Request for Proposal #39538 for Pharmacy Benefit Management Services

Issued on Behalf of
The City of Memphis
6/21/2019
Coordinated by: PwC
SECTION 1 - INTRODUCTION

Organizational Overview

Thank you for participating in this Request for Proposal ("RFP") #39538 for a Pharmacy Benefit Manager (PBM) to be effective 1/1/2020. This proposal represents an opportunity of approximately 14,000 active and retired members from the City of Memphis. Below is a brief overview:

The City of Memphis has worked hard to design a healthcare program that provides competitive rates and choice for employees and retirees. The core of our healthcare benefits strategy has been to:

- Attract and retain quality talent;
- Build a comprehensive and competitive medical and pharmacy benefits program that allows for employee choice;
- Include affordable and sustainable solutions for both participants and the City;
- Incorporate wellness, health management and incentives to change behavior and improve the health of the population;
- Provide access to a broad network of high quality, efficient providers;
- Enhance strong communications and education initiatives to assist the employees in adopting, understanding and managing their health and benefits costs.

For 2020, the City is offering two medical/RX plan options to employees and retirees whom remain on the group plans. Generally retirees (both Medicare eligible and pre-Medicare) transitioned to a retiree private exchange effective March 1, 2017 and are not included in this RFP. There are, however, a few retiree group exceptions, whereby retirees will remain on the group plan for the foreseeable future, including some Pre-65 retirees/survivors injured in the line of duty, those with end-stage renal disease and those without Medicare. Coverage through the City’s group plans is also available to spouses whom do not have other coverage available through a current or former employer (employee verification is required).

While the 2020 plan designs/programs have not yet been finalized, the City does not intend to make significant changes from the 2019 plan provisions summarized in this RFP document.

The City offers two Wellness Clinics – the onsite clinic located 125 N Main Street and the near site clinic is located at 1803 Union Avenue. All active employees and retirees, as well as their immediate families, are eligible to use the clinic for the following services:

- Treatment of acute conditions such as colds, sore throats, allergies, coughing
- Acute joint pain or injuries
- Abdominal pain, nausea, vomiting, diarrhea
- Eye infections
- Ear infections
- Skin infections
- Rashes
- Acute wounds
- Sports physicals
- Sutures (not facial wounds)

The clinic also distributes select generic prescription drugs.
Reasons for Competitive Bid

In order to determine a short list of qualified PBMs with whom the City of Memphis will conduct finalist interviews, we are seeking information regarding the administrative capabilities of your organization and your ability to assist the City in achieving its strategic healthcare benefits goals (bulleted above) while also

- Offering market competitive pricing
- Accepting accountability for cost effectiveness of program administration, delivery and outcomes through aggressive performance management guarantees with financial risk
- Pursuing innovative strategies to deliver more cost effective, quality care through providers with greater use of pay for value models
- Offering the highest quality customer service to the City and its members
- Promoting and facilitating employee self-service as to lessen the City’s administrative burden
- Providing efficient coordination with other administrative vendors
- Achieving all of the above goals within the confines of the City’s current HR and payroll systems

Scope of Services Requested

The scope of service being requested is summarized below:

1. Pharmacy network access
2. Claims administration
3. Audit capabilities
4. Utilization management
5. Plan design
6. Formulary services
7. Rebates
8. Eligibility
9. Account Management
10. Customer service, including member call center and website
11. Performance guarantees
12. Reporting

Please see Attachment G for a more detailed scope of requested services.

Current Benefit Programs

2019 Prescription Drug (Rx) Plan Offerings

The medical and drug plans are self-insured and a high level summary of the plan design overview is shown below.
The 2020 plan designs have not been finalized but should not differ significantly from 2019. For additional detail on plan designs or eligibility, please visit totalrewards.memphistn.gov.

Section 2 - RFP Process

RFP Timetable

The timeline for the bid process is as follows:

<table>
<thead>
<tr>
<th>Task</th>
<th>Completed By:</th>
</tr>
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<tbody>
<tr>
<td>RFP Posted</td>
<td>6/21/2019</td>
</tr>
<tr>
<td>Vendor submit questions</td>
<td>6/27/2019</td>
</tr>
<tr>
<td>Response due back to vendors</td>
<td>7/01/2019</td>
</tr>
<tr>
<td>RFP Response Due</td>
<td>7/08/2019</td>
</tr>
<tr>
<td>City of Memphis Pick Finalists</td>
<td>7/19/2019</td>
</tr>
<tr>
<td>Finalist Meetings</td>
<td>7/23/2019</td>
</tr>
<tr>
<td>City of Memphis Final Decisions</td>
<td>7/26/2019</td>
</tr>
<tr>
<td>Finalize Contracts</td>
<td>7/30/2019-on going</td>
</tr>
<tr>
<td>Effective Date</td>
<td>1/1/2020</td>
</tr>
</tbody>
</table>

Intent to Participate

An Intent to Bid form has been provided as Attachment A with this Introduction and Background document. If you intend to bid on this opportunity, you must acknowledge and provide the following:

- Acknowledgement of all of the instructions and requirements detailed in this RFP
- Acknowledgement of your understanding of the City’s requirements with respect to confidential data provided as part of this RFP including census, claims, and other detailed data not already provided or available in the public domain
- A commitment to immediately destroy confidential information following completion of the RFP process and/or the request of the City or its consultant and to provide written verification of the destruction of such information
The name, title, company, and contact information (email address and phone number) for the responder and indication he/she is authorized to commit their organization to the proposal submitted. PwC is only responsible for sending information regarding this RFP to the designated responder.

Your signature at the bottom of Attachment A will serve as your acknowledgement of the above.

Your completed Intent to Bid Form must be submitted to Kim Jepsen at kimberly.s.jepsen@pwc.com. Upon receipt of the completed and signed Intent to Bid form, you will be provided the RFP Minimum Bid Requirements and Financial Proposal Template, data and remaining attachments at the email address provided in your Intent to Bid form.

**RFP Inquiries**

Any inquiries related to the RFP should be sent to Kim Jepsen at kimberly.s.jepsen@pwc.com by no later than June 27, 2019. The following guidelines and rules have been established to ensure effective communication:

- All responses to inquiries will be provided to all participating organizations; the entity submitting the question will not be identified.
- Every effort will be made to respond to all inquiries as quickly as is practical, but no later than the date specified in the timeline above.
- Do not contact the City of Memphis directly in regards to this RFP.

If you have questions that you believe address confidential business issues specific to your organization, you may contact Kim as well. If the City of Memphis agrees as to the reasonableness of the confidential request and that a private answer would not prejudice the information available to other participants, your question will be addressed privately.

**RFP Response Submission Instructions & Process**

Your complete RFP response, including all attachments and exhibits, must be submitted by July 8, 2019, at 2:00 PM CT, and should be sent to Kim Jepsen at kimberly.s.jepsen@pwc.com. Responses received past the deadline or responses that are incomplete may be disqualified at the discretion of the City of Memphis.

**Minimum Bid Requirements and Financial Proposal**

The City’s Minimum Bid Requirements and Financial Proposal Template will be emailed to your designated RFP contact, upon receipt of your Intent to Bid Form. Your Confirmation of Minimum Bid Requirements and Financial Proposal must be submitted to Kim Jepsen at kimberly.s.jepsen@pwc.com. Please entitle your submission as “Minimum Bid Requirements and Financial Proposal – ‘Your Company Name’.xls”.

**Formulary and Network Disruption Analyses**

The data needed to complete your formulary and network analyses will be provided as Attachment F along with the Minimum Bid Requirement and Financial Proposal Template. Please use this data file to provide a 1) formulary disruption and 2) network disruption analysis. Your submission files should be entitled “Attachment F1 City of Memphis Formulary Disruption – ‘Your Company Name’.pdf” and “Attachment F2 City of Memphis Network Disruption – ‘Your Company Name’.pdf”.

City of Memphis – RFP for PBM Services
**General Terms and Conditions**

The City’s General Contract Terms and Conditions will be provided as Attachment B along with the Minimum Bid Requirements and Financial Proposal Template. Please confirm within the Minimum Bid Requirements Template (Row 53) that you are willing and able to comply with all terms and conditions as stated or provide explanation of proposed deviation.

**Insurance and Risk of Loss**

The City’s Insurance and Risk of Loss form will be provided as Attachment C along with the Minimum Bid Requirements and Financial Proposal Template. Please confirm within the Minimum Bid Requirements Template (Row 52) that your organization is compliant with all listed insurance or note any deviations.

**Non-collusion Affidavit**

The City’s Non-collusion Affidavit will be provided as Attachment D along with the Minimum Bid Requirements and Financial Proposal Template. Please input your responses and signatures along with any comments into this document and save and rename the file as “Attachment D City of Memphis Noncollusion Affidavit – ‘Your Company Name’.pdf”. Submit your completed non-collusion affidavit, with your RFP response.

**Equal Business Opportunity**

The City’s vendors are expected to take affirmative action to ensure that small, minority-owned and women-owned businesses, which have been certified by the City, are utilized when possible as sources of supplies, equipment and services to directly provide a minimum percentage of the value of vendor’s financial proposal. For the minimum percentage goal assigned to the PBM contract, please see the Minimum Bid Requirements Template. Note, even though a percentage goal is set, if the vendor fails to meet this but provides good faith effort documentation, they may still participate if the City accepts/approves the good faith.

The City’s Equal Business Opportunity Form will be provided as Attachment E, along with the Minimum Bid Requirements and Financial Proposal Template. Please complete and submit Attachment E with your RFP response. Entitle your submission as “Attachment E City of Memphis Equal Business Opportunity Form – ‘Your Company Name’.docx”.

**Modification of Termination of RFP Process**

Additionally, the City reserves the right to, in its sole discretion, discontinue, amend, supplement, or otherwise change this RFP, the initiative, the process used for evaluation, and the expected timeline at any time and for any reason, and makes no commitments, implied or otherwise, that this process will result in a business transaction with any provider.

**Supplemental Information**

If, subsequent to issuance of this RFP, additional relevant material is produced by or becomes available to the City, such material will (where appropriate) be transmitted to all RFP participants (whom have submitted an intent to bid) for their consideration. The City will make modifications by issuing a written addendum, which will be distributed to bidders at the contact email address provided through their Intent to Bid document. Any revisions to the solicitation will be made only by an addendum issued by the City. The City will assume that all changes or additional requirements transmitted have been taken into account in Proposer’s Proposal (including with respect to pricing), unless otherwise specified.
No Representation or Warranties

The City makes no representations or warranties regarding the accuracy or completeness of the information contained in this RFP or otherwise provided by the City through the RFP process. Proposer is responsible for making its own evaluation of information and data contained in this RFP or otherwise provided by the City, and for preparing and submitting responses to the RFP. The City has attempted to validate the information provided in this RFP, but it is possible that Proposer may detect inconsistencies or potential errors. While Proposer should identify these potential issues in its questions or in an appendix to its Proposal, Proposer should use the information provided on an “as-is” basis for its initial Proposal. Information regarding the City and the Initiative may be revised or updated, and republished for inclusion in a final response.

Proposal Preparation and Costs

Proposer will be responsible for all costs it incurs in connection with this RFP process (including but not limited to Proposal preparation, personnel time, travel-related costs, and other expenses) and any subsequent agreement negotiations.

Ownership and Intellectual Property

The City will own all of the data related to the services included in this RFP.

Notification of Selection

You will receive notification on July 19, 2019, as to whether your organization has been selected to progress to the finalist presentation phase. Finalist presentations will be held July 23, 2019.

The City may or may not select a number of the RFP respondents who will be asked to give an oral presentation of its proposal to the City. However the City is not obligated to interview any finalist. If interviews are conducted, those selected to give an oral presentation will be provided an agenda upon notification and will be selected based on an evaluation of their RFP response. Bidders that are not selected to progress to the oral presentations likely will be excluded from further consideration.

For this reason, Proposer is strongly encouraged to make as complete and compelling a Proposal as possible. The Bidder who fails to comply risks being dropped from further consideration without having an opportunity to improve its offer.

Contract Award

The award of contract will be made on the basis of the best proposal, as determined by the City, which meets the requirements and criteria set forth in the solicitation. The City may fund all or any part of a proposal, and the City will only accept proposals for the services requested. The proposal submitted in response to this solicitation is not a legally binding document; however, the contract, which will be based on information provided in the proposal, becomes legally binding once all parties have signed it. Any contract resulting from this RFP shall be subject to the City of Memphis General Terms and Conditions set forth in this solicitation. To view the City of Memphis General Terms and Conditions, please see Attachment B, provided with the Minimum Bid Requirements and Financial Proposal Template. The successful Contractor shall be required to execute the contract originated by the City of Memphis and satisfy all contract requirements as specified by the City. One or more contracts may be awarded under this RFP, and any contract awards and amounts are subject to the availability and appropriation of funds. Unless changed by the City, the anticipated contract will commence upon contract execution and end three years...
after the contract execution. The City reserves the option to extend the contract term for 2 additional 12-month periods.

**Protests**

Any protest of award must be filed in writing with the Purchasing Agent within five (5) calendar days of the award announcement at the following address:

City of Memphis Purchasing Agent: Tim Boyles
125 North Main, Room 354, Memphis, Tennessee 38103.

Alternatively, protests may be emailed to Tim Boyles at Tim.Boyles@memphistn.gov

### Section 3 - RFP Requirements

#### General Conditions

Please note the following general expectations regarding this bid process:

- **Proposal Expiration Date** - Proposals in response to this RFP shall remain valid for nine (9) months from the Proposal due date. The City may request an extension of time if needed.

- **Proposer Data** - The confidentiality of information and data contained in Service Provider’s Proposal shall be subject to and governed by the Open Records Act and any other Public Records laws with which the City is legally obligated to comply (including a Freedom of Information Act Request under “FOIA”).

- **Deadline Extension** - The City reserves the right to extend the submission deadline, if such action is considered necessary by the City.

- **Ambiguity, Conflict, or Other Errors in the RFP** - If a Proposer discovers any ambiguity, conflict, discrepancy, omission or other error in the RFP, it shall immediately notify, in writing e-mail, the City of such error request modification or clarification of the document. The Proposer shall include the RFP number, page number and the applicable paragraph title. The City will issue/post any revisions to the RFP on the City’s website (www.memphistn.gov). The Proposer is responsible for clarifying any ambiguity, conflict, discrepancy, omission, or other error in the Request for Proposals prior to submitting the proposal or any ambiguity, conflict, discrepancy, etc. shall be waived.

- **Failed Competition** - The City reserves the right to reject any or all proposals which are not responsive to the specifications of this Request for Proposal (RFP). Competitive negotiation requires that at least two responsive proposals for the same scope of work and service area be received in response to the RFP. A competition is considered failed if only one responsive proposal is received. If a competition has been declared failed, the City then has the option to reopen the procurement or enter into a non-competitive procurement.

- **Withdrawing or Amending Proposal** - At any time prior to the scheduled deadline for receipt of proposals, the Proposer may withdraw or amend its proposal by submitting a written request from the authorized representative whose name and signature appears on the proposal. A written request to withdraw or amend the proposal must be submitted to the individual and address to whom/which the proposal was submitted.
- **Acceptance / Rejection of Proposals** - The City reserves the right to accept or reject, in whole or in part, any or all proposals submitted. The City shall reject the proposal of any Proposer that is determined to be non-responsive.

- **Informalities / Minor Irregularities** - The City reserves the right to waive minor irregularities or informalities in a Proposer’s proposal when the City determines that it will be in City’s best interest to do so. Any such waiver shall not modify any remaining RFP specifications or excuse the Proposer from full compliance with the RFP specifications and other contract requirements if the Proposer is awarded the contract.

- **Proposer Indebted to the City** - No contract will be knowingly awarded to any organization which, in the City’s sole discretion, is in arrears to the City of Memphis upon any debt or contract, or which is a defaulter as surety or otherwise under any obligations to the City of Memphis, or which has failed to perform faithfully on any previous contract with the City of Memphis.

- **Tax Payments** - The City of Memphis exempt from federal excise, state and local taxes on all purchases and will issue tax exemption certificates, upon request.

- **General** - Subject to questions and clarifications raised on specific issues, Proposer shall be deemed, by the submission of its Proposal, to have understood fully the meaning of the overall RFP. Any claims of ambiguity after contract award will not be accepted by the City.

- The City of Memphis reserves the right throughout the RFP process to negotiate with bidders over any and all terms of their proposal, and to solicit additional information and accept any modifications at its sole discretion.

- The successful respondent (if one is chosen) shall furnish all services necessary to perform and complete the requirements of this RFP. The successful respondent must comply with any agreed upon performance schedule.

- The respondent shall provide detailed pricing in the proposal. Failure to include pricing for all services and offerings available from the respondent or sub-contractor will subject the proposal to rejection. Any pending service offering changes that are reasonably expected to have impact on this proposal in any aspect (features, rates and functionality) are to be disclosed as part of the proposal. Any service feature not priced will be deemed to be offered at no change.

- Payment will be made only for services accepted under the contract with the successful respondent. The City will not be responsible for any costs or expenses of any kind in the preparation of any responses or proposals.

**Confidentiality of Request for Proposal**

This entire RFP, including all attachments, exhibits and related material, constitutes confidential material of the City of Memphis. This information is provided to you for the sole purpose of responding to the RFP; other uses of this information are not permitted. Information should be disseminated only to those actively engaged in producing your proposal.

Except as otherwise provided herein or as otherwise agreed to by the parties, the City shall not divulge any submitted responses to any other potential respondent. However, the City shall have the right to share with any consultant or contractor the RFP and any resultant response or proposal in order to secure expert opinion. This RFP and any other information obtained by the respondent as a result of its participation in this RFP are confidential and proprietary and shall not be duplicated, disclosed or used by the respondent in any manner except as authorized herein by the City. If the respondent desires to release any of this information to a third party for the purpose of preparing for its response, the respondent must obtain the prior written consent of the City. By accepting possession of this RFP, the
respondent hereby agrees not to disclose to any party outside of the City of Memphis any of the information contained herein without written permission from the City of Memphis.

Proposer may not make any public announcement relating to this RFP or otherwise publicize the existence or contents of this RFP. Any Proposer that discusses this RFP or the Initiative with anyone within or outside the City other than the persons and entities permitted pursuant to this RFP will risk elimination from further participation in the bidding process due to breach of confidentiality, in addition to enforcement by the City of any other remedies available to it.

Attachments

Information and data that may aid in your proposal formulation as well as templates for performing and submitting the requested analyses and rates/fees will be provided as attachments and emailed to the individual identified as your RFP contact on your Intent to Bid form.

Evaluation of Proposals

Proposals will be evaluated based on the following methodology:

Financial Proposal – 50% of total score
Network Access – 15% of total score
Capabilities & Approach – 25% of total score
Commitment to the City of Memphis (e.g. community service, financial investment, etc.) – 10% of total score

Contacts

If you have an urgent need, you may contact Kim Jepsen at kimberly.s.jepsen@pwc.com or at 630-606-3846. If you are unable to reach Kim, you may contact Carolyn Steger at carolyn.m.steger@pwc.com or at 724-816-4457.
City of Memphis  
125 N Main Street  
Memphis, TN 38103

[Company] has received the City of Memphis Request for Proposal for Pharmacy Benefit Management Services. This signed letter serves as our intent to participate.

We acknowledge all of the instructions and requirements detailed in the Introduction and Background document.

We acknowledge our understanding of the City's requirements with respect to confidential data provided as part of this RFP including census, claims, and other detailed data not already provided or available in the public domain.

We commit to immediately destroy confidential information following completion of the RFP process and/or the request of the City or its consultant and to provide written verification of the destruction of such information.

Below is the name, title, company, and contact information (email address and phone number) for the responder of this RFP. We confirm he/she is authorized to commit their organization to the proposal submitted. PwC is only responsible for sending information regarding this RFP to the designated responder.

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<thead>
<tr>
<th>Responder Information</th>
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<tbody>
<tr>
<td>Name:</td>
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<tr>
<td>Title:</td>
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<tr>
<td>Company:</td>
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<tr>
<td>Email Address:</td>
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<td>Phone Number</td>
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This signed document serves as our agreement to and acknowledgement of the items above.

X