and Supporting Services Contractor staff. The PBMS Contractor shall ensure that PBMS Contractor staff work cooperatively with key Core MMIS and Supporting Services Contractor staff to ensure, to the extent within its control, the success of the project as it relates to PBMS Contractor provided services.

- 2.4.3.3. The PBMS Contractor shall also ensure master data management, where applicable, and data synchronization between the Core MMIS and Supporting Services and PBMS to the greatest extent possible. The Core MMIS and Supporting Services RFP can be referenced in Appendix G – PBMS Procurement Library Content List.
- 2.4.4. Contractor relationship with Business Intelligence and Data Management (BIDM) Contractor
 - 2.4.4.1. PBMS Contractor staff will have an ongoing relationship with BIDM Contractor staff. The PBMS Contractor shall ensure that PBMS Contractor staff work cooperatively with key BIDM Contractor staff to ensure, to the extent within its control, the success of the project as it relates to PBMS provided services.
 - 2.4.4.2. The PBMS Contractor shall also ensure that all available data necessary to meet the BIDM RFP requirements are captured, maintained, and retained. System data are the principal assets for both information and reporting systems. With that in mind, the PBMS Contractor shall be responsible for master data management, where applicable, and data synchronization between the PBMS and BIDM to the greatest extent possible. A draft of the BIDM RFP can be referenced in Appendix G – PBMS Procurement Library Content List.
- 2.4.5. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 2.4.

SECTION 3.0 BACKGROUND INFORMATION

3.1. OVERVIEW

- 3.1.1. This section of the RFP provides an orientation to the Colorado Medical Assistance program's structure, existing PBMS contract, and current technologies. It is not intended to be a complete and exhaustive description.
- 3.1.2. The Department of Health Care Policy and Financing
 - 3.1.2.1. The Department serves as the Medicaid Single State Agency, as defined by Code of Federal Regulations (CFR) Title 45 Section 205.100 (42 CFR 431.10). The Department develops and implements policy and financing for the Medicaid and CHP+ programs as well as a variety of other publicly funded health care programs for Colorado's low-income families, children, pregnant women, the elderly, and people with disabilities. Additional responsibilities include contracting for components of major administrative functions such as information and billing systems, managed care enrollment facilitation, and utilization review, and quality assurance to companies that specialize in these areas. For more information about the Department, visit www.Colorado.gov/HCPF.
 - 3.1.2.2. The Department is a Covered Entity under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) (United States Code [U.S.C.] Title 42 Section 1320d-1320d-842 [U.S.C. 1320d-1320d-8]) and its implementing regulations.
 - 3.1.2.3. Within the Department, the Claims Systems and Operations Division, provides oversight for the Core MMIS and Supporting Services Contractor, BIDM Contractor, and the PBMS Contractor. The Division consists of contract managers, project managers, system business analysts, and operations analysts who monitor Contractor and system performance, gather requirements for System and operation changes, and bridge communications between the Department's policy/program staff and the Contractor's technical and operational staff.
- 3.1.3. The Governor's Office of Information Technology (OIT) also provides oversight for select large systems projects and includes Independent Verification and Validation (IV&V) services that are contracted for specific projects. The Department maintains direct oversight of the Core MMIS and Supporting Services, BIDM, and PBMS procurements and resulting contracts.
- 3.1.4. The Department's most current organizational chart can be found in the Appendix G – PBMS Procurement Library Content List.

3.2. CURRENT CONTRACT BACKGROUND

- 3.2.1. Typically, MMIS with pharmacy benefits management services are competitively bid and purchased every eight (8) to ten (10) years. In a fiscal-agent operated state, it is typically covered by a base Contract of three, four, or five (3, 4, 5) years with the remaining period covered by option years that are exercised annually or in aggregate. Under its last procurement in June 2007, Colorado opted for a base Contract of three (3) years, followed by a request for CMS approval to exercise an option extension of five (5) years. To accommodate the anticipated timelines provided under this RFP,

CMS has approved the extension of the current Fiscal Agent contract for an additional one (1) year extension to June 30, 2016 and, if necessary, an additional year extension to June 30, 2017.

- 3.2.2. Xerox State Healthcare, LLC (formerly Affiliated Computer Services, or ACS) has been administrating the MMIS and Fiscal Agent services, including the PBMS since 1995. Colorado's system was operational and certified under ACS's management in December 1998. The previous contractor, Blue Cross Blue Shield, operated Colorado's MMIS and acted as Fiscal Agent for the previous twelve (12) years.
- 3.2.3. The Department currently leases its PBMS from Xerox, the current Fiscal Agent, and has determined it should be replaced as part of the COMMIT project.

3.3. TECHNOLOGY AND SYSTEMS TO BE REPLACED

- 3.3.1. This section of the RFP describes the COMMIT project components that are to be replaced. This section has been divided into two subsections to indicate technical and business services that are included under this RFP and those that are not.
- 3.3.2. Technical and Business Services for replacement under this RFP
 - 3.3.2.1. Pharmacy Benefit Management System (PBMS)
 - 3.3.2.1.1. The Department plans to take advantage of the latest technology and functionality available for pharmacy claims processing, drug utilization review, and other pharmacy benefit management functionality by replacing it through a procurement that is separate from the Core MMIS and Supporting Services and BIDM procurements.
 - 3.3.2.1.2. The Department expects rebate, wholesale prices, and other pharmacy specific data to be processed and stored in the PBMS. **In addition, this information will be** synchronized and/or transferred to the BIDM ~~for reporting and analysis.~~
 - 3.3.3. Other technical and business services for replacement excluded from this RFP
 - 3.3.3.1. MMIS
 - 3.3.3.1.1. The current MMIS was designed and developed from 1996 to 1998. The system was implemented on December 1, 1998. Enhancements and modifications have since been implemented regularly to meet the evolving needs of the Department and to meet federal and/or State legislative and/or budgetary requirements. Since the initial implementation, subsequent enhancements include offering interactive claims, client eligibility inquiry, report/file retrieval through a Web Portal, provider reference information such as provider billing manuals, delivered through a provider services web site, email notification of provider bulletins, and other enhancements to support Fiscal Agent Operations. The Department does not plan to modify the existing system due to the significant changes, resources, and costs required to update the current MMIS.
 - 3.3.3.1.2. PBMS RFP Body Section 7.12 provides the PBMS Contractor responsibilities to ensure a successful interface with the Core MMIS and Supporting Systems.

3.3.3.2. Benefits Utilization System (BUS)

3.3.3.2.1. The BUS is a Case Management system for Home and Community Based Long Term Care clients and Nursing Facilities developed by the Department. The ULTC 100.2 is the intake form/assessment that health care providers and/or case managers use for recording daily living/acuity scores. The Department currently maintains the content of the ULTC 100.2 reports in the BUS. The BUS also contains Preadmission Screening and Resident Review (PASRR) information, Home Care Allowance and Instrumental Activities of Daily Living (IADL)/basic Activities of Daily Living (ADL) information, and Service/Care Planning for Preadmission Review.

3.3.3.2.2. The BUS is a SQL Server based application with a web-based front end that is currently not integrated with the MMIS. The application contains almost 128,000 records and is utilized by more than 900 case managers and more than 52 different agencies. In addition, the BUS has a limited provider directory for Nursing Facilities and Case Management agencies. Due to the development of modern systems, existing BUS functionality will need to be incorporated into the Case Management component of the Core MMIS and Supporting Services solution.

3.3.3.3. Division for Developmental Disabilities web (DDDweb)

3.3.3.3.1. The DDDweb is a web-based application that is responsible for the direction, funding, and oversight of community services to persons with developmental disabilities within the State of Colorado. DDDweb is managed and maintained within the Colorado Department of Human Services (CDHS) and OIT. DDDweb is the principle source of data regarding person with developmental disabilities who are provided services with State or Medicaid funding through CDHS. DDDweb includes basic identification, client eligibility, disability, service, survey data, wait list, critical incident tracing, program quality and other management and planning information.

3.3.3.4. Electronic Data Interchange (EDI)

3.3.3.4.1. The EDI provides automated transfer of data in a specific format following specific data content rules between a health care provider, the Department, and CMS. Due to the development of modern systems, the EDI will need to be replaced or modified to support the Core MMIS and Supporting Services.

3.3.3.5. Decision Support System (DSS)

3.3.3.5.1. The current DSS provides information retrieval and reporting tools via business intelligence and performance management software that supports research, planning, monitoring, and evaluation of the Colorado Medical Assistance program's operation and performance. On a weekly basis, the Department and its affiliates download select data from the MMIS to the DSS to support various DSS functions. This does not provide a comprehensive or centralized view of all data required for reporting purposes or program analysis. As a result, the Department plans to replace it through a procurement that is separate from the Core MMIS and Supporting Services procurement.

- 3.3.3.5.2. PBMS RFP Body Section 7.12 provides the PBMS Contractor responsibilities to ensure a successful interface with the BIDM.

3.4. COLORADO MEDICAL ASSISTANCE PROGRAM ENHANCEMENTS

- 3.4.1. The Department completed its MITA 2.01-based State Self Assessment (SS-A) in April 2012, to identify opportunities for improving business operations and to establish the transition goals necessary to achieve its vision. In addition to transition goals, the Department also defined key technology and business services that would enhance the Colorado Medical Assistance program. Key program enhancements based on the MITA “To Be” planning are highlighted below:
- 3.4.1.1. Enhance the capabilities of the MMIS and Supporting Services to improve the interface capabilities to CBMS.
 - 3.4.1.2. Enhance Web Portal features and provide single sign-on functionality for authorized users of the System.
 - 3.4.1.3. Centralize access to information including Long Term Care Prior Authorizations, screenings, and claims via providing all data to the BIDM.
 - 3.4.1.4. Enhance Medicaid payment processing, which includes pharmacy claims, through the System by reducing current manual workarounds.
 - 3.4.1.5. Use the services of a contractor via the BIDM Contract to implement a data warehouse with business intelligence tools to enhance analytics capabilities that support the Department’s reporting and decision-making needs. These BIDM contractor supplied tools will also be utilized to provide an analytical database to support the Medicaid Accountable Care Collaborative (ACC) Program. Through data analytics and reporting activities, the business intelligence tools will assist the Department in assuring that the ACC Program goals are consistently met in an effective and efficient manner.

3.5. PROJECT AND STATE RESOURCES

- 3.5.1. The following list describes the primary entities and their role in this project:
- 3.5.1.1. **The Department:** is responsible for the procurement, operation, and maintenance of the systems and processes that support the publicly funded Colorado Medical Assistance program. Select members of the Department comprise the Executive Sponsor role. A current Department organizational chart is included in Appendix G – PBMS Procurement Library Content List.
 - 3.5.1.2. **The Claims Systems and Operations Division:** Within the Department, this Division manages the relationship with the Contractor. The Division Director and staff will be primarily responsible for the day-to-day project management and Contract management related to the implementation and operations of the System. The Division will also be responsible for overseeing the Contractor’s performance and escalating project issues and/or risks to project sponsors as needed. In addition, the Division will coordinate the necessary Department and other State resources throughout the Contract term. A current Division organizational chart is included in Appendix G – PBMS Procurement Library Content List.

- 3.5.1.3. **Centers for Medicare & Medicaid Services (CMS):** is a federal agency within the United States Department of Health and Human Services (DHHS) that administers the Medicare program and works in partnership with state governments to administer Medicaid, the State Children's Health Insurance Program (CHIP) and health insurance portability standards.
- 3.5.1.4. **Office of Information Technology (OIT):** is primarily responsible for Colorado's Information Technology infrastructure and system security. OIT also contains the State's primary Project Management Office and promulgates the State's rules and policies regarding project management. OIT has no authority or control over the MMIS, PBMS, or BIDM, but may provide information and be used as a resource on questions regarding information technology (IT) issues.
- 3.5.2. The project organization is as follows:
- 3.5.2.1. **Executive Sponsor(s):** Consists of members of the Department. Executive Sponsor(s) will oversee the PBMS implementation and provide overall direction for the COMMIT project. Executive Sponsor(s) have final decision making authority related to the project.
- 3.5.2.2. **Claims Systems and Operations Division's Project Management Office (PMO):** A unit within the Claims Systems and Operations Division that manages various projects for the Department. It coordinates, manages, and oversees projects as well as sets agency-wide standards, practices, and policies for project execution. The PMO oversees the Department's projects including the COMMIT project (RFPs and resulting contracts), 5010/NCCI/ICD-10 efforts, as well as regular updates to the State's existing MMIS and process improvement projects.
- 3.5.2.3. **PBMS Project Manager:** Part of the Department's PMO and will oversee the PBMS Implementation and Operations project and the Contract for the Department, and will work with the Contractor to provide day-to-day coordination of all project tasks. The PBMS Project Manager will be the primary point-of-contact for the Contractor to the Department.
- 3.5.2.4. **Purchasing Services Section:** Oversees the solicitations for the Department and is the main point of contact for this procurement.
- 3.5.2.5. **Independent Verification and Validation (IV&V) Contractor:** The Department will identify resources to support IV&V services for this Contract.
- 3.5.3. Department Responsibilities
- 3.5.3.1. The Department will oversee Contractor activities as described in Appendix B – PBMS Project Phases Tables and Deliverables as described in Appendix A – PBMS Requirements and Performance Standards Matrix throughout the term of the Contract. The Department will review all Contract Deliverables and provide input into the design and content of each Deliverable. The Department will provide the Contractor with formal approval of each Deliverable, as described in Appendix A – PBMS Requirements and Performance Standards Matrix.
- 3.5.3.2. The Department will act as a liaison between its Contractor(s) and other agencies and stakeholders. The Department will help facilitate communication between the

parties to ensure the COMMIT project has a successful transition and implementation. The Department's COMMIT Project Manager will act as the primary contact point for the Contractor's account manager and will escalate necessary issues and risks to the appropriate Department stakeholders. The Department's COMMIT Project Manager will also coordinate the participation of Department and State stakeholders in Contractor sessions and meetings throughout the Contract term.

- 3.5.3.2.1. The Department will work with the Contractor(s) to secure necessary access for Contractor staff to Department systems, tools, data, and reports required to support the PBMS Scope of Work.
- 3.5.3.2.2. The Department will perform management duties associated with the management goals and general management strategy stated in this section with respect to all Department (or State) duties and all Department-led duties.

SECTION 4.0 CONTRACT GOALS AND STRATEGY

4.1. OVERVIEW

- 4.1.1. This section of the RFP provides a description of the COMMIT project's Contract goals, terms, and scope. It is not intended to be complete and exhaustive.

4.2. CONTRACT GOALS

- 4.2.1. The Department's Contract strategy is reflected throughout this RFP, and was developed to encourage mutually beneficial outcomes. The Department plans to negotiate with the following goals in mind:
- 4.2.1.1. Provide business opportunities that are fair to participants and deliver services and technologies at acceptable and competitive prices within the Department's budget.
 - 4.2.1.2. Foster collaborative, mutually beneficial partnerships. This includes the quick resolution of implementation or operational issues or delays in the project schedule without assigning blame to a person or party that negatively impacts the long-term relationship. In addition, to foster a positive partnership, the Department and contractors will engage in joint team building exercises with management and staff to foster trust and open communication.
 - 4.2.1.3. Discourage contractors from proposing prices and timelines for Design, Development and Implementation (DDI) below what can reasonably be achieved with the intention of making up the difference via the Change Management Process and various other business processes. The Evaluation Committee will determine if the Price Proposal is commensurate with the Technical Proposal and proposed project schedule based on research from recent MMIS and PBMS implementations in other states and pre-defined evaluation criteria.

4.3. CONTRACT TERMS

- 4.3.1. The Department anticipates commencing initial Work under this Contract in **November 2015**. A detailed description of the proposed Contract Stages outlining the phased implementation is described in Section 5.2, Contract Stages. The Department's proposed implementation schedule, which is described later in this section, is moderately flexible, and will be revised as appropriate to align with the Offeror's proposed solution. The anticipated initial term for both DDI and operations of the resulting Contract is five (5) years (November 1, 2015 through October 31, 2020), contingent upon funds being appropriated, budgeted, or otherwise made available, and other contractual requirements being satisfied. The resulting Contract may be renewed for additional increments of one (1) year and up to a total of five (5) additional years (November 1, 2020 through October 31, 2025), at the sole discretion of the Department, contingent upon funds being appropriated, budgeted, or otherwise made available, and other contractual requirements, if applicable, being satisfied. The Department requires the System to successfully achieve CMS Certification as specified in the agreed upon project schedule, as defined and maintained under the Contract.

- 4.3.2. A draft Contract is included as Appendix H – Draft Contract. The terms of the template Contract shall become contractual obligations following award of the Scope of Work. The Offeror affirms its willingness to enter into a Contract containing terms substantially similar to those in Appendix H – Draft Contract by submitting a proposal. The successful Offeror will have an opportunity to negotiate Contract terms, but the Department expects Offerors to redline the Draft Contract in Appendix H – Draft Contract, as part of the proposal submission, with the intent of making Contract negotiations more efficient. The Department will not negotiate Contract terms related to the HIPAA Business Associate Addendum, Colorado Special Provisions, or Paragraph 19P Limitations of Liability.

4.4. CONTRACT SCOPE

- 4.4.1. The general scope of this Contract includes:
- 4.4.1.1. Pharmacy Benefit Management System Support and Operations.
 - 4.4.1.2. Point of Sale.
 - 4.4.1.3. Encounter Claims.
 - 4.4.1.4. State Reimbursement Methodologies.
 - 4.4.1.5. Prospective Drug Utilization Review (Pro-DUR).
 - 4.4.1.6. Pharmacy Prior Authorizations, manual and automated.
 - 4.4.1.7. Drug Rebate System.
 - 4.4.1.8. Maintenance of the Pharmacy Reference Files.
 - 4.4.1.9. Program Integrity System functions and operational Services.
 - 4.4.1.10. Pharmacy Call Center Services.
 - 4.4.1.11. Pharmacy Help Desk Services.
 - 4.4.1.12. General IT functionality and business operations.
 - 4.4.1.13. Scope and duties described in other sections of this RFP.
- 4.4.2. The scope of this Contract does not include:
- 4.4.2.1. Core MMIS and Supporting Services.
 - 4.4.2.2. Core MMIS and Supporting Services Fiscal Agent Operation Services.
 - 4.4.2.3. Medicaid Web Portal.
 - 4.4.2.4. Online Provider Enrollment.
 - 4.4.2.5. Case Management.
 - 4.4.2.6. Electronic Data Interchange (EDI).
 - 4.4.2.7. Electronic Document Management System (EDMS).
 - 4.4.2.8. Medical Provider Call Center with Customer Relationship Management (CRM) Software.

- 4.4.2.9. Medical Provider/Claims Help Desk, including Interactive Voice Response (IVR) software.
- 4.4.2.10. Colorado Registration and Attestation.
- 4.4.2.11. General functionality of other systems or services that currently exist or will interface with the future MMIS.
- 4.4.2.12. Current Statewide Data and Analytics Contractor (SDAC).
- 4.4.2.13. The COMMIT Business Intelligence and Data Management Services (BIDM) RFP.
- 4.4.2.14. Retro-DUR
- 4.4.3. Additional details about current interfaces, system functionality, and system processes can be found in Interfacing Systems Documentation, MMIS System Documentation, and Operations Manual, referenced in Appendix G – PBMS Procurement Library Content List.
- 4.4.4. Following Contract award, a formal Change Management Process will be established to address any requested changes to requirements or scope defined in this RFP. The goal of this process is to address submission, review, and approval or rejection of all changes within realistic and agreed upon time periods that are reflective of the solution for the proposed change.

4.5. FUTURE TECHNICAL AND BUSINESS SERVICES

- 4.5.1. Specifically, the scope of the PBMS includes the following functionality:

Table 4.5.1: Scope of Future Solution

Component	Functionality
Pharmacy Benefit Management System Support and Operations	<ul style="list-style-type: none"> • CMS Drug Rebate File updates • Automated pricing updates from pharmacy pricing vendors • Access to searchable pharmacy and Pharmacy Benefit Plan information • Operations compliance with federal, State, and Department requirements

Component	Functionality
Point of Sale	<ul style="list-style-type: none"> • Electronic (Provider and Client) eligibility verification • Third Party Liability resource data • Prior Authorization • Pro-DUR edits and reporting • National Drug Codes • Higher level groups of National Drug Codes (NDC), (e.g., Generic Code Numbers (GCN), Generic Sequence Number (GSN)) • Drug Rebate (Omnibus Budget Reconciliation Act (OBRA) and Supplemental) • Accounts Receivable distribution • Claims processing • Claims adjustments • Reporting • Pharmacy training and outreach
Encounter Claims	<ul style="list-style-type: none"> • Batch submission of pharmacy claims/encounters that are submitted in an NCPDP format • Batch pharmacy claim adjudication • Single claim/encounter submission as close to real time as possible
State Reimbursement Methodologies	<ul style="list-style-type: none"> • Adjudicate claims/encounters using pricing information from multiple vendors and/or criteria defined by the Department • Multiple dispensing fees that are Configurable
Prospective Drug Utilization Review (Pro-DUR)	<ul style="list-style-type: none"> • Alerts for clinical or program compliance issues associated with a client's prescription (e.g., “refill too soon”, mandatory generic edits, age and dosing limits) • All federally required Pro-DUR reviews. (e.g., drug interactions, therapeutic duplication) • Provider assessment of the current prescription against the claims history of the client and explicit, predetermined standards

Component	Functionality
Pharmacy Prior Authorizations, Manual and Automated	<ul style="list-style-type: none"> • Support services to coordinate, process and track pharmacy PAR data • Approve/deny/suspend pharmacy claims based on pre-defined criteria • Maintain history of all Prior Authorization data • Prior Authorization related documentation
Drug Rebate System	<ul style="list-style-type: none"> • Support quarterly invoicing process (includes federal and supplemental rebates) • Compliance with CMS regulations • Maintenance of drug manufacturer file • Ensure Compliance OBRA '90 • Federal rebate processing • Supplemental rebate processing • Rebate only on rebateable claims and NDC • Reports to the Department related to all rebate functions
Preferred Drug List	<ul style="list-style-type: none"> • Supplemental Rebate contracting • Recommendations regarding drug class inclusion • Review clinical data • Reporting and financial analysis related to PDL functions
Pharmacy Reference Data Management	<ul style="list-style-type: none"> • Drug pricing file • Preferred Drug List (PDL) • National Drug Data File (NDDF) • Pharmacy Reference files • Formulary files • Federal rebate eligible NDCs file

Component	Functionality
Program Integrity System functions and operational Services	<ul style="list-style-type: none"> • Monitor Medical Assistance pharmacy program compliance for medical necessity and appropriateness/quality of care, fraud and abuse, erroneous payments and administrative abuses • Identification of patterns that can lead to improvements in the Colorado Medical Assistance program or the detection and correction of misuse and abuse of the program • Operational support services required for enforcing Program Integrity
Pharmacy Call Center Services	<ul style="list-style-type: none"> • Integration of call center technologies electronic (Provider and Client) eligibility verification • Tracking mechanism for call center operational statistics Prior Authorization • Search Capabilities • Prior Authorization determinations • Clinical evaluation of PARs
Pharmacy Help Desk Services	<ul style="list-style-type: none"> • Support general and technical questions from physicians and pharmacies • Assist with billing issues • Integrated online help and training throughout the system • Software support
General IT functionality and business operations	<ul style="list-style-type: none"> • Support all pharmacy and PBMS-related operations
Scope and Duties Described in Other Sections of This RFP	<ul style="list-style-type: none"> • Drug Data Warehouse maintenance • Provider and client files • TPL file maintenance • Provider inquiry and Provider relations • Provider publications • Client inquiry and client relations

4.6. INTERFACING SYSTEMS AND CONTRACTS

- 4.6.1. The description of interfacing systems, current contracts, and future initiatives in Table 4.6.4 is not intended to imply that the proposed solution be constructed in any specific manner. Offerors are encouraged to propose solutions that offer a more integrated approach to the Colorado Medical Assistance program than exists today.
- 4.6.2. Table 4.6.4 identifies the existing and planned contracts that will interface in some capacity with the PBMS. The Contractor will be receiving information from, or sending information to the systems listed in Table 4.6.4. There may also be other interfaces required in the future with third party contractors (e.g., DUR, Third Party Liability, drug pricing).
- 4.6.3. Existing processes and functionality for systems listed in Table 4.6.4 will remain independent from the PBMS solution, unless specifically outlined below or in Appendix A – PBMS Requirements and Performance Standards Matrix. As such, the PBMS will process data as received and provide output as required based on the System functional specifications. The requirements, terms, and conditions of the contracts referenced in Table 4.6.4 are incorporated by reference only, and are not within the scope of this RFP.
- 4.6.4. The Department has actively pursued opportunities to collaborate with the organization responsible for the Health Information Exchange (HIE) and Health Benefit Exchange (HBE). The State's eligibility system (CBMS) will share data with the HIE. To ensure accurate MMIS eligibility data, the existing interface between MMIS and CBMS will continue and will be expanded to provide additional information sharing and analytical capacity to improve programs and client health outcomes. The Department plans to participate in the upcoming HBE that will support member's insurance eligibility and enrollment activities, and continue collaboration with the HIE throughout the duration of this Contract.

Table 4.6.4 PBMS Interfacing Contracts and Systems

Contract	Description	Contractor	Effective Date	Base Year End Date	Option Year End Date
Core MMIS and Supporting Services	<p>The MMIS component is traditionally referred to as the claims payment engine, and defined as the system used to supply claims payment services the Department.</p> <p>Supporting Services refers to the collection of functions within the MMIS necessary to support the Medical Assistance program. Although this function will remain separate, and will be replaced via a separate procurement, the PBMS will need to interface with the new solution as required.</p>	Xerox (formally ACS State Healthcare, LLC)	June 2007	June 2010	June 2015
DSS (future BIDM)	<p>Business intelligence and performance management software to support research, planning, monitoring, and evaluation of the Medical Assistance programs' operation and performance. Although this function will remain separate, and will be replaced via a separate procurement, the PBMS will need to interface with it as required and more fully described in the 7.22 below.</p>	Xerox (formally ACS State Healthcare, LLC)	June 2007	June 2010	June 2015

- 4.6.5. The Department's enterprise capabilities and associated business services do not currently provide the level of enterprise integration required to achieve the Department's goals for "To Be" MITA maturity levels. To improve the enterprise integration between contracts, programs, and applications the Department expects that the Contractor shall significantly improve the Department's capabilities by integrating and/or interfacing with the services in Table 4.6.4 with the proposed solution to the greatest practical extent.
- 4.6.6. Additional information about existing interfaces can be found in Appendix G – PBMS Procurement Library Content List.

SECTION 5.0 MANAGEMENT AND ORGANIZATION

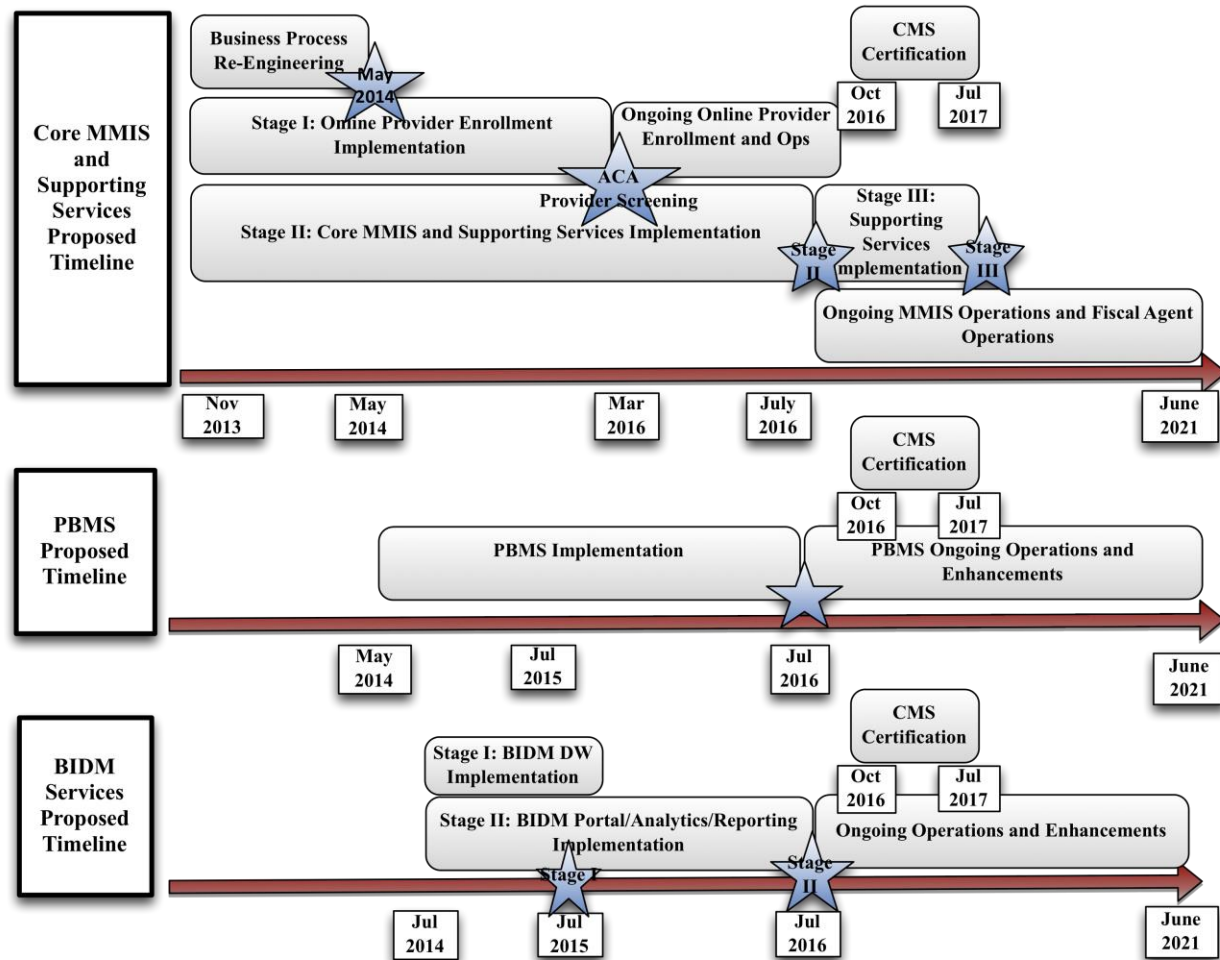
5.1. OVERVIEW

- 5.1.1. The COMMIT project has been divided into Contract Stages and Project Phases. For ease of navigation through these terms, the following clarification is provided. Contract Stages refer to distinct categories that will assist in Contract management activities. These Contract Stages relate to the initial implementation and lead to the ongoing operation and maintenance of all procured solutions. Project Phases refer to the steps involved in working in tandem with the Department to follow the System implementation lifecycle into the Operations and Maintenance Phase.

5.2. CONTRACT STAGES

- 5.2.1. The Department has established Contract Stages based on the procurement strategy for the COMMIT project. The Contract Stages are described in Sections 5.2.5 and 5.2.7. Specific details regarding the Contractor duties and Deliverables shall be thoroughly addressed in Appendix D – PBMS Offeror’s Response Worksheet. Proposed Project Phases are described in Section 5.3, and are not necessarily exclusive to a single Contract Stage; some Project Phases will occur in different Contract Stages, and most Project Phases will likely overlap. The Contract Stages are defined by the tasks performed and Deliverables completed rather than by a sequential timeline. During the Initiation and Planning Project Phase, the Contractor and the Department will establish and document entrance and exit criteria for each Contract Stage. Figure 5.2.3 represents a visual overview of how the Department envisions integration of the Contract Stages within the proposed implementation timeline. However, the Department expects Offerors to propose how the Contract Stages will integrate with their proposed implementation schedule that best aligns with their proposed solution.
- 5.2.2. Proposed Contract Stages may occur concurrently, and may overlap in order to meet prioritized implementation Milestones.
- 5.2.3. The Department has provided staffing data for available resources throughout the term of the Contract. The Department will notify the Contractor as early as possible regarding any Department resource constraints that may impact proposed Deliverables and/or the timeline for the PBMS Implementation. Offerors shall reference the organizational charts in Appendix G – PBMS Procurement Library Content List for Department organization structure and staffing data.

Figure 5.2.3: COMMIT Contract Stages and Implementation Timeline



5.2.4. Procurement Activities

5.2.4.1. The procurement activities include RFP development, RFP release, RFP evaluation, Contract award, and Contract negotiation. Procurement activities are currently in progress, and are not included in Figure 5.2.3. The Department is targeting completion of procurement activities related to this RFP during the third quarter calendar year (CY) of 2015.

5.2.5. PBMS Implementation Contract Stage:

- 5.2.5.1. Replace the existing PBMS functionality via a successful DDI.
- 5.2.5.2. Complete all activities associated with the integration of the PBMS with the Core MMIS and Supporting Services functionality.
- 5.2.5.3. Implement activities associated with performing PBMS functions; operating and maintaining the PBMS; and performing upgrades as required.

- 5.2.5.4. The Contractor should be prepared to integrate the PBMS implementation schedule with the Core MMIS and Supporting Services implementation schedule.
- 5.2.5.5. The PBMS Implementation Contract Stage goals include:
 - 5.2.5.5.1. Limited disruption in program services, to the greatest practical extent.
 - 5.2.5.5.2. Improve the Department's understanding of the Contractor's baseline solution by providing overview training to the appropriate Department personnel.
- 5.2.5.6. **The PBMS Implementation Contract Stage is expected to start on November 1, 2015 and must conclude by October 31, 2016.** Since the PBMS Implementation Contract Stage is limited to twelve (12) months to meet the PBMS Ongoing Operations and Enhancements Contract Stage start date of November 1, 2016, the Offeror may need to propose a system that is currently being utilized and/or has been utilized for claims and drug rebate processing by a state Medicaid agency to complete the PBMS Implementation Contract Stage within the defined time period.
- 5.2.6. CMS Certification
 - 5.2.6.1. The Department realizes that both CMS and Core MMIS and Supporting Services dependencies may impact certification activities associated with the PBMS CMS Certification schedule. CMS Certification will be independent of the Contract Stages. Some CMS Certification planning activities shall begin prior to completion of the PBMS Implementation Contract Stage, with the remaining CMS Certification activities occurring during the PBMS Ongoing Operations and Enhancements Contract Stage.
 - 5.2.6.2. It is the Contractor's responsibility to make sure that the data, processes, and documentation required for the CMS Certification process are provided to CMS in a timely manner.
 - 5.2.6.3. The CMS Certification price shall be distributed across the PBMS Ongoing Operations and Enhancements Contract Stage SFY Price Schedule, as determined by the Offeror.
 - 5.2.6.4. CMS Certification goals include:
 - 5.2.6.4.1. Plan PBMS Certification activities and coordinate timeline with CMS and the Core MMIS and Supporting Services Contractor to maximize efficiencies and limit risks, where practical.
 - 5.2.6.4.2. Inventory, prioritize, and plan for activities required to achieve CMS Certification.
 - 5.2.6.4.3. Achieve CMS Certification on the first attempt, retroactive to the first day of PBMS operations, as specified in the agreed upon project schedule defined and maintained under this Contract. The Department realizes that CMS Certification for the PBMS is ultimately dependent on the Core MMIS and Supporting Services CMS Certification, as well as CMS requirements regarding the number of months a system must be operational prior to CMS Certification eligibility.

5.2.7. PBMS Ongoing Operations and Enhancements Contract Stage

- 5.2.7.1. The PBMS Ongoing Operations and Enhancements Contract Stage shall begin upon completion of the PBMS Implementation Contract Stage, and continue throughout the remainder of the Contract. This Contract Stage will be heavily focused on providing excellent operations services and improving MITA maturity levels and will include functionality to meet the Department's future processing capabilities.
- 5.2.7.2. The intent of the PBMS Ongoing Operations and Enhancements Contract Stage is to improve the implemented solution with Enhancements that will address the various business processes, improve enterprise integration, and focus on integration with data analytics tools to improve the management of patient outcomes.
- 5.2.7.3. The PBMS Ongoing Operations and Enhancements Contract Stage goals include:
 - 5.2.7.3.1. Performing all duties under PBMS Operations, including claims processing and pharmacy provider support, while meeting all performance standards.
 - 5.2.7.3.2. Enhance the PBMS software to improve performance, incorporate greater flexibility, create efficiencies, or automate processes to increase MITA maturity levels. Upgrades and enhancements will be deployed on a scheduled basis.
 - 5.2.7.3.3. Review, prioritization, and implementation of Enhancements related to requirements identified via the Change Management Process will be performed during this Contract Stage. This includes Configuration and Customization changes (as authorized by the Department) identified to address new requirements for activities performed, or System functionality that are not considered part of the Contractor's Technical Proposal.
 - 5.2.7.3.4. System changes will be deployed on a scheduled, periodic basis with the exception of high priority changes that cannot wait until the next scheduled deployment date.
 - 5.2.7.3.5. Produce monthly reports of System changes that have been completed in the current month, including a twelve (12) month projection of projects and expected cost that will be implemented each month thereafter.
 - 5.2.7.3.6. Deploy routine changes to business rules and refinements of workflows. The effort associated with these changes shall be minimal enough as not to disrupt normal PBMS operations or the maintenance effort itself.
 - 5.2.7.3.7. Implement software changes to comply with regulatory and legislative changes with specific implementation dates.
- 5.2.7.4. The PBMS Ongoing Operations and Enhancements Contract Stage shall start on **November 1, 2016.**

5.3. COMMIT PROJECT PHASES

- 5.3.1. This section identifies the various COMMIT proposed Project Phases within the Contract Stages that may apply to the Contract term.

- 5.3.1.1. Based on previous experience, the Department has proposed twelve (12) Project Phases that may apply throughout the duration of the PBMS Contract. The proposed Project Phases are not necessarily sequential, and may overlap.
- 5.3.1.2. Some testing activities will occur during the Testing Phase, as well as during Operations and Maintenance Phase.
- 5.3.1.3. Offerors are encouraged to propose an alternative System Development Life Cycle (SDLC) and associated Deliverables, based on their own methodology. Outcomes for the proposed Project Phases and Deliverables should be consistent with the Project Phase requirements outlined by the Department.
- 5.3.1.4. As directed in Appendix D – PBMS Offeror’s Response Worksheet, Offerors shall identify Quarterly Milestones that demonstrate progress towards functionality and/or System components that are connected to the Offeror’s SDLC and proposed implementation timeline. These Quarterly Milestones shall progressively lead to tangible functionality, and are intended to ensure that required DDI activities during the PBMS Implementation Contract Stage are on schedule and developed to Department specifications. The Quarterly Milestones will be linked to specific liquidated damages if the Quarterly Milestone is not achieved successfully by the Contractor (see Section 10.4 of this PBMS RFP Body).
 - 5.3.1.4.1. The Offerors shall propose at least one (1) Quarterly Milestone per quarter during the PBMS Implementation Contract Stage in their response to this RFP. The Department and successful Offeror shall finalize the Quarterly Milestones, review schedule, and acceptance criteria during final Contract negotiations.
 - 5.3.1.4.2. The Quarterly Milestones do not need to be connected directly to any Project Phase, but are instead provided to executive leadership within the Department, State (e.g., Governor’s Office, Colorado General Assembly), and CMS to verify that appropriate progress under the Contract during the PBMS Implementation Contract Stage is being made.
 - 5.3.1.4.3. Quarterly Milestones shall be established as specific Deliverables or achievements that can unambiguously measure the Contractor’s progress for executive leadership who are not involved in the day-to-day DDI activities.
 - 5.3.1.4.4. Quarterly Milestones shall be effective from **November 1, 2015** through the end of the PBMS Implementation Contract Stage on **October 31, 2016**. The first Quarterly Milestone(s) shall be delivered on January 31, 2016 to demonstrate the Contractor’s progress from November 1, 2015 to January 31, 2016, the second Quarterly Milestone(s) shall be delivered on April 30, 2016 to demonstrate the Contractor’s progress from February 1, 2016 to April 30, 2016, and so on.
 - 5.3.1.4.5. Offerors shall propose a reasonable reporting schedule for the Quarterly Milestones, such that the reporting on the Deliverable may occur within five (5) to ten (10) business days following the end of the quarter, as reporting on a Deliverable that is due the same day is unreasonable (e.g., a Quarterly Milestone delivered on January 31, 2015 may be reported by the Contractor to the Department on February 13, 2015).

- 5.3.1.4.6. The Quarterly Milestones and reporting schedule shall be established through the Communication Management Plan, as described in Appendix A – PBMS Requirements and Performance Standards Matrix.
- 5.3.1.5. Each Project Phase and Quarterly Milestones shall be completed as proposed by the Offeror in response to Appendix D – PBMS Offeror’s Response Worksheet.
- 5.3.2. The Department proposed Project Phases are defined below:
 - 5.3.2.1. Initiation and Planning Phase: The Initiation and Planning Phase includes the Department’s and Contractor’s initial project planning and set up activities. This includes activities to promote project planning, bi-directional knowledge transfer, improving the Contractor’s understanding of the Colorado Medical Assistance program via familiarization activities, communication, and team-building activities to develop a collaborative working relationship between the Department and Contractor. The Contractor shall work with the Department to establish key project planning documents and Deliverables, including the Work Breakdown Schedule, Risk Management Plan, Communication Management Plan, Change Management Plan, and Resource Management Plan as detailed in Appendix A – PBMS Requirements and Performance Standards Matrix.
 - 5.3.2.2. Discovery and Requirements Validation/Requirements Elicitation Phase: In this Project Phase, the Contractor shall work with Department personnel to validate and further define the System architecture and requirements, and reconcile them against Contractor-proposed solutions. The primary Deliverables produced during this Project Phase are the Requirements Specification Document (RSD) and a Requirements Traceability Matrix (RTM), as detailed in Appendix A – PBMS Requirements and Performance Standards Matrix, to ensure requirements are adequately tracked and managed.
 - 5.3.2.3. Design and Definition Phase: This Project Phase includes the development (for functionality not proposed as a COTS product) and validation of design specifications or product documentation for System screens, reports, data, interfaces, and business rules that conform to requirements that were validated during the Discovery and Requirements Validation/Requirements Elicitation Phase.
 - 5.3.2.4. Development Phase: The Contractor shall develop the pieces of the System in this Project Phase if they are not part of the COTS product being Configured. The Contractor shall utilize development tools and established methodologies for maintaining control of the process and ensuring that the System components and architecture conforms to the requirements as documented in the prior Project Phases. The Development Phase shall include unit testing to verify that each basic component of the System is developed correctly in accordance with the design specifications.
 - 5.3.2.5. Data Conversion Phase: The Contractor shall work with Department staff to convert data contained in Legacy System to the PBMS according to the agreed upon Data Conversion Plan described in Appendix A – PBMS Requirements and Performance Standards Matrix. The Contractor shall plan, test, and manage the data conversion

process. The Department will provide the Contractor with the appropriate access to external systems and Department staff necessary to fully execute the Data Conversion Plan. The Contractor will receive up to six (6) years of data from the Department's Decision Support System. The Contractor shall retain claims adjudication data for up to six (6) years. The Contractor will receive up to three (3) years of rebate invoice and collection data.

- 5.3.2.6. Testing Phase: The Contractor shall test the replacement of the System software and hardware for compliance with defined requirements. The Contractor shall ensure that all testing activities, as described in Appendix B – PBMS Project Phases Tables, are executed and that each System component meets or exceeds all of the functional, technical, security, and performance requirements prior to implementing the PBMS. The Department requires formal user acceptance testing (UAT). Offerors shall specifically address UAT within their proposal responses, as directed in Appendix D – PBMS Offeror's Response Worksheet. Department testers will be responsible for conducting UAT and signing off on the System functionality prior to it being released into production. Parallel testing activities in this Project Phase specifically relate to System functionality, and will be independent of parallel testing activities that will occur within the PBMS Operations scope. The Contractor may also propose additional tests that may maximize performance and/or operational readiness. All testing will be deemed complete only when written Department acceptance is obtained.
- 5.3.2.7. Organizational Readiness and Training Phase: The Contractor shall train Department staff and any affected Department contractors in System functionality and business processes required for successful implementation. Authorized users shall be proficient in using the System in order to ensure effective and efficient business operations.
- 5.3.2.8. Implementation and Rollout Phase: The Contractor shall deploy the System in compliance with the agreed upon implementation approach. The Contractor shall manage the end-to-end implementation and establish a clear plan, project guidelines, implementation approach, and governance structure. The Contractor shall also help develop and manage the rollout plan, which shall include detailed planning and roadmaps for all releases. This includes the development of release management processes for technology stacks, databases, and infrastructure. This Project Phase will be considered complete when the Department accepts the System as operational based on predefined acceptance criteria.
- 5.3.2.9. Operations and Maintenance Phase: The Contractor shall conduct all activities applicable to the Operations and Maintenance Project Phase for the minimum base Contract. During this Project Phase, there shall be a Warranty Period, effective during the first year of the PBMS Ongoing Operations and Enhancements Contract Stage, which shall begin on the day on which the System becomes operational and will terminate 365 calendar days later. The Warranty Period covers the agreed upon functionality and the Contractor shall be responsible to correct all Defects in order to allow the System to operate according to Department specifications. The Contractor does not necessarily need to correct all Defects during the Warranty Period, but all Defects identified by the Department or Contractor during the

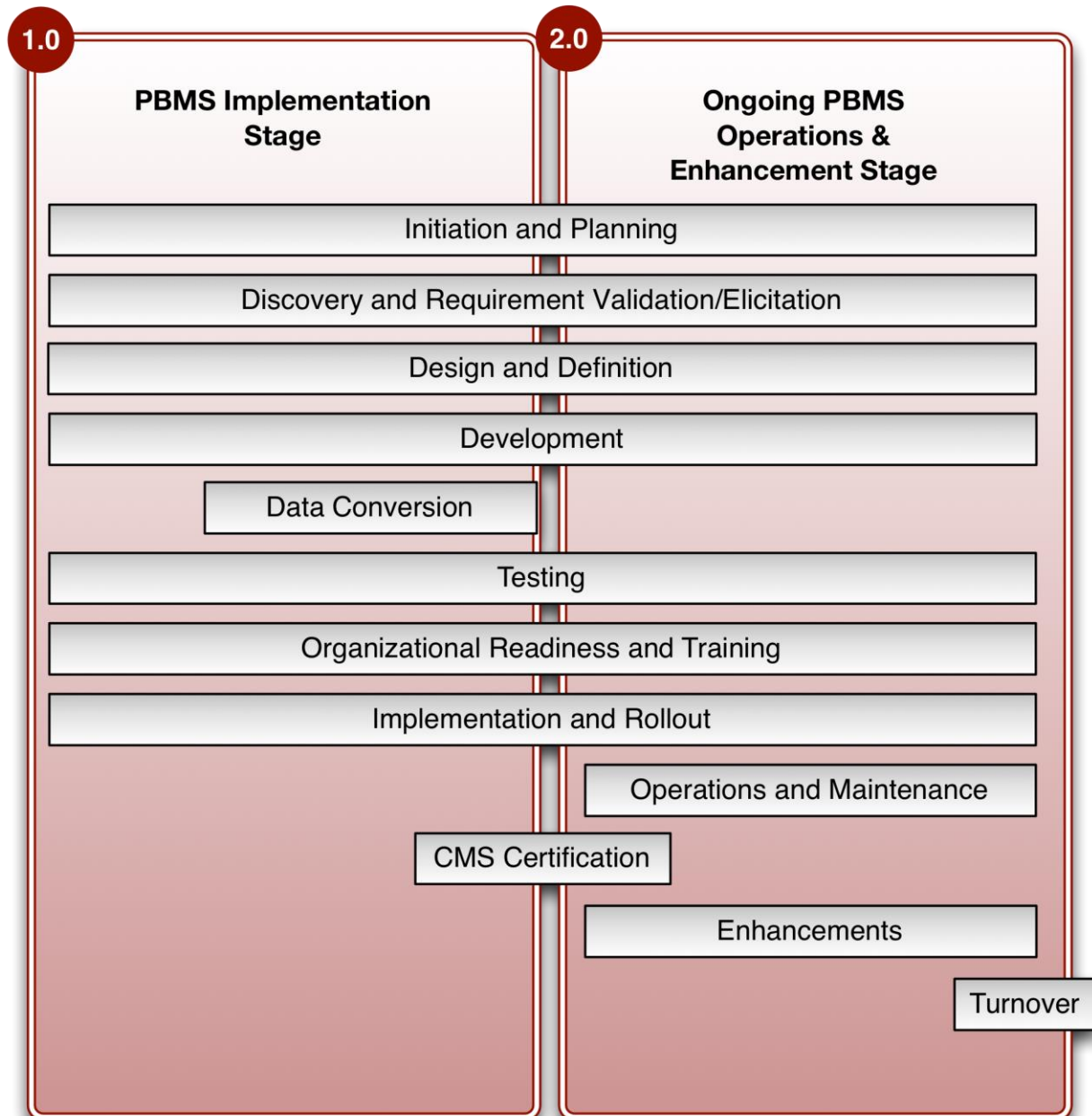
Warranty Period shall be corrected by the Contractor at its expense and at no additional cost to the Department, as agreed upon through the Change Management Process. The Contractor will maintain routine System performance and PBMS Operations while correcting the Defects.

- 5.3.2.10. CMS Certification Phase: This Project Phase includes the Contractor's support of the CMS Certification process, which includes preparing for and demonstrating that CMS Certification standards are met. The Contractor shall ensure that the PBMS will meet CMS Certification approval for the maximum allowable Federal Financial Participation (FFP) and achieve CMS Certification.
- 5.3.2.11. Enhancements Phase: The Contractor shall work with the Department to identify, prioritize, plan, define, develop, test, and implement changes or enhancements to the base release. The Department and Contractor will agree to Enhancements through the Change Management Process. Enhancements are defined as changes to the System functionality outside of the contracted scope, and shall require a Change Request, as defined in the Change Management Plan in Appendix A – PBMS Requirements and Performance Standards Matrix.
- 5.3.2.12. Turnover Phase: The Contractor may be required to transition operations of the System, at no additional cost to the Department or a new contractor, at the end of the Contract term. The primary activities in this Project Phase are focused on transition planning to ensure operational readiness for the Department and/or new contractor. This includes both a knowledge transfer period, and actual System turnover to the Department and/or new contractor. The Department shall sign-off on each defined Milestone to ensure that all Deliverables and exit criteria are fully executed based on agreed upon Contract terms. The Department will act as the Contractor's liaison to ensure participation from all parties during the Turnover Phase.

5.4. PROJECT PHASES INTEGRATION WITH CONTRACT STAGES

5.4.1. Figure 5.4.1 represents the relationship between the proposed Project Phases and Contract Stages.

Figure 5.4.1: Contract Stages with Project Phases



5.5. PBMS OPERATIONS

- 5.5.1. The Contractor shall be responsible for operating a federally certifiable System and providing services that meet or exceed all federal, State, and Department requirements included in this RFP for a minimum of the base Contract years. PBMS Operations tasks are grouped into the following service categories:
- 5.5.2. Operations: The Contractor shall be responsible for operating and maintaining the following systems:
 - 5.5.2.1. PBMS
 - 5.5.2.2. Drug Rebate System.
 - 5.5.2.3. Pharmacy Provider Call Center and Help Desk, including Interactive Voice Response (IVR) software.
 - 5.5.2.4. Pharmacy Reference Files Maintenance.
 - 5.5.2.5. Pharmacy Prior Authorization Services.
- 5.5.3. Claims Processing: Support of the Department's pharmacy claims receipt, entry, and reporting processes and the use of industry standard and Department-specific claim forms.
- 5.5.4. Provider Support: Support services for the Colorado Medical Assistance pharmacy Provider community, including communication on Medical Assistance program, training, and provider management services for pharmacy Providers.
- 5.5.5. The Contractor will assume all PBMS Operations responsibilities and services as defined for the Contract in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.0.
- 5.5.6. Transition activities from the incumbent Fiscal Agent PBMS-related operational activities to the Contractor will start during the Testing Project Phase, and continue throughout the remaining Project Phases described in Section 5.3.
- 5.5.7. Key activities that will occur during the transition are described in Sections 5.5.7.1 through 5.5.7.5.
 - 5.5.7.1. Operations Transition Planning: The Contractor shall lead the transition planning effort on behalf of the Department. Transition planning shall begin at the start of the Testing Project Phase and continue through the Implementation and Rollout Project Phase. The Contractor shall plan and facilitate discussions among stakeholders in the transition including the Department and the incumbent Fiscal Agent to make certain that all relevant activities and Milestones are captured in the Transition Plan. The Contractor shall be responsible for development of the Transition Plan, consolidation of relevant sections of the incumbent Fiscal Agent's Turnover Plan into the Contractor's Transition Plan, and maintenance of the consolidated Transition Plan, as detailed in Appendix A – PBMS Requirements and Performance Standards Matrix.

- 5.5.7.2. Operations Parallel Testing: The Contractor shall demonstrate that the System is fully ready for operations. During PBMS Operations Parallel Testing, the Contractor will utilize input files from the incumbent Fiscal Agent's claims processing activities and compare the output results to determine data integrity of the System. The Contractor shall be responsible for running prior cycles of standardized reports from the System to compare to reports from the Legacy System.
- 5.5.7.3. Operational Readiness: The Contractor shall perform specific implementation and PBMS operations functions to ensure operational readiness. In preparation for operations, the Contractor will perform final file conversions, recruit, and train operations staff, and conduct any necessary provider and Department staff training.
- 5.5.7.4. Operations Implementation and Start of Operations: The Contractor shall be responsible for ensuring a successful implementation of the System and PBMS Operations that minimizes, to the greatest practical extent, negative impact on the Department and its authorized users.
- 5.5.7.5. PBMS Operations: The Contractor shall be expected to meet the responsibilities, Milestones, Deliverables, and performance expectations included in this RFP to ensure the successful implementation of the System with minimal disruption to clients, providers, and Department staff. The Department will work with the Contractor to establish a specific date in which the Contractor will be responsible for processing claims. Any changes to requirements subsequent to the RFP release will be handled via the Change Management Process.

5.6. CONTRACT PERFORMANCE STANDARDS AND QUALITY MAINTENANCE PAYMENTS

- 5.6.1. Performance Standards have been outlined for several requirements listed within Appendix A – PBMS Requirements and Performance Standards Matrix. The Department expects the Contractor to meet or exceed the Performance Standards during the term of the Contract.
- 5.6.2. Some of the Performance Standards will be linked to Quality Maintenance Payments under the Contract. The Contractor shall receive a Quality Maintenance Payment following the successful completion of the Contract Requirement and by meeting the established Performance Standard associated with that specific Contract Requirement.
 - 5.6.2.1. Quality Maintenance Payments do not provide the Contractor any additional reimbursement. Instead, the Contractor shall maintain the Performance Standards established under the Contract to receive the entire payment amount under the Contract.
 - 5.6.2.2. The Department and successful Offeror will establish Quality Maintenance Payments, where specified, during Contract negotiations based on the Performance Standards detailed in the Appendix A – PBMS Requirements and Performance Standards Matrix and the successful Offeror's proposal.

- 5.6.3. The Offeror's proposal shall propose the structure of the Quality Maintenance Payments, including the payment amount associated with each Performance Standard within the following guidelines:
- 5.6.3.1. Upon completion of the PBMS Implementation Contract Stage, the Department will pay a Quality Maintenance Payment equal to seven percent (7%) of the total price of the Contract Stage. Completion of the PBMS Implementation Contract Stage is the only Quality Maintenance Payment that shall be established for the PBMS Implementation Contract Stage.
- 5.6.3.2. A Quality Maintenance Payment equal to three percent (3%) of the Total Contract price for the PBMS Implementation Contract Stage will be paid upon completion of the CMS Certification Project Phase, when PBMS CMS Certification is received and complete.
- 5.6.3.2.1. Using the Quality Maintenance Payment Sample provided in Figure 5.6.3.3, the Quality Maintenance Payment for completion of the CMS Certification Project Phase.
- 5.6.3.3. Figure 5.6.3.3 provides an example calculation for reference for the Quality Maintenance Payment for the PBMS Implementation Contract Stage and completion of the CMS Certification Project Phase.

Figure 5.6.3.3: Quality Maintenance Payment Example

Contract Stage	A License Price	B Total Stage Price	C Quality Maintenance Payment Amount = (B x 7%)	D Quality Maintenance Payment for CMS Certification Project Phase = (B x 3%)	E Total of Fixed Monthly Payments = (B-A-C-D)
PBMS Implementation Stage	\$50K	\$8.0M	\$560K	\$240K	\$7.2M

- 5.6.3.3.1. Step 1: Offerors estimate Licenses Price for the Contract Stage based on their proposal and internal pricing processes.
- 5.6.3.3.2. Step 2: Offerors estimate Total Stage Price for the Contract Stage based on their proposal and internal pricing processes.

- 5.6.3.3.3. Step 3: Offerors calculate the Quality Maintenance Payment Amount for the Contract Stage using the formula: Total Stage Price x 7%.
- 5.6.3.3.4. Step 4: Offerors calculate the CMS Certification Quality Maintenance Payment based on three percent (3%) of the Total Stage Price for PBMS Implementation Stage using the formula: Total Stage Price x 3%.
- 5.6.3.3.5. Step 5: Offerors calculate Fixed Monthly Payments using the formula: Total Stage Price – Licenses Price – Quality Maintenance Payment Amount – CMS Certification Quality Maintenance Payment
- 5.6.3.4. To ensure that the Contractor works assertively with the Department, other contractors, and CMS to achieve implementation and CMS Certification, Quality Maintenance Payments in the PBMS Implementation Contract Stage and CMS Certification Project Phase will not be paid to the Contractor until the Contract Stage or CMS Certification Project Phase is determined complete by the Department, even if the Contract Stage or CMS Certification Project Phase cannot be determined complete for any reason, including those beyond the Contractor's control. If the Contractor believes that the Quality Maintenance Payment for the PBMS Implementation Contract Stage (excluding the CMS Certification Project Phase) should be paid to the Contractor and the payment is not being made due to reasons outside of the Contractor's control, the Contractor can use the Dispute Process described in Section 10.5 to resolve the issue and receive the Quality Maintenance Payment or a portion of the Quality Maintenance Payment prior to the Department determining that the PBMS Implementation Contract Stage has been completed. The Dispute Process related to the non-payment of a Quality Maintenance Payment shall not begin until at least sixty (60) business days have passed from when the Contractor has notified the Department in writing that the Contractor believes the delay in paying the Quality Maintenance Payment is because of circumstances beyond the Contractor's control.
- 5.6.3.4.1. The Contractor cannot use the Dispute Process to receive the Quality Maintenance Payment for the CMS Certification Project Phase prior to the Department officially receiving CMS certification of the System, no matter the reason for the delay in the payment.
- 5.6.3.5. Five percent (5%) of the total price for PBMS Ongoing Operations and Enhancements Contract Stage on a State Fiscal Year (SFY) basis will be paid as Quality Maintenance Payments. Offerors are expected to propose Performance Standards, Service-level, and Operational-level agreements that will tie to Quality Maintenance Payments that add up to the full five percent (5%).
- 5.6.4. The Offeror may propose that the Quality Maintenance Payments be paid on a Performance Standard that is measured on an annual, semi-annual, monthly, or quarterly basis, and not all Performance Standards need to be measured on the same time period (i.e., some Performance Standards may be measured on a monthly basis, while others on a quarterly and semi-annual basis). In addition, Performance Standards may be calculated mathematically as an average or moving average across periods as long as the Offeror proposes a structure that maintains that Quality Maintenance

Payments are five percent (5%) of the total price for PBMS Ongoing Operations and Enhancements Contract Stage on a SFY basis.

- 5.6.4.1. A Performance Standard that occurred (or measures performance) in June 2017 or 4th Quarter of SFY 2016-17 may actually be paid in July 2017 or the 1st Quarter of SFY 2017-18, but will be priced in the PBMS Ongoing Operations and Enhancements Contract Stage for SFY 2016-17 pricing schedule.
- 5.6.5. At minimum, Offerors are required to propose Quality Maintenance Payments for the following Contract requirements within the PBMS Ongoing Operations and Enhancements Contract Stage:
 - 5.6.5.1. A staff retention Performance Standard that aligns with the Offeror's corporate staff retention strategy and goals, and is also focused on retaining both knowledge and quality, and productive PBMSs and Operations staff.
 - 5.6.5.2. Appendix A – PBMS Requirements and Performance Standards Matrix Requirement 2022: Provide a Business Continuity and Disaster Recovery Plan and Adhere to the Implementation of the Plan as Necessary. Performance Standards are as follows:
 - 5.6.5.2.1. Mission critical services (priority 1) will not be interrupted. Core services that shall be maintained with limited service disruption (priority 2) and shall be recovered within eight (8) hours. Systems and data where service disruption will cause serious injury to government operations, staff, or citizens (priority 3) shall be recovered within forty-eight (48) hours. Systems and data required for moderately critical agency services and IT functions where damage to government operations, staff, and citizens would be significant but not serious (priority 4) shall be recovered within five (5) business days. Systems and data required for less critical support systems (priority 5) shall have a recovery timeframe mutually agreed upon by the Department and Contractor(s). The alternative site shall be fully operational within five (5) business days of the primary business becoming unsafe or inoperable. The call center shall be fully operational within twenty-four (24) hours.
 - 5.6.5.3. Appendix A – Requirements and Performance Standards Matrix requirement 2554: Maintain and staff a provider communications/relations function including, but not limited to, toll-free telephone lines, e-mail communications, webinar communication, and toll-free fax communication. Provide a message informing provider about hold/wait time. Performance Standards are as follows:
 - 5.6.5.3.1. Colorado specific staff shall be available from 8:00 a.m. to 5:00 p.m. Mountain Time, Monday through Friday in accordance with the Department Holiday Schedule. For all other times, contractor help desk resources, including an on call clinical pharmacist, may be shared with other clients. The Clinical Key Personnel are available during stated business hours.
 - 5.6.5.3.2. Maintain a sufficient number of telephone lines, technology, and personnel so that at least ninety-five percent (95%) of all calls are answered/queued within fifteen (15) seconds, and no more than five percent (5%) of answered calls are on hold for more than one (1) minute.

- 5.6.5.4. Appendix A – PBMS Requirements and Performance Standards Matrix requirement 2398: Capture, store and maintain data necessary to: Correctly adjudicate pharmacy claims/encounters; Perform online pharmacy claim/encounter corrections; Maintain and perform edits and audits; Allow online pharmacy claims/encounters adjustments; Allow online access to pharmacy claims/encounters history; Correctly price all pharmacy claims/encounters at the detail service line and header level; Allow online access to suspended pharmacy claims/encounters; Provide and allow online access to pharmacy claims/encounters adjudication and status reporting; and Maintain pharmacy claims/encounters history. Performance Standards are as follows:
- 5.6.5.4.1. For pharmacy claims submitted electronically by the provider:
- 5.6.5.4.1.1. All Point of Sale Claims shall be adjudicated for payment or denial within a maximum of five (5) seconds of receipt.
- 5.6.5.4.2. For claims submitted on paper by the provider:
- 5.6.5.4.2.1. All paper claims shall be direct data entered and adjudicated by the Contractor accurately within seventy-two (72) hours upon receipt.
- 5.6.5.5. Offeror's may propose additional Quality Maintenance Payments (in addition to those listed in Section 5.6.5) related to additional Performance Standards created by the Offeror as long as the total Quality Maintenance Payments in the Offeror's proposal equals five percent (5%) of the total price for PBMS Ongoing Operations and Enhancements Contract Stage on a SFY basis.
- 5.6.5.6. All proposed Quality Maintenance Payments shall be determined by metrics that are measurable on a monthly, quarterly, semiannual, or annual basis.
- 5.6.5.7. All proposed Quality Maintenance Payments shall be determined by metrics that are within the complete control of the Offeror and not contingent upon actions by the Department, other Department contractors, or others not under the direct control of the Offeror.
- 5.6.5.8. The completion of time specified Deliverables or other Contract documents (i.e., delivery on an annual business plan by a specified date) shall not be eligible for Quality Maintenance Payments.

5.7. LOCATION OF CONTRACT FUNCTIONS AND PERSONNEL

- 5.7.1. The Department does not require DDI activities to be performed within Colorado, or by staff located in Colorado. However, a local site with facilities within one (1) mile of the Department shall be provided for collaboration, project planning, and other DDI activities as needed will be required for all Contract Stages. Such facilities could include a sublet from the MMIS Contractor. If DDI Work is performed outside of Colorado, the DDI Manager is not required to reside locally. However, if DDI Work is performed locally, the DDI Manager must reside at the Contractor's facility.
- 5.7.2. The Department does require that the Account Manager and Systems Manager for the PBMS Operations and other activities be performed locally (within one (1) mile of the Department).

- 5.7.3. Provider Call Center and Help Desk functions can be performed outside of the local office.
- 5.7.4. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 5.7. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.
- 5.7.5. The Contractor may not perform Work related to this Contract outside of the United States and its territories. All business operations services shall also be performed in the United States or its territories. At no time shall the Contractor maintain, use, transmit, or cause to be transmitted information governed by privacy laws and regulations outside the United States and its territories.

SECTION 6.0 CONTRACT PERSONNEL AND SPECIFIED JOB DUTIES

6.1. OVERVIEW

- 6.1.1. The Department expects the Contractor to meet personnel expectations by developing and maintaining appropriate staffing levels throughout the term of the Contract and adjusting its resources, as necessary, to maintain the required level of service. However, the Contractor may provide a staffing model with Key Personnel who will perform more than one of the specified job duties specified in this section, except for the Pharmacy Services Account Manager, Pharmacy Systems Manager, and Pharmacy Call Center Manager.
- 6.1.2. The Department has identified a list of key job duties that are required throughout the various Project Phases over the Contract term. These job duties shall be performed by Key Personnel, but can be shared amongst Key Personnel roles (i.e., does not necessarily require separate people) where practical and allowed. The Pharmacy Services Account Manager, Pharmacy Systems Manager, and Pharmacy Call Center Manager job duties are dedicated to the COMMIT project full-time, and cannot be shared by the same Key Personnel. The Contractor shall provide qualified staff to perform the activities required in this RFP and further described in Appendix A – PBMS Requirements and Performance Standards Matrix.
- 6.1.3. The Key Personnel required to perform the job duties of this Contract are listed by proposed Contract Stage in Table 6.1.3.

Table 6.1.3 Key Personnel by Proposed Contract Stage

Key Personnel	Stage I: PBMS Implementation Contract Stage	PBMS Ongoing Operations and Enhancements Contract Stage
Pharmacy Services Account Manager (must be local)	X	X
DDI Manager	X	
Clinical Services Manager	X	X
Pharmacy Systems Manager (must be local)		X
Pharmacy Call Center Manager	X	X
Pharmacist		X
Rebate Manager	X	X

6.1.4. Other Key Personnel shall be identified in the Offeror’s proposal indicating the Contractor’s commitment to team stability. As commitment and continuity are important factors in success of the Contract, the Department will consider assignment of highly qualified Key Personnel to any additional positions as a commitment to reduce risk under the Contract. The proposed staffing plan should be focused on retaining both quality staff and knowledge.

6.1.5. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 6.0. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

6.2. PERSONNEL AVAILABILITY AND REPLACEMENT

6.2.1. The Contractor shall provide a Resource Management Plan that includes its approach for maintaining appropriate staffing levels throughout the term of the Contract and adjusting its resources as necessary to maintain the required level of service. Any updates shall be maintained as described in Section 7.2 of this PBMS RFP Body and Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.2.

SECTION 7.0 CONTRACTOR’S GENERAL REQUIREMENTS

7.1. OVERVIEW

- 7.1.1. This section outlines the global requirements for the Contractor Statement of Work. Requirement subgroups that are described within this section include:
- 7.1.1.1. Project management and reporting requirements.
 - 7.1.1.2. Contractor Responsibility Requirements.
 - 7.1.1.3. Deliverable requirements.
 - 7.1.1.4. Training requirements.
 - 7.1.1.5. Security and confidentiality requirements.
 - 7.1.1.6. Audit requirements.
 - 7.1.1.7. Compliance with federal standards requirements.
 - 7.1.1.8. Disaster recovery and business continuity requirements.
 - 7.1.1.9. Data retention requirements.
 - 7.1.1.10. Technical requirements.
 - 7.1.1.11. System interface requirements.
 - 7.1.1.12. Rules engine requirements.
 - 7.1.1.13. Workflow management requirements.
 - 7.1.1.14. Data management requirements.
 - 7.1.1.15. Application environment requirements.
 - 7.1.1.16. System performance requirements.
 - 7.1.1.17. Enterprise architecture requirements.
 - 7.1.1.18. User interface and navigation requirements.
 - 7.1.1.19. Online help requirements.
 - 7.1.1.20. Alert requirements.
 - 7.1.1.21. System reporting requirements.
 - 7.1.1.22. Other technical requirements.
- 7.1.2. All requirements that shall be included within the proposed services, systems, and enterprise architecture can be found in the Appendix A – PBMS Requirements and Performance Standards Matrix. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.2. PROJECT MANAGEMENT AND REPORTING REQUIREMENTS

- 7.2.1. The primary project management and reporting goals are:
 - 7.2.1.1. Achieve program success by the proper application of project management functions of planning, organizing, staffing, monitoring, and controlling.
 - 7.2.1.2. Maintain transparency of project management functions and project results so that all parties remain properly informed.
 - 7.2.1.3. Foster collaboration between the Department, the Contractor(s), and other project stakeholders while maintaining independence.
- 7.2.2. The Department has identified specific Project Management and Reporting responsibilities critical to the success of the COMMIT project. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.2. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.3. CONTRACTOR RESPONSIBILITIES REQUIREMENTS

- 7.3.1. The Department has identified specific Contractor responsibilities that will apply throughout the Contract term.
- 7.3.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.3. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.
- 7.3.3. In addition, the Department has identified specific Contractor responsibilities and Deliverables associated with the COMMIT Project Phases. The Contractor shall review the guidelines listed in Appendix B – PBMS Project Phases Tables for development of their proposal response.

7.4. DELIVERABLE REQUIREMENTS

- 7.4.1. Thorough documentation of the expectations for the execution and operation of this Contract will be achieved through the creation and submission of planning documents and project artifacts that meet Department specifications. These Deliverables are intended to set expectations and provide transparency between the Department and Contractor for the duration of the Contract. The Department and the Contractor will define the criteria for achieving the expected high-quality Deliverables, which will be used as exit criteria for many of the COMMIT Project Phases.
- 7.4.2. The Contractor shall review the guidelines listed in Appendix B – PBMS Project Phases Tables for development of their proposal responses. During the Initiation and Planning Phase, the Contractor and the Department will establish and document entrance and exit criteria for each project phase, as well as approval criteria for project Deliverables.

- 7.4.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.4. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.5. TRAINING REQUIREMENTS

- 7.5.1. Training for the System is crucial to the success of the COMMIT project. Required training will facilitate the Department’s understanding of the Contractor’s baseline System, and will provide users with the necessary skills to perform their daily functions.
- 7.5.2. Given the wide spectrum of users, training materials and methods of delivery will vary, and a single training method is not suitable for every user. Multiple training methods tailored to various types of users, learning styles, and level of education will be important for improving training outcomes.
- 7.5.3. On-going training for the System and process changes and updates are expected in order to ensure that users maintain current, relevant, and thorough knowledge on the functionality of the System.
- 7.5.4. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.5. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.6. SECURITY AND CONFIDENTIALITY REQUIREMENTS

- 7.6.1. Information managed by the Department contains sensitive information. Security breaches and other risks to any data maintained by the Department or the Department’s contractors are unacceptable. The Contractor has the duty to protect the Department’s data from loss or unauthorized disclosure.
- 7.6.2. The security principles driving the System are:
- 7.6.2.1. Confidentiality: Prevent disclosure to unauthorized persons or systems.
 - 7.6.2.2. Integrity: Data cannot be modified without detection.
 - 7.6.2.3. Availability: Access is not inappropriately blocked or denied.
 - 7.6.2.4. Authenticity: Validation that a message, transaction or exchange of information is from the source it claims to be from.
 - 7.6.2.5. Non-repudiation: Parties to a transaction cannot deny their participation in the transaction.

- 7.6.2.6. Auditability: Track and log data changes including the user or system making the change. Track and log inquiries, views, or access of data that may require such tracking as a result of law, policy, or data use agreements including the user or system making the inquiry, viewing the data, or accessing the data along with the date and time of the inquiry, view, or access. This is further described in Section 7.7 of this PBMS RFP Body.
- 7.6.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.6. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.7. AUDIT REQUIREMENTS

- 7.7.1. The ability to audit actions performed by authorized users and/or internally by the System is critical to support efforts to maintain data and System integrity, protect data accuracy, and preserve an accurate historical record of the changes made in the System.
- 7.7.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.7. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.8. COMPLIANCE WITH FEDERAL STANDARDS REQUIREMENTS

- 7.8.1. Compliance with MITA
- 7.8.1.1. MITA-enabling guidelines, processes, and tools provide a framework for the continuous improvement of service delivery and business processes based on efficient technology utilization. MITA depicts this evolution as a progression of maturity levels that reflect the Department’s ability to execute business functions in the rapidly changing health care environment. The Department will use MITA as a tool to assist with the strategic application of technology and enhancements that provide value and contribute to continuous improvement in the Colorado Medical Assistance program’s maturity.
- 7.8.1.2. Although the structure of this RFP and its requirements are aligned with existing information as it is published for MITA 2.01, the Department will update its SS-A to MITA 3.0 within the acceptable timeline indicated by CMS. Offerors will be expected to support MITA 3.0 business processes and capabilities, via the Change Management Process, if required during the applicable Contract Stages.
- 7.8.1.3. While not mandating any particular architectural solution, the Department supports the MITA principles as the basis for the System. The Department intends for the System to align with MITA and have the capability, corporate planning, support, and vision to achieve successive MITA maturity levels.

- 7.8.2. Compliance with the CMS Seven Standards and Conditions
- 7.8.2.1. The Department intends to align its System capabilities with those identified by the CMS Seven Standards and Conditions. These capabilities are required to receive enhanced FFP. Additional information about the requirements for this funding can be accessed via the following link: <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/Downloads/EFR-Seven-Conditions-and-Standards.pdf>
- 7.8.3. Compliance with all federal rebate requirements within the Social Security Act.
- 7.8.4. The Colorado Medical Assistance program shall comply with other existing or new federal and/or State legislation. In addition, the System shall meet systems and operational compliance with ongoing legislation passed at the federal and/or State level, using the Change Management Process.
- 7.8.5. Within HIPAA, there are two separate rules governing privacy and security. The Privacy Rule pertains to the rights of individuals to safeguard the privacy of their health care information; compliance is under the jurisdiction of the Office for Civil Rights. The Security Rule pertains to the requirements of facilities, systems, and processes to safeguard information for which it is liable. The Department expects all Systems implemented as part of the COMMIT project to be HIPAA compliant.
- 7.8.6. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.8. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.9. DISASTER RECOVERY AND BUSINESS CONTINUITY REQUIREMENTS

- 7.9.1. Disaster recovery and business continuity planning increases the Contractor's ability to recover from a disaster and/or unexpected event and resume or continue operations.
- 7.9.2. For purposes of this RFP, "disaster" means an occurrence(s) of any kind that adversely affects, in whole or in part, the error-free and continuous operation of the System, and/or affects the performance, functionality, efficiency, accessibility, reliability, and security of the System. Disaster events may include natural disasters, human error, computer virus, or a malfunctioning of the hardware or electrical supply.
- 7.9.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.9. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.10. DATA RETENTION REQUIREMENTS

- 7.10.1. The Department will enforce data retention compliance with federal and State requirements, and will approve all data retention plans.
- 7.10.2. Data requirements are provided to ensure that data that will never be purged or will be purged on a different schedule. The Department will approve, in advance, all data purge schedules and procedures.
- 7.10.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.10. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.11. TECHNICAL REQUIREMENTS

- 7.11.1. The Department seeks a modern System to support the business functions of the Colorado Medical Assistance program and other supporting programs. The Department's vision for the PBMS solution is based on business processes, business rules, and data and metadata management that promote a modular component-based design. The design should enhance interoperability across service components and with external applications and data sources.
- 7.11.2. The Department's vision for Configurable solutions that require minimal Customization are reflected in the general criteria for the System:
 - 7.11.2.1. Implement a parameter driven, rules-based design that is supported with appropriate technology and provides authorized users the ability to make updates from within the System.
 - 7.11.2.2. Provide an approach to Configuration that can be easily managed by the System's average business user.
 - 7.11.2.3. Use business rules management, business process management, and business activity monitoring tools to improve the Department's ability to respond to business changes.
 - 7.11.2.4. Minimize the cost of changes to the business rules and business processes.
 - 7.11.2.5. Support the integration of new technology over time in a way that minimizes the impact to the System.
 - 7.11.2.6. Provide system components and solutions that lengthen the System's life span and reduce the cost and organizational disruption created when components are frequently replaced.
- 7.11.3. Technical requirements outlined in Appendix A – PBMS Requirements and Performance Standards Matrix pertain to several different areas comprised of functions and processes that will support System interfaces, System performance, infrastructure, workflow management, desktop publishing, data management and quality control for various business areas for the Department. The requirements are designed to protect

and maintain the data and applications necessary for ongoing operations, efficiencies, performance, and quality control.

- 7.11.4. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.11. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.12. SYSTEM INTERFACE REQUIREMENTS

- 7.12.1. The System will have the ability to interface with other systems to improve the bi-directional flow of information. The System will be expected to send and receive data and store portions of the data received locally to the System solution set. In addition, the System will integrate and interact with other health information technologies currently under development.
- 7.12.2. Offerors shall not assume that the other interfacing systems will make changes to accommodate their solutions. The Department expects Offerors to propose how their solution will meet interoperability requirements both within their own System and with components outside their System. The scope of these requirements includes, but is not limited to, the interfacing systems, files, and/or contracts listed in 7.12.2.1 through 7.12.2.7:
 - 7.12.2.1. Core MMIS and Supporting Services.
 - 7.12.2.2. BIDM.
 - 7.12.2.3. Preferred Drug List (PDL, external file).
 - 7.12.2.4. Formulary and other pharmacy reference files (external files).
 - 7.12.2.5. Retro-DUR contractors.
 - 7.12.2.6. Pricing contractors who provides the State with drug pricing information.
 - 7.12.2.7. TPL contractors who perform coordination of benefits activities, including coordination of TPL.
- 7.12.3. The PBMS Contractor will be responsible for providing all required System data to the interfacing systems and/or files listed in 7.12.2, as necessary. The PBMS Contractor will also be responsible for interfacing with the systems and/or files listed in 7.12.2, as necessary, to obtain required data for input into the System.
- 7.12.4. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.12. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.13. RULES ENGINE REQUIREMENTS

- 7.13.1. The rules engine and associated Business Process Management software for the System will require a high degree of flexibility to Configure rules and edits (capable of supporting multiple rule types and rules), as well as the capacity to support the diverse and complex Colorado Medical Assistance program. The Department supports implementation of a rules engine that provides Department users the ability to make ad-hoc Configuration changes, as a result of federal or State laws, regulations, guidelines, or litigation settlements which become policy for the Department, to the greatest extent practical.
- 7.13.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.13. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.14. WORKFLOW MANAGEMENT REQUIREMENTS

- 7.14.1. To increase operational efficiencies and the quality of the Colorado Medical Assistance program, the Department's vision of a modern System will assist in process improvement by offering automation and workflow management tools.
- 7.14.2. It is critical that the System utilizes a workflow management tool that provides:
 - 7.14.2.1. Technologies that support the tracking, assignment, notification, escalation and management of requests, interactions and relationships with providers, clients, and other stakeholders.
 - 7.14.2.2. Configurable template-driven and event-driven correspondence.
 - 7.14.2.3. Capabilities to configure and generate alerts and notifications using a variety of access channels that can be managed by authorized users.
 - 7.14.2.4. Capabilities that allow data to be monitored and managed, ensuring that approaching deadlines are identified and met.
- 7.14.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.14. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.15. DATA MANAGEMENT REQUIREMENTS

- 7.15.1. Professional principles of data management, data security, data integrity, and data quality control will be enforced in the System. It is critical that the data are timely, accurate, usable, easily accessible, and secure.
- 7.15.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.15. A formal Change Management Process will be established following Contract award

to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.16. APPLICATION ENVIRONMENT REQUIREMENTS

- 7.16.1. To support various concurrent activities related to the Contract and its Project Phases, the System will need to include various isolated application environments to support development, simulation, testing, and production deployment.
- 7.16.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.16. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.17. SYSTEM PERFORMANCE REQUIREMENTS

- 7.17.1. The Department will need a solution that operates twenty-four (24) hours a day, seven (7) days a week, and provides uninterrupted access to services. The Department supports efforts to balance the System availability and performance with price and value, as warranted by the appropriate trade-offs.
- 7.17.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.17. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.18. ENTERPRISE ARCHITECTURE REQUIREMENTS

- 7.18.1. The Department is not mandating any particular architectural solution. However, the PBMS solution should reflect design principles associated with high quality systems.
- 7.18.2. The overall technical strategy is driven by the COMMIT project goals. The project goals emphasize the use of services, adaptability, information sharing, interoperability, and Configuration over Customization. As a result, the Department does not expect that the System will require significant amounts of software Customization. The goal of these requirements is not to specify the details of how to design and develop the System architecture; rather it is to ensure that the System is designed to ensure a long lifespan and acceptable life-cycle maintenance costs.
- 7.18.3. Adaptable and extensible design principles will enable the Department to quickly respond to federal and State mandates (laws and regulations) and changes required by the Colorado Medical Assistance program. As a result, the cost and effort required to implement enhancements should be reduced and the architecture will enable extensions to functionality without requiring extensive or broad changes to the System.

- 7.18.4. The Department's high-level goals for the System technology and overall architecture are:
- 7.18.4.1. Enterprise Perspective: Promote an enterprise view that aligns technologies with the Colorado Medical Assistance program business processes. Appropriate functional areas of the enterprise should be leveraged for re-use and reduced risk by being exposed as services and managed by an Enterprise Service Bus (ESB).
 - 7.18.4.2. Interoperability and Integration: Develop systems that can communicate effectively and promote interoperability and common standards. This includes automated interfaces that alert both parties in the transaction when any type of anomaly occurs, to the greatest practical extent.
 - 7.18.4.3. Improved Master Data Design and Management: Promote efficient sharing, management, and stewardship of data across the enterprise.
 - 7.18.4.4. Wide-ranging Availability: The technology should work to minimize the existing barriers that exist between the Department, providers, clients, and stakeholders. The solution should work to overcome tracking and communication challenges across the enterprise by providing tools that deliver asynchronous communication, provide timely alerts and notifications, support the development of social and collaborative environments, and provide users the information they need when they need it in the manner that is accessible for them.
 - 7.18.4.5. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.18. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.19. USER INTERFACE AND NAVIGATION REQUIREMENTS

- 7.19.1. Navigation tools that make daily functions easier to perform and improve the user's overall experience by increasing ease of System use will increase the PBMS value to end-users. In addition, the use of real-time and automated user interfaces will improve Department users' ability to make accurate and timely decisions.
- 7.19.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A –Requirements and Performance Standards Matrix, Section 7.19. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.20. ONLINE HELP REQUIREMENTS

- 7.20.1. Online assistance to providers, clients, and Department staff is a critical function for job performance. Online help features will assist users in accessing correct, relevant information in a timely manner. The Department expects online help for publications, FAQs, and user help guides to comply with industry standards.
- 7.20.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.20.

A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.21. ALERT REQUIREMENTS

- 7.21.1. Comprehensive, Configurable alert and notification functionality will assist System users in conducting their daily activities. Alerts and notifications will be used to advise of System downtime and content changes, manage workflow, and for other purposes as defined by the Department.
- 7.21.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.21. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.22. SYSTEM REPORTING REQUIREMENTS

- 7.22.1. In order to complete its daily operational and business functions and comply with federal and State policies and System reporting requirements, the System will include reporting functionality for numerous data elements. This includes standard, ad hoc, and Customizable reporting capabilities necessary for System monitoring and assessment. For purposes of this RFP, ad hoc reports refer to reports that users can define, save, and run at will. Customizable reports refer to reports that typically require some degree of Customization, and are automated once they are created.
- 7.22.2. The BIDM RFP reporting scope includes reports and associated business intelligence tools that will provide data used for analysis, prediction, decision support, and expanded functionality as it relates to operational and business functions **for use by the Department. The Contractor should not expect to have access to the BIDM and cannot rely on the BIDM to meet the requirements specified under this RFP.** The BIDM RFP reporting scope includes federal and State reports required for program and financial functions (e.g., CMS 64, CMS 372, MSIS) **for use by the Department, not the Contractor.**
- 7.22.3. **To the greatest extent possible, the Contractor will ensure data synchronization between the BIDM and PBMS.**
- 7.22.4. The Contractor ~~will be expected to~~ **shall** provide reporting on the operations that are performed by the System. The Department expects the System to provide reports required for daily operational functions, as well as those required for federal and State system compliance. This includes ~~by~~ **but** is not limited **to** the reporting envisioned by the following Requirements 2370, 2377, 2380, 2387, 2401, 2402, 2426, 2429 and 2572.
- 7.22.5. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.22. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

7.23. OTHER TECHNICAL REQUIREMENTS

- 7.23.1. The Department has identified other technical requirements that include those related to HIPAA transactions, electronic exchange via mobile devices, automated letter generation, tracking and maintaining changes to Contractor-maintained websites, internal messaging notes functionality, archiving functionality, software licensing, and general equipment requirements. Some, but not all, of these requirements may be optional. All optional requirements are indicated as such in Appendix A – PBMS Requirements and Performance Standards Matrix.
- 7.23.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 7.23. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

SECTION 8.0 PBMS STATEMENT OF WORK

8.1. OVERVIEW

- 8.1.1. The PBMS Statement of Work refers to the ability to support the functional requirements for the service areas listed in Sections 8.1.1.1 through 8.1.1.9:
 - 8.1.1.1. Point of Sale (POS).
 - 8.1.1.2. Encounter Claims.
 - 8.1.1.3. State Reimbursement Methodologies.
 - 8.1.1.4. Pharmacy Prior Authorization.
 - 8.1.1.5. Prospective Drug Utilization Review (Pro-DUR).
 - 8.1.1.6. Drug Rebate System.
 - 8.1.1.7. Preferred Drug List (PDL).
 - 8.1.1.8. Pharmacy Reference Data Management.
 - 8.1.1.9. Program Integrity
- 8.1.2. These functional requirements will help to ensure that system components for the System operate efficiently and effectively, meeting all State and Federal requirements.

8.2. POINT OF SALE (POS)

- 8.2.1. The pharmacy Point of Sale (POS) functionality supports the ability to perform the billing, claims processing, including editing and auditing, and adjudicating of pharmacy B1 (original claim), B2 (claims reversal), and B3 (rebilled claim) claims transactions in a NCPDP Standard Version D.0 format. POS functionality also supports other claims functions such as adjustments, reporting, PDL, Pro-DUR, and Prior Authorizations. This component will interface with other systems as required (e.g., Core MMIS and Supporting Services, BIDM, DUR contractors). It also includes third party liability (TPL) and coordination of benefits (COB) functionality. These processes include claims control and entry, claims adjudication and processing, and claims reporting according to Department, State and federal policies, rules and regulations. The CORE MMIS and Supporting Services Contractor is responsible for collecting the TPL reference data and the PBMS contractor is responsible for storage, maintaining and using that data.
- 8.2.2. The Pharmacy Point-of-Sale (POS) scope includes:
 - 8.2.2.1. POS Claims Adjudication: Real-time adjudications of fee for service pharmacy claims to ensure that the provider receives a real-time response from the PBMS for each claim, twenty-four (24) hours a day, seven (7) days a week.
 - 8.2.2.2. Claims Payment Processing: Adjudicated claims sent from the POS to the MMIS for payment processing.
 - 8.2.2.3. Over The Counter (OTC) Processing: Allow for customizable processing of defined over-the-counter products by provider type. These limits can differ from the limits set for other prescriber types. There may be times when the rules engine will be

different, depending if the prescriber of the OTC product is a physician or a pharmacist. For example, there may be quantity limitations on what a pharmacist may prescribe, while there would be no limitations if it is prescribed by a physician for the same product.

- 8.2.2.4. Editing and Auditing: Ensure that NCPDP transactions are submitted through syntax editing (e.g., numeric only fields are all numeric) and that claims transactions are submitted through relational editing (e.g., client ID is on file and client is matched to the ID via other verification).
- 8.2.2.5. Provider Verification: Ensure prescribers and pharmacies are eligible prior to processing pharmacy transactions.
- 8.2.2.6. Claims Editing: Allow for Configurable claim edits based on Department defined criteria (e.g., quantity limits, age limits, brand/generic).
- 8.2.2.7. POS functionality should support automated mass adjustment capabilities.
- 8.2.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.2. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

8.3. ENCOUNTER CLAIMS

- 8.3.1. Encounter claims contain detailed information about individual health care related services provided by a managed care organization (MCO) or other state-designated managed care providers. Some Encounter claim data will be processed in the same manner as claim adjudications to be used by the Department for provider payments and program analysis. However, other Encounter claim data will be processed in the same manner as claim adjudications but will not be used to generate a payment to the provider. Encounter claims are included in drug rebate processing. The Department expects Encounters to be included in the Medicaid Patient profiles and considered when performing adjudication edits such as ProDUR or automated PA determinations.
- 8.3.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.3. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

8.4. STATE REIMBURSEMENT METHODOLOGIES

- 8.4.1. The Department utilizes pricing values received from multiple vendors to determine reimbursement. Pricing values used by the Department include, but are not limited to, Average Acquisition Cost, State Maximum Allowable Cost, Federal Upper Limit, Wholesale Acquisition Cost, and 340B Pricing. The Department also currently uses varying dispensing fees depending on factors, such as: provider type and total prescription volume. The Department is looking for the PBMS Contractor to provide a highly configurable system that will allow users to modify dispensing fees and

implement new pricing methodologies and rates, as needed. Average Acquisition Cost rates are set by a third party vendor of the Department. The Contractor shall interface with a Third Party vendor to upload these rates.

- 8.4.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.4. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

8.5. PHARMACY PRIOR AUTHORIZATION

- 8.5.1. Pharmacy Prior Authorization functionality includes capabilities to determine approvals and denials of pharmacy claims/encounters (based on pre-defined criteria and algorithms), as well as the ability to maintain a full history on Prior Authorization requests, edits and other applicable notes.
- 8.5.2. The Pharmacy Prior Authorization scope includes:
 - 8.5.2.1. Creation of communication letters regarding PAR determinations to providers and clients in accordance with the Department's rules and regulations (e.g., notice requirements, appeal rights). The Contractor shall generate PAR letters to the provider and client in accordance with the Department's rules and regulations.
 - 8.5.2.2. Processing Prior Authorizations from multiple sources, including providers, department personnel, and POS.
 - 8.5.2.3. Automation of the prior authorization process and integration with any manual prior authorization review processes.
- 8.5.3. Functionality also includes availability of pharmacy policies, guidelines, and rules for Prior Authorization, in electronic format.
- 8.5.4. The Department's goal is to have a reporting process for all Prior Authorization activity, both detailed and summary, to help improve management of patient outcomes.
- 8.5.5. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.5. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

8.6. PROSPECTIVE DRUG UTILIZATION REVIEW (PRO-DUR)

- 8.6.1. Prospective Drug Utilization Review (Pro-DUR) functionality, through the POS System, gives providers the automated capability to evaluate any alerts generated as a result of clinical or program compliance issues associated with a client's prescription. Pro-DUR allows the provider to assess the current (to be dispensed) prescription against both the claims history of the client and explicit, predetermined standards. The Pro-DUR function also supports review of potential drug interactions. The goal of the Pro-DUR functionality is to improve the quality of care given to clients and to conserve program funds.

- 8.6.2. The Contractor provides and uses Pro-DUR edits as approved by the Department as part of the claims adjudication process.
- 8.6.3. It is critical that Pro-DUR complies with the policies, standards, reporting, and other requirements set forth by the Colorado Drug Utilization Review (DUR) Board, federal government, and the Department. The DUR Board serves in an advisory capacity to the Department regarding policies and DUR activities for the State, but the Department remains the final authority on all policies, standards, and requirements for drug utilization review.
 - 8.6.3.1. Reporting standards shall meet the CMS annual reporting requirements. This format may change yearly, so the Department expects the ability to easily update it per federal requirements.
- 8.6.4. The Department expects the Contractor to be responsible for DUR Board support related to Pro-DUR functions, including but not limited to, Prior Authorization Criteria, and PBMS edits.
- 8.6.5. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.6. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.6. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

8.7. DRUG REBATE SYSTEM

- 8.7.1. The Drug Rebate System ensures compliance with the CMS Drug Rebate program, established under OBRA 90 and the State supplemental rebate program.
- 8.7.2. In addition to federal rebate processing, supplemental and State-only rebates can be negotiated to provide rebates greater than those provided through federal rebate rates by putting drugs on the PDL. States may enter into separate or supplemental drug rebate agreements as long as such agreements achieve drug rebates equal to or greater than the drug rebates set forth in the Secretary's national rebate agreement with drug manufacturers (published at 56 F.R. 7049 (1991)).
- 8.7.3. As part of this compliance, the System shall provide all functionality related to drug rebate as set forth in federal law and by the Department including use of Unit Rebate Amount (URA) data, as well as maintenance of all historical data related to drug rebate processing.
- 8.7.4. The drug rebate scope includes the following areas:
 - 8.7.4.1. As part of the quarterly invoicing process, the drug rebate system tracks pharmacy claims for drugs, and invoices drug manufacturers using drug information and rebate amounts specified by CMS and the Department.

- 8.7.4.2. Maintains drug manufacturer information, and records and remittance advices received from manufacturers with their rebate payments. Rebate data is available for the prior three (3) years.
- 8.7.4.3. Functionality to track manufacturers' adjustments and disputes, including dispute resolution.
- 8.7.4.4. This also provides a crosswalk of Health Care Common Procedure Coding (HCPC)/ Current Procedural Terminology (CPT) codes to rebate Physician administered drugs.
- 8.7.4.5. Automatic assessment of interest to the manufacturer on past due invoice items.
- 8.7.4.6. Automate the processing, depositing and reporting of drug rebate checks from drug manufacturers through a lockbox process. The Department currently plans to have the rebate checks processed by the Department and a copy of the checks will be provided to the Contractor.
- 8.7.4.7. Functionality required to process supplemental rebates and separate supplemental rebates from federal rebates for reporting purposes. Functionality also required to separate rebates for fee-for-service claims and rebates for encounter claims for reporting purposes.
- 8.7.5. The drug rebate system functionality shall include invoice generation and reporting by labeler. Invoicing and NDC will be generated by the System, and provide data to the BIDM for analysis and reporting. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.7. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

8.8. PREFERRED DRUG LIST

- 8.8.1. The Preferred Drug List scope includes the following areas:
 - 8.8.1.1. Functionality associated with the maintenance of the Department's Preferred Drug List.
 - 8.8.1.2. All data related to PDL functionality, including historical data, shall be stored in the PBMS with functionality to easily query and access the data.
 - 8.8.1.3. Financial and clinical analysis and reporting related to the drug classes included or being considered for inclusion on the PDL.
 - 8.8.1.4. Negotiation of supplemental rebates.
- 8.8.2. The Department also expects a solution that utilizes a Configurable rules based engine that allows for a successful PDL development process based on the Department defined preferred products. This rules engine must be able to be rapidly updated for new to market products and capabilities.
- 8.8.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.8.

A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

8.9. PHARMACY REFERENCE DATA MANAGEMENT

- 8.9.1. Descriptive and pricing information about individual drug items is provided to the MMIS drug database for use as a reference file during pharmacy claims adjudication and for reporting purposes. The source of reference file data will be the PBMS. The core industry-standard descriptive and pricing information for drug items within the drug database is kept current by an automated update using files from the NDDF or other similar drug data file. The Department requires a formulary, compliant with e-prescribing standards, for each pharmacy benefit program they support. This could include, but is not limited to, Medicare Part B, Physician Administered Drugs, DME or Home Health.
- 8.9.2. Pharmacy Reference Data Management includes the maintenance of data obtained from external files required for pharmacy operations. These files include, but are not limited to:
 - 8.9.2.1. Preferred Drug List (PDL), as referenced in Section 8.8.
 - 8.9.2.2. Formulary and reference files.
 - 8.9.2.3. CMS drug rebate product data file.
 - 8.9.2.4. Pricing Files.
 - 8.9.2.5. National Drug Data File (NDDF) or a similar drug data file.
- 8.9.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.9. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

8.10. PROGRAM INTEGRITY

- 8.10.1. PBMS Program Integrity functionality shall support the Department's ability to monitor pharmacy program compliance for business activities such as auditing and tracking medical necessity and appropriateness/quality of care, fraud and abuse, erroneous payments, and administrative abuses. This includes the identification of pharmacy providers, pharmacy health plans, and/or clients who may be committing fraud, waste, or abuse of services and/or billing practices. The end goal is to implement a process that utilizes surveillance and utilization review data collected from PBMS Operations, in conjunction with the BIDM, to identify patterns that can lead to improvements in the Colorado Medical Assistance program or the detection and correction of misuse and abuse of the program.
- 8.10.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 8.10. A formal Change Management Process will be established following Contract award

to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

SECTION 9.0 PBMS OPERATIONS STATEMENT OF WORK

9.1. OVERVIEW

- 9.1.1. The PBMS Operations Statement of Work includes the operational requirements that will help to ensure the appropriate health of the overall System, and that the PBMS operations for the Colorado Medical Assistance program run efficiently and effectively, meeting Department and federal requirements.
- 9.1.2. The functional areas that are included in the PBMS Operations Statement of Work are listed in Sections 9.1.2.1 through 9.1.2.7:
 - 9.1.2.1. Pharmacy Benefit Management System Support and Operations.
 - 9.1.2.2. Pharmacy Claims/Encounter Related Services.
 - 9.1.2.3. Pharmacy Prior Authorization Services.
 - 9.1.2.4. Pharmacy Reference Files Maintenance.
 - 9.1.2.5. Program Integrity Support Services.
 - 9.1.2.6. Pharmacy Call Center Services.
 - 9.1.2.7. Pharmacy Help Desk Services.

9.2. PHARMACY BENEFIT MANAGEMENT SYSTEM SUPPORT AND OPERATIONS

- 9.2.1. The System will be federally certified, and provides services that meet or exceed all federal, State, and Department requirements included in this RFP for a minimum of the base Contract years. PBMS Operations includes the operation and maintenance of the systems listed in sections 9.2.1.1 through 9.2.1.3:
 - 9.2.1.1. Federally certified System.
 - 9.2.1.2. Pharmacy Call Center Services, including Interactive Voice Response (IVR) software.
 - 9.2.1.3. Pharmacy Help Desk Operations.
- 9.2.2. PBMS Operations includes development and maintenance of all pharmacy systems and operations-related documentation.
- 9.2.3. The Core MMIS and Supporting Services Fiscal Agent will be responsible for screening, enrollment, disenrollment, and management of pharmacy providers. However, the PBMS Operations Services will be responsible for receiving provider enrollment files from the Core MMIS and Supporting Services and enrolling the providers into the PBMS to support claims adjudication.
- 9.2.4. PBMS Operations also includes general operational requirements related to financial obligations, contract management, supporting functions (e.g., mailroom, courier), and pharmacy provider customer relationship management.

- 9.2.5. The Department will monitor Contractor performance for PBMS Operations for compliance with federal, State, and Department requirements, and will notify the Contractor of changes to those requirements that may affect operations.
- 9.2.6. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.2. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

9.3. PHARMACY CLAIMS/ENCOUNTER RELATED SERVICES

- 9.3.1. The Department’s pharmacy claims/encounter-related services includes the receipt of claim/encounter data, adjudication, edit and pricing of claims and encounters, as well as the generation of claims processing-related operational reports. Claims/encounter-related services support the receipt of payment information from other insurers, providers, and client premiums.
- 9.3.2. The Department expects the ability to Configure the claims/encounter layout for valid values based on their specific policy and needs.
- 9.3.3. The Contractor shall also provide support services that will increase the ease and efficiency with which pharmacy claims/encounters are received, ultimately creating a simplified process for providers and the Department.
- 9.3.4. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.3. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

9.4. PHARMACY PRIOR AUTHORIZATION SERVICES

- 9.4.1. Pharmacy Prior Authorization Services includes operational support services for the Colorado Medical Assistance program and any prior authorization agencies to assist in the coordination, standardization of processing, and tracking of pharmacy prior authorization request data. Contractor will process Prior Authorizations.
- 9.4.2. Written Department rules and/or policies stipulate the services covered and not covered by the Colorado Medical Assistance program, specify PAR requirements for each service area, and list the criteria under which the services may be authorized or denied. The Department will work with the Contractor and draw from their subject matter expertise to establish prior authorization business rules to be Configured for the PBMS.
- 9.4.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.4. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

9.5. PHARMACY REFERENCE FILES MAINTENANCE

- 9.5.1. Operations for Pharmacy Reference Files Maintenance includes overall support for the management and coordination of all claims/encounter processing activities related to the maintenance of PBMS reference files.
- 9.5.2. Review of new and existing drug product forms and strengths.
 - 9.5.2.1. Development of and changes to criteria based on new information.
 - 9.5.2.2. Ongoing analysis and clinical review of new drugs and/or new drug indications or changes in drug indications in relation to inclusion or exclusion from the PDL.
 - 9.5.2.3. Maintenance and associated activities for other drug files.
- 9.5.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.5. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

9.6. PROGRAM INTEGRITY SUPPORT SERVICES

- 9.6.1. In addition to System-related functionality described in Section 8.10, the PBMS Program Integrity Support Services refers to Operational support for the Department by monitoring pharmacy program compliance for business activities such as auditing and tracking medical necessity and appropriateness/quality of care, fraud and abuse, erroneous payments, and administrative abuses.
- 9.6.2. Program Integrity Support Services include, but are not limited to:
 - 9.6.2.1. Provide access to data related to pharmacy providers, prescribers, pharmacy health plans, and/or clients who may be committing fraud, waste, or abuse of services and/or billing practices.
- 9.6.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.6. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

9.7. PHARMACY CALL CENTER SERVICES

- 9.7.1. The Department expects Pharmacy Call Center Services for the Medical Assistance program to be accessible to providers to obtain answers to questions and get information on pharmacy claims via telephone, e-mail, and the Web twenty-four (24) hours a day, seven (7) days a week. Pharmacy Call Center Services include technology and/or services that provides:
 - 9.7.1.1. Integration of call center technologies (such as a CRM) with the PBMS, including access by authorized Department users.
 - 9.7.1.2. A tracking mechanism for call center, results, volume, and efficiency.
 - 9.7.1.3. Improvement of agency communications.

- 9.7.1.4. Functionality to process PARs.
- 9.7.1.5. Clinical key personnel to respond to all clinical questions and approval or denial of PA requests. Clinical key personnel will be the first level of escalation for PA requests.
- 9.7.1.6. Search capabilities that speed access to needed information across the System through easy-to-use search and phonetic matching.
- 9.7.1.7. Integrated online help and training throughout the System.
- 9.7.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.7. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

9.8. PHARMACY HELP DESK SERVICES

- 9.8.1. The Department expects Pharmacy Help Desk Services to be accessible to users via telephone, e-mail, and the Web twenty-four (24) hours a day, seven (7) days a week. It is critical that Pharmacy Help Desk Services can provide answers and responses, without limitation, for items such as:
 - 9.8.1.1. Inquiries on System processes and System troubleshooting from providers, pharmacies, the Department, and Contractor users.
 - 9.8.1.2. General and technical support and questions.
 - 9.8.1.3. Password reset procedures.
 - 9.8.1.4. Application and software support.
- 9.8.2. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.8. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

9.9. DRUG REBATE SUPPORT SERVICES

- 9.9.1. In addition to System-related functionality described in Section 8.7, the Drug Rebate Support Services refers to Operational support to manage the Department's Drug Rebate program.
- 9.9.2. The Drug Rebate Support Services scope includes the following areas:
 - 9.9.2.1. Maintenance of drug manufacturer information, and records and remittance advices received from manufacturers with their rebate payments.
 - 9.9.2.2. Track manufacturers' adjustments and disputes, including dispute resolution.
 - 9.9.2.3. Ongoing maintenance of rebate eligible products/labelers received via CMS communications. The System shall be updated as changes are made to prohibit POS erroneous payments.

- 9.9.2.4. Maintenance of and access to an invoice history database that contains all the NDC-level items that have been printed on the quarterly drug rebate invoices.
- 9.9.2.5. Following-up with manufacturers on past due invoice items.
- 9.9.2.6. Processing support of supplemental rebates and separate supplemental rebates from federal rebates for reporting purposes.
- 9.9.3. The Contractor shall adhere to the requirements and performance expectations listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 9.9. A formal Change Management Process will be established following Contract award to address any requested changes to requirements or scope defined in Appendix A – PBMS Requirements and Performance Standards Matrix.

SECTION 10.0 COMPENSATION AND INVOICING

10.1. COMPENSATION

- 10.1.1. Offerors are asked to propose pricing based on their solution delivery approach within each Contract Stage using the pricing schedules in Appendix E – PBMS Pricing Schedules. The Department has proposed a single PBMS Implementation Contract Stage for this RFP.
- 10.1.2. A Quality Maintenance Payment will be made at the end of the PBMS Implementation Contract Stage. If the Contractor completes the PBMS Implementation Contract Stage later than proposed, the Contractor will still receive the full payment. However, monthly payments will cease (for the months past the proposed completion date) and the Quality Maintenance Payments, as defined in Section 5.6, will not be paid until the Contract Stage is completed. This payment structure provides an incentive for the Contractor to complete the PBMS Implementation Contract Stage on schedule, but does not directly penalize the Contractor by reducing the total payment. The distinction is that the Contractor has a loss of cash flow (monthly payments cease after the proposed completion date) and the loss of potential interest that could have been earned by having the Quality Maintenance Payment paid on schedule.
- 10.1.3. Quality Maintenance Payments will be made monthly, quarterly, or annually during the PBMS Ongoing Operations and Enhancements Contract Stage.
- 10.1.4. The Contractor shall reference Appendix E – PBMS Pricing Schedules for additional compensation information.

10.2. INVOICING

- 10.2.1. The Contractor shall adhere to the Invoicing requirements listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 10.2.
- 10.2.2. The Contractor shall reference Appendix E – PBMS Pricing Schedules for additional information referenced by invoicing requirements listed in Appendix A – PBMS Requirements and Performance Standards Matrix, Section 10.2.

10.3. PAYMENT

- 10.3.1. Each Deliverable shall be reviewed by the Department and shall require formal approval from the Department before acceptance of the Deliverable. The Contractor shall allow for at least ten (10) business days following receipt, per Deliverable, in any project plan for the Department to review and document their findings. Based on the review findings, the Department may approve, reject portions of the Deliverable, reject the complete Deliverable, or request that revisions be made to the Deliverable. Unless otherwise agreed to by the Department in writing, the Contractor shall be required to submit all revisions of the Deliverable within five (5) business days following the receipt of the Department comments and requests for revisions or clarifications. The Department shall have an additional five (5) business-day review period for revisions that are resubmitted.

- 10.3.2. The Department will remit payment to the Contractor, for all amounts shown on an invoice, within forty-five (45) calendar days of the Department's acceptance of that invoice. The Department will not make any payment on an invoice prior to its acceptance of that invoice.
- 10.3.3. The Department will review the invoice, and compare the information contained in the invoice to the Department's information. The Department will not accept an invoice until it has reviewed the information contained on the invoice and determined that all amounts are correct.
- 10.3.4. If the Department determines that all information on an invoice is correct, the Department will notify the Contractor of its acceptance of the invoice.
- 10.3.5. If the Department determines that any information on an invoice is incorrect, the Department will notify the Contractor and specify any incorrect information. The Contractor shall correct any information the Department determined to be incorrect and resubmit the invoice to the Department for review.
- 10.3.6. The Department will review the invoice to ensure that all corrections have been made.
- 10.3.7. If all information on the invoice is correct, the Department will accept the invoice.
- 10.3.8. If any information on the invoice is still incorrect, then the Department will return the invoice to the Contractor for correction and resubmission.
- 10.3.9. If the Contractor believes that the calculation or determination of any payment is incorrect, the Contractor shall notify the Department of the error within thirty (30) business days of receipt of the payment or notification of the determination, as appropriate. The Department will review the information presented by the Contractor and may make changes based on this review. The determination or calculation that results from the Department's review shall be final. No disputed payment shall be due until after the Department has concluded its review.
- 10.3.10. All payments for the final month of the Contract shall be paid to the Contractor no sooner than ten (10) business days after the Department has determined that the Contractor has completed all of the requirements of the Turnover Phase.

10.4. LIQUIDATED DAMAGES

- 10.4.1. Liquidated damages may be deducted by the Department from any money payable to the Contractor pursuant to this Contract related to the Contractor's failure to meet Quarterly Milestones (described in Section 5.3.1.4). Under these circumstances, the Department will notify the Contractor in writing of any claim for remedies at least thirty (30) calendar days prior to the date when sums will be deducted and over what period.
 - 10.4.1.1. If the Contractor's failure to meet a Quarterly Milestone is considered severe enough to negatively impact the timeline for development or implementation of the System or the continued Operation of the System, the Department may assess damages in the amount of \$400 per business day that the event occurs.
 - 10.4.1.2. If the Contractor's failure to meet a Quarterly Milestone is not considered severe enough to negatively impact the timeline for development or implementation of the

System or the continued Operation of the System, the Department may assess damages in the amount of \$100 per business day that the event occurs.

- 10.4.1.3. Liquidated damages may process through the Dispute Process (described in Section 10.5) if the Contractor believes they are not at fault or if the liquidated damages are not assessed correctly (e.g., per business day amount, the number of business days accessed under the liquidated damages).
- 10.4.2. Following July 1, 2017, liquidated damages shall be imposed if the PBMS is not fully Operational as described in Section 8.0 PBMS Statement of Work and Section 9.0 PBMS Operations Statement of Work, and the Contractor is determined to be at fault for the delay based on the outcome resulting from the Dispute Process (as described in Section 10.5). Liquidated damages will be assessed on a monthly basis the incremental difference between the amount that shall be paid to the current PBMS contractor and the contractual amount to be paid to the PBMS Contractor. The PBMS Contractor will not be paid any amount during the specified delay.
- 10.4.3. If CMS Certification is not granted within eighteen (18) months of the start of PBMS operations, and the Contractor is determined to be at fault for the delay based on the outcome resulting from the Dispute Process (as described in Section 10.5) the Contractor will reimburse the Department an amount equal to the difference between the seventy-five percent (75%) Federal Financial Participation Rate for a CMS Certified System and the fifty percent (50%) Federal Financial Participation Rate the Department incurred for operating a non-CMS Certified System during the period the System is not certified by CMS.
- 10.4.4. Liquidated damages will be assessed via the remedies Dispute Process (as described in Section 10.5) for any BIDM or Core MMIS and Supporting Services implementation delays or unmet Contractual obligations that impact the PBMS implementation.

10.5. REMEDIES AND DISPUTE PROCESS

- 10.5.1. The Contractor and the Department will follow the Dispute Process as outlined in Section 10.5.2. The Dispute Process will be used for all disputes or disagreements between the Department and Contractor.
 - 10.5.1.1. Type 1 Disputes are considered severe enough to negatively impact the timeline for development or implementation of the System or the continued Operation of the System. The Contractor's failure to meet a Quarterly Milestones is considered a Type 1 Dispute. In addition, any dispute that impacts the Contractor's timing or amount of a Quality Maintenance Payment is considered a Type 1 Dispute.
 - 10.5.1.2. Type 2 Disputes are considered less severe than a Type 1 Dispute or do not have a direct financial impact on either party. Any dispute not considered a Type 1 Dispute is a Type 2 Dispute.

- 10.5.2. The Department and Contractor are expected to resolve disputes at the lowest level possible and as quickly as possible to maintain a positive working relationship and maintain the timeline for implementation of the System. If the dispute cannot be resolved, the parties shall escalate the dispute in the following manner.
- 10.5.2.1. Level 1: The dispute will be discussed and resolved by the Department's Division Director of the Claims Systems and Operations Division and the Contractor's Account Manager. If the dispute is not resolved at this level, the parties shall escalate it to Level 2. During the Implementation Contract Stages this process will take no longer than ten (10) business days for Type 2 disputes and five (5) business days for Type 1 disputes.
- 10.5.2.2. Level 2: The dispute will be discussed and resolved by the Executive Director of the Department or his or her written Designee and the Chief Executive Officer of the Contractor or his or her written Designee. Should the dispute not be resolved at this level, the parties will escalate it to Level 3. During the Implementation Contract Stages this process will take no longer than twenty (20) additional business days for Type 2 disputes and ten (10) business days for Type 1 disputes.
- 10.5.2.3. Level 3: Any dispute unresolved in Level 1 and 2 will be escalated to a mediator of the Mediation Center of Colorado or such other mediation provider as may be agreed. Each Party will choose an eligible mediator. Those two individuals will select a third individual to act as a mediator for the dispute. During the Implementation Contract Stages, this process will take no longer than twenty (20) additional business days for Type 2 disputes and ten (10) business days for Type 1 disputes.
- 10.5.2.4. During the PBMS Ongoing Operations and Enhancements Contract Stage, the time to escalate a dispute from Level 1 to Level 2 to Level 3 may be modified through a Contract Amendment, if a longer period to resolve disputes prior to entering binding arbitration is desired by both parties.
- 10.5.3. To initiate the Dispute Process, the Division Director of the Claims Systems and Operations Division or the Contractor's Account Manager shall issue a notice to the other in writing, as defined in the Communication Management Plan.
- 10.5.4. The Dispute Process is available to both parties and it shall be used to resolve any issues under the Contract including, but are not limited to:
- 10.5.4.1. All contract requirements covered in the Scope of Work of the Contract.
- 10.5.4.2. The payment of Quality Maintenance Payments.
- 10.5.4.3. Assessment and calculation of liquidated damages.
- 10.5.4.4. Withholding or denial of payment.
- 10.5.4.5. Removal of a Key Personnel or Subcontractors under the Contract.
- 10.5.4.6. Termination for Cause and/or Breach or Early Termination in the Public Interest.

10.6. BUDGET

- 10.6.1. The Department has a maximum available amount for this project that has been separated into two distinct budget pools that are non-negotiable. Any proposal that has a total price that exceeds the Department's maximum available amount shall be rejected without further consideration. Any proposal that has a total price that exceeds the Department's maximum available amount in a budget pool or attempts to move money from one pool to another (e.g., proposing to move money from the DDI Budget Pool into the Operations Budget Pool) shall be rejected without further consideration.
- 10.6.2. The two distinct budget pools are defined in Sections 10.6.2.1 through 10.6.2.2.
- 10.6.2.1. DDI Budget Pool. This pool provides the maximum funding available to cover the PBMS DDI activities in the PBMS Implementation Contract Stage. Based on information provided in this RFP, the estimated expenditure of these funds will occur from **November 1, 2015** (estimated Contract start date) to **October 31, 2016** (estimated completion of all DDI activities).
- 10.6.2.2. Operations Budget Pool. This pool provides the maximum funding available per State Fiscal Year (SFY) to cover PBMS Operations activities in the PBMS Ongoing Operations and Enhancements Contract Stage. Funds within the Operations Budget Pool shall be priced as either Fiscal Agent Operations or Enhancements to the System. Based on information provided in this RFP, the estimated expenditure of these funds will occur between November 1, 2016 (proposed PBMS Operations start date) and October 31, 2023.
- 10.6.2.2.1. The Offeror's price proposal does not include the period between November 1, 2023 and October 31, 2025. The payments to the Contractor for November 1, 2023 through October 31, 2025 are not expected to exceed the payments covering the period from November 1, 2022 to October 31, 2023 plus a maximum percentage increase equal to the mathematical mean of the annual percent increase in the Consumer Price Index for All Urban Consumers (CPI-U) for the Denver-Boulder-Greeley metropolitan area for calendar year 2021 and calendar year 2022 as published by the US Department of Labor, Bureau of Labor Statistics.
- 10.6.2.2.2. PBMS Operations Pricing: Under the Offeror's proposal (as specified in Appendix E – PBMS Pricing Schedules) these funds are directly associated to PBMS Operations (which includes the Operation and Maintenance of the System) under the PBMS Operations Statement of Work as described in Section 9.0 of this PBMS RFP Body, and Appendix A – PBMS Requirements and Performance Standards Matrix, Sections 9.1 through 9.8.
- 10.6.2.2.2.1. Contractor responsibility to provide estimates for price and schedules to support changes to PBMS Operations and the System proposed by legislation (i.e., fiscal notes requests from the Colorado General Assembly), Department budget requests, Department initiatives, and Enhancements shall be included in the PBMS Operations Pricing.
- 10.6.2.2.2.2. Maintenance activities and staff performing these activities are included in the PBMS Operations Price and shall be performed by the Contractor within

the PBMS Ongoing Operations and Enhancements Contract Stage at no additional cost to the Department.

10.6.2.2.2.3. The Department is unable to provide the current utilization of hours for Maintenance activities for the incumbent contractor.

10.6.2.2.2.4. Examples of Maintenance activities are:

10.6.2.2.2.4.1. Monitoring and maintaining interface activities to ensure all interface data are received through the appropriate channels correctly and timely.

10.6.2.2.2.4.2. Assuring all System parameters and other information in System tables are updated correctly and timely.

10.6.2.2.2.4.3. Assuring that claims/encounters and provider payments are processed efficiently and correctly.

10.6.2.2.2.4.4. Correcting Defects to the System.

10.6.2.2.2.4.5. Adding/Updating such items as, but not limited to: Preferred Drug List, pricing, Transmittals, Website, Provider and Client communications, Prior Authorization criteria, and Supplemental Rebates.

10.6.2.2.3. Enhancements to the System Pricing: Under the Offeror's proposal (as specified in Appendix) these funds are directly associated to functional changes or performance improvements that require Configuration or Customization (including activities related to requirements gathering, design, development, testing, deployment, documentation, etc.) to the System.

10.6.2.2.3.1. During the Implementation Contract Stage and the Ongoing PBMS Operations Contract Stage, some of the Contractor's price may be eligible for enhanced federal funding at ninety percent (90%) federal funds as Enhancements may be considered DDI activities. Offeror's proposals shall estimate these DDI activities and shall propose a budget based on four thousand one hundred sixty (4,160) hours per SFY for Enhancements to the System during the PBMS Ongoing Operations and Enhancements Contract Stage. When pricing the Price Schedule K found in Appendix E – PBMS Pricing Schedules, Offerors shall include staffing levels and hours to perform Configuration and Customization activities; only Configuration Staff and Customization Staff shall be counted towards the four thousand one hundred sixty (4,160) hours to provide consistency in the Offerors' proposals. In addition to staff dedicated to performing Configuration and Customization activities, based on the Offeror's experience and approach, they shall propose Support Staff (Testing and Validation Staff, Business Analyst Staff, Technical Writing and System Documentation Staff, and Project Management Staff) required in order to deliver four thousand one hundred sixty (4,160) hours of Customization and Configuration. Based on the Offeror's proposal, the payment for these services under the Contract will not be based on a number of hours, but rather that the Contractor maintains the staffing resources as proposed (including additional staff to support Configuration and Customization at four thousand one hundred sixty (4,160) hours per SFY).

- 10.6.2.2.3.2. Hourly Labor Categories provided in Price Schedule K found in Appendix E – PBMS Pricing Schedules is only to be used if the Department purchases additional Enhancement hours or requires a Contract Amendment.
- 10.6.2.2.3.3. The Department is unable to provide the specific utilization of hours for Enhancement activities for the incumbent contractor.
- 10.6.2.2.3.4. Contractor’s estimates for price and schedules to support changes to PBMS Operations and the System proposed by legislation (i.e., fiscal notes requests from the Colorado General Assembly), Department budget requests, Department initiatives, and Enhancements shall be included in the PBMS Operations Pricing and not under Enhancements to the System Pricing.
- 10.6.2.2.3.5. If the basis of the estimate used for the initial Price Proposal for DDI activities that will occur during the PBMS Ongoing Operations and Enhancements Contract Stage is no longer applicable at the time the Work is required, due to requirements changes or other strategic changes for the COMMIT project, the Contractor may propose changes or revise resource estimates via the Change Management Process.
- 10.6.2.2.4. Pricing for the PBMS Ongoing Operations and Enhancements Contract Stage shall include pricing for the PBMS Operations (including Maintenance activities) and Enhancements to the System within the Operations Budget Pool by SFY, and are not considered in addition to the Operations Budget Pool maximum annual amount.
- 10.6.2.2.5. Offerors will provide a fixed price for the Contract Stage(s) (through Appendix E – PBMS Pricing Schedules) that includes all personnel, overhead, profit, travel, equipment usage, network communications, and other miscellaneous costs. Only the amounts in the Pricing Schedules will be paid to the Contractor, and Offerors shall not assume any additional payment beyond that proposed in Pricing Schedules.
- 10.6.2.3. Postage costs related to mail are not included in the fixed price, as those costs will be passed through directly to the Department on a monthly basis.
- 10.6.3. If the actual volume of claims/encounters increases by greater than twenty percent (20%) from the forecasted claims/encounters estimate provided in this RFP, the Contractor may request a change to the Contract pricing for the next SFY, but there is no guarantee that the Department will have the available funding to increase the Contract price or amend the contract to meet the Contractor’s request. Any increase in the Contract price may require a formal budget action that shall be approved by the Department and the Colorado General Assembly, so there is no guarantee that the Contract price will increase for any reason, including those outside the control of the Contractor.
- 10.6.4. The Department’s maximum available amount for the two distinct budget pools is listed in Section 10.6.4.1 through 10.6.4.2.
- 10.6.4.1. DDI Budget Pool: \$8,000,000 total.

- 10.6.4.2. Operations Budget Pool: \$2,000,000 SFY 2016-17 (covering October 1, 2016 through June 30, 2017); \$1,000,000 SFY 2023-24 (covering July 1, 2023 through October 31, 2023); and \$3,000,000 per SFY for all other years (covering July through June).
- 10.6.5. Please be aware that the Department proposed the following estimated budget amount for the PBMS DDI activities to the Colorado General Assembly on November 1, 2012. The Department's budget request does not contain funding beyond SFY 2016-17, as the base operating price for the PBMS is already in the Department's budget and does not need to be specially requested through this budget request. Based on the Offeror's proposal and resulting Contract, the Department may request adjustments to the budget by SFY through the Department's budget process.

SECTION 11.0 EVALUATION

11.1. EVALUATION PROCESS

- 11.1.1. Proposal evaluation will result in a recommendation for award of the Contract under this RFP. The award will be made to the Offeror whose proposal, conforming to this RFP, will be most advantageous to the State of Colorado, price, and other factors considered.
- 11.1.2. The Department will conduct a comprehensive and impartial evaluation process for all proposals received that meet the Mandatory Offeror Requirements, as described in Section 1.3 and Appendix A – PBMS Requirements and Performance Standards Matrix, and do not exceed the maximum available amount for any budget pool. The objective of the evaluation process is to determine the proposal that most effectively meets the Department's goals and requirements. Failure of an Offeror to provide any required information and/or failure to follow the response format set forth in this RFP may result in reduced scoring and/or disqualification of the proposal. It is the Offeror's responsibility to ensure that all required materials are included in the proposal submission.
 - 11.1.2.1. Price Proposals that exceed the maximum available amount in any budget pool shall disqualify the Offeror's proposal from evaluation.
 - 11.1.2.2. Price Proposals that transfer money from one pool to another (e.g., proposing to transfer money from the DDI Budget Pool into the Operations Budget Pool) shall disqualify the Offeror's proposal from evaluation.
 - 11.1.2.3. Price Proposals that are clearly not commensurate with the requirements and narrative response as provided in the Offeror's Technical Proposal may disqualify the Offeror's proposal from evaluation.
- 11.1.3. Offerors should not assume that they will have an opportunity to participate in solution demonstrations and oral presentations or to make revisions to their proposals. Therefore, Offerors should submit their most favorable proposal as the initial proposal. Offerors may be invited to participate in solution demonstrations and oral presentations based on their written proposals. New materials, solutions, and/or approaches may not be introduced during the solution demonstration and oral presentations. Therefore, Offerors are cautioned to ensure that their proposals adequately convey the soundness of their approach and understanding of the requirements.
- 11.1.4. Failure of a proposal to comply with the requirements of this RFP may result in the proposal being disqualified as a non-responsive proposal. Such disqualification may occur at any point.

11.2. EVALUATION COMMITTEE

- 11.2.1. An Evaluation Committee will be established prior to opening the received proposals. The Department has established measures to ensure the integrity of the evaluation process, including selecting committee members who do not have a conflict of interest regarding this RFP, facilitating independent review of proposals, requiring evaluation of proposals based on content, and ensuring the fair and impartial treatment of all Offerors.
- 11.2.2. The sole objective of the Evaluation Committee is to conduct reviews of the submitted proposals along with other information that may be requested, to hold frank and detailed discussions among themselves, and to recommend a Contract award based on the proposal that is most advantageous to the State.
- 11.2.3. The Evaluation Committee will evaluate proposals to determine if each Offeror met the Mandatory Offeror Requirements. The Evaluation Committee may disqualify the Offeror's proposal from evaluation if the Mandatory Offeror Requirements are not met.
- 11.2.4. The Evaluation Committee will judge the merits of each proposal received in accordance with the evaluation criteria. Criteria are weighted as described in Table 11.5.1.1, reflecting their relative importance.
- 11.2.5. The Evaluation Committee may check the Offeror's references as part of the evaluation process. Reference checks may not be limited to the specific references cited in the proposal, and may include others, as deemed appropriate by the Evaluation Committee.
- 11.2.6. The Evaluation Committee, if it deems necessary, may ask for clarifications, conduct site visits, or request best and final offers from the Offerors. Such presentations and related travel for site visits will be at the Offeror's expense. The Evaluation Committee may adjust its scoring based on the results of such activities, if any. However, proposals may be reviewed and determinations made without such activities, and Offerors should be aware that the opportunity for further explanation might not exist. Therefore, it is important that initial proposals be complete.

11.3. INITIAL EVALUATION

- 11.3.1. All proposals will be reviewed for compliance to Sections 11.3.1.1 through 11.3.1.4:
 - 11.3.1.1. Offeror's proposal was submitted by the proposal submission deadline.
 - 11.3.1.2. Offeror included the appropriate number of USB devices and electronic proposal copies.
 - 11.3.1.3. Offeror included all required documents.

11.4. EVALUATION PROCESS

- 11.4.1. All Technical Proposals received will be evaluated and scored. The full Evaluation Committee will discuss the Technical Proposal scores provided by each evaluator and score the Technical Proposal.
- 11.4.2. All Offerors will be allocated no more than two (2) business days to provide a solution demonstration and an oral presentation addressing topics specified by the Evaluation Committee and/or the Department.
 - 11.4.2.1. Offerors will be required to demonstrate functionality utilizing Department-defined scenarios to showcase their proposed solution and validate the narrative provided within the written proposal. The Department does not require that the demonstrated System be in Production; however, Offerors shall be able to exhibit end-to-end functionality that reflects day-to-day activities of the Department. The Department will provide scenarios in advance of solution demonstrations and oral presentation.
- 11.4.3. Following the Solution Demonstration and Oral Presentations, the Evaluation Committee will finalize the Technical Proposal evaluation
 - 11.4.3.1. Using the weights assigned in Table 11.5.1.1, the combined scores for the Solution Demonstration and Oral Presentation and the Technical Proposal will be considered the total score for that Offeror.
- 11.4.4. Price Proposal Evaluation
 - 11.4.4.1. Price Proposals will be evaluated based on the completed pricing schedules contained in Appendix E – PBMS Pricing Schedules.
 - 11.4.4.2. Evaluators will score the Price Proposal criteria of suitability and alignment for the technical approach against the Offeror's Pricing Schedules.
- 11.4.5. Best and Final Offer (BAFO) Requests and Evaluation
 - 11.4.5.1. The Evaluation Committee may request best and final offers from the Offerors to clarify Offerors' Technical Proposal and/or Price Proposal. Requests for best and final offers are at the discretion of the Evaluation Committee, and not all Offerors may be requested to present a best and final offer.
 - 11.4.5.2. An Offeror's response to a BAFO request will be evaluated and may, at the discretion of the Evaluation Committee, cause a change to that Offeror's Technical Proposal and/or Price Proposal score. The change in score will become the new and final total score for that Offeror.
- 11.4.6. Announcement of Intent to Award
 - 11.4.6.1. Upon completion of the evaluation, the Evaluation Committee will recommend an Offeror for Contract award.
 - 11.4.6.2. Once the Evaluation Committee's recommendation for award has been approved, the Department will issue a "Notice of Intent to Make an Award" announcement to all Offerors.

11.5. EVALUATION CRITERIA

- 11.5.1. The Department will conduct a comprehensive evaluation of the proposals to determine whether all critical elements described in this RFP have been addressed, the capabilities of the Offeror, the quality of each approach proposed, and any other aspect determined relevant by the Department.
- 11.5.1.1. Technical Proposal evaluations will involve the point scoring of responses in each Technical Proposal Section described in Table 11.5.1.1 below, according to pre-established scoring criteria. Each criterion has been assigned a predetermined weight to reflect the relative importance of that criterion to the overall score. The seven (7) areas and a summary of the weights are shown in Table 11.5.1.1.

Table 11.5.1.1: Summary of Technical Proposal Scoring Criteria

Technical Proposal Evaluation Criteria	Weight (% of Total Possible Points)
Corporate Qualifications – Background & Experience	15.0%
Reference Checks and Corporate Capabilities and Commitment	10.0%
Financial Stability	1.0%
Understanding of Solicitation and Project Goals	2.0%
Requirements and Technical Proposal Narrative: <ul style="list-style-type: none">• Appendix A – BDM PBMS Requirements and Performance Standards Matrix (Offeror’s Approach to Requirements)• Department Scenarios• Contract Personnel• Approach to Project Phases• Approach to Contractor General Requirements• Approach to PBMS Statement of Work• Approach to PBMS Operations Statement of Work• Business and Technical Innovation and “Optional” Requirements	40.0%

Technical Proposal Evaluation Criteria	Weight (% of Total Possible Points)
Solution Demonstrations and Oral Presentations	20.0%
Total Overall Value Of Technical Proposal Evaluation	88.0%

- 11.5.1.2. Evaluators will score all other items in Table 11.5.1.1 using the evaluation criteria developed by the Department. Each item will receive a score from zero to five (0-5) excluding three (3), with five (5) being the highest score possible and zero (0) indicating the Proposal is non-responsive on a given item. The Evaluation Committee will not utilize a three in their scoring to help create a distinction between the Offerors' proposals.
- 11.5.2. The Department has established a priority for the requirements and assigned points accordingly. Offerors will indicate whether they can meet the requirement within Appendix A – PBMS Requirements and Performance Standards Matrix, and should consider the priority level assigned to each requirement. Evaluators will use the information provided in Appendix D – ~~BIDM~~ **PBMS** Offeror's Response Worksheet as a reference and to verify if the Offerors plans to meet the specific requirement, and if so where to find the Offeror's response.
- 11.5.2.1. Within the Technical Proposal, the Offeror will describe how the requirement will be fulfilled. The Evaluation Committee will review the requirements against the Offeror's narrative proposal and award the assigned points based on the Offeror's description of how they will fulfill each requirement. The Evaluation Committee will also determine the feasibility of the Offeror meeting the requirement, as indicated in their response to Appendix A – PBMS Requirements and Performance Standards Matrix.
- 11.5.2.1.1. Offerors are advised through their Technical Proposal to fully and clearly explain and justify how the requirements in Appendix A – ~~BIDM~~ **PBMS** Requirements and Performance Standards Matrix will be met.
- 11.5.2.2. Priority 1: These requirements are necessary to make the System and PBMS Operations efficient and effective, such that they do not introduce any new manual processes and help the Department increase its capability levels on the MITA Maturity Model. Some of these requirements are components of the Medicaid Enterprise Certification Toolkit (MECT) Checklist, and may be necessary for CMS Certification.
- 11.5.2.3. Priority 2: These requirements focus on achieving the Department's mission and vision that include enhancements beyond the basic PBMS functionality, which eliminates or reduces current manual processes and integrates new technologies into the enterprise.

- 11.5.2.4. Priority 3: These requirements are considered necessary to enhance user and provider functionality, as well as business processes. Priority 3 requirements are determined to significantly improve the Department's operations and PBMS Operations, user experience, provider interactions, and customer service.
- 11.5.2.5. Optional: The Department has identified requirements that are not critical for achieving CMS Certification, operating a federally certified System, or administering the Colorado Medical Assistance program. These have been classified as Optional. The Department sees these Optional requirements as an opportunity for Offerors to provide additional functionality by leveraging existing technology solutions or components. Offerors will receive points for Optional requirements that can be met within the proposed base price and provided at no additional cost to the Department. If Optional requirements can be met, but outside of the base price, and if the Offeror can provide pricing, Offerors shall indicate that in Appendix E – PBMS Pricing Schedules. However, Offerors will not receive points for Optional functionality that is not included in the base price, and it will not be included in the proposal evaluation.
- 11.5.2.6. The Department expects Priority 1 and Priority 2 System requirements to be implemented in the PBMS Implementation Contract Stage. If the Offeror proposes to defer a Priority 1 or Priority 2 requirement to the PBMS Ongoing Operations and Enhancement Contract Stage, the Evaluation Committee may deduct the scoring points related to that response. This evaluation methodology is intended to discourage Offerors from deferring critical functionality to the Ongoing PBMS Operations and Enhancements Stage.
- 11.5.3. The Price Proposal Evaluation will be based on the completed pricing schedules contained in Appendix E – PBMS Pricing Schedules. All of the criteria shall be included for the price quoted, inclusive of all personnel, overhead, travel, equipment usage, and other miscellaneous costs for the Contract period quoted.
- 11.5.4. The evaluation of the Price Proposals will involve the scoring of responses in each of four (4) areas, according to pre-established criteria for scoring. The four (4) areas and their overall weights are shown in Table 11.5.4.

Table 11.5.4: Summary of Price Proposal Criteria

Price Proposal Evaluation Criteria	Weight (% of Total Possible Points)
PBMS Implementation Contract Stage price	1.0%
Total PBMS Ongoing Operations and Enhancements Contract Stage for FY 2016-17 through FY 2023-24 price	5.5%
Hourly Rates for Changes	0.5%

Price Proposal Evaluation Criteria	Weight (% of Total Possible Points)
Suitability and Alignment of Technical Approach to Implementation Contract Stages Price and Approach to Quality Maintenance Payments in PBMS Ongoing Operations and Enhancements Contract Stage	5.0%
Total Overall Value Of Price Proposal Evaluation	12.0%

- 11.5.5. Evaluators will score the final Price Proposal criteria of suitability and alignment for the technical approach against the DDI price, based on a zero to five (0-5) scoring scale.
- 11.5.6. Evaluators will score the Hourly Rate for Changes against industry standards, based on a zero to five (0-5) scoring scale.
- 11.5.7. The Offeror with the lowest Total Lump Sum Price proposed for each pricing component will receive the maximum score for that component, based on the weights in Table 11.5.4.
- 11.5.8. Scores for the subsequent Offerors will be calculated using the following formula:
- 11.5.9. $\text{Score} = (N/Z) \times Y$
- 11.5.9.1. N = the lowest Total Lump Sum Price for the pricing worksheet item proposed by an Offeror.
- 11.5.9.2. Z = the Total Lump Sum Price for the pricing worksheet item proposed by the Offeror being evaluated.
- 11.5.9.3. Y = the maximum points possible for applicable component.
- 11.5.9.4. Scores will be rounded to the nearest decimal point (e.g., 4.5).

11.6. SOLUTION DEMONSTRATIONS AND ORAL PRESENTATIONS

- 11.6.1. The Evaluation Committee will hold oral presentations to clarify and/or demonstrate specific area(s) of Offerors' Proposals or to see live demonstrations of the proposed solutions. Offerors will be notified fifteen (15) business days in advance of presenting an oral presentation.

11.7. BEST AND FINAL OFFERS

- 11.7.1. The Evaluation Committee may request best and final offers (BAFO) from the Offerors to clarify Offerors' Technical Proposal and/or Price Proposal. Requests for best and final offers are at the discretion of the Evaluation Committee, and not all Offerors may be

requested to present a best and final offer. Offerors will be notified ten (10) business days in advance if selected to submit a best and final offer.

11.8. AWARD

- 11.8.1. The Evaluation Committee will rank the proposals based on the number of points. The Evaluation Committee will then determine whether the proposal receiving the highest number of points should receive the award. If the Evaluation Committee determines that the proposal with the highest number of points should not receive the award, then the Evaluation Committee will determine if the proposal with the next highest number of points should receive the award and so on. The proposal with the highest number of points is not guaranteed an award as the Evaluation Committee is charged with awarding the Contract to the proposal that will be most advantageous to the State of Colorado, price, and other factors considered.

APPENDICES

APPENDIX A – PBMS REQUIREMENTS AND PERFORMANCE STANDARDS MATRIX

APPENDIX B – PBMS PROJECT PHASES TABLES

APPENDIX C – PBMS ADMINISTRATIVE INFORMATION DOCUMENT

APPENDIX D – PBMS OFFEROR'S RESPONSE WORKSHEET

APPENDIX E – PBMS PRICING SCHEDULES

APPENDIX F – PBMS GLOSSARY OF TERMS AND ABBREVIATIONS

APPENDIX G – PBMS PROCUREMENT LIBRARY CONTENT LIST

APPENDIX H – DRAFT CONTRACT

APPENDIX I – W-9 FORM

APPENDIX J – RFP SIGNATURE PAGE