



INDEPENDENT PHARMACEUTICAL CONSULTANTS, INC.

HIRSP Bidders Conference

March 25, 2008—11:00 AM Central
Questions & Responses

1. **Question:** Define Participants, relationship to claims
Response: The RFP provides prescription drug claims statistics for 2007 on page 6.
2. **Question:** Elaborate on Indemnification
Response: The successful bidder is expected to stand behind their services without indemnification by HIRSP. If the PBM makes an error that results in a loss or liability to HIRSP, the vendor shall make good on that loss or liability and not be indemnified by HIRSP. HIRSP is looking to contract with a PBM that is knowledgeable in PBM operations and in assisting their clients in avoiding liability situations which mitigates the need for HIRSP to indemnify their PBM partner.
3. **Question:** Plan Design for 2008 forward; will formularies be available to review?
Response: The current plan design for 2008 is described in RFP Addendum 1 that is posted on the website: <http://www.hirsp.org/about/notice.shtml> . The current Preferred Drug List formulary is available on the HIRSP website: <http://www.hirsp.org/policyholder/pharmacy.shtml>.
4. **Question:** Will there be claims repricing? Pricing requirements.
Response: No, the PBM will not be asked to reprice claims for their RFP response. However, the bidders' pricing description must be such that claims can be repriced by the review committee. Follow the requirements as stated in the RFP, Section X, on page 23 and Attachment A. The required submission requirements are contained in the RFP and its Attachment Excel spreadsheet that can be downloaded from the website at <http://www.hirsp.org/about/notice.shtml> .
5. **Question:** 90 day retail and mail order
Response: Yes, the plan provides coverage for up to a 90-day supply at mail order and at any willing retail pharmacy agreeing to the mail order contract requirements. Bidders are encouraged to propose other 90-day supply alternatives that they offer and found to be beneficial.
6. **Question:** Please provide definition of claim look back.
Response: "Claim look back" is an automated review of claims history that is utilized primarily for prospective DUR, Step Therapy programs and other online benefit edits.
7. **Question:** Does the proposal need to keep the same formatting as the RFP? In other words, be reformatted into our template, keeping heading, tables, and numbering the same?
Response: Yes, the RFP is designed to be used as the proposal/response document. The RFP format is specifically designed to correspond with the proposal review and grading

processes. Those bidders following the RFP intended format will be reviewed favorably during the grading process.

8. **Question:** Number of retirees – post 65

Response: HIRSP does not provide original health coverage for persons over the age of 65. Medicare participants are generally pre-65 disabled beneficiaries or covered persons who have received HIRSP coverage prior to turning age 65 and aged into Medicare eligibility while covered by HIRSP. As of January 1, 2008, there are 978 Medicare Supplement policyholders with HIRSP.

9. **Question:** ASO or fully insured?

Response: HIRSP is self-funded and is seeking a PBM to administer the prescription drug portion of the health benefit offering. HIRSP was created in 1979 for Wisconsin residents. The plan makes health insurance available to people who either are unable to find adequate health insurance coverage in the private market due to their medical conditions or who have lost their employer-sponsored group health insurance.

10. **Question:** City & State, Zip code?

Response: Madison, WI 53703

11. **Question:** Who will provide us eligibility? And how often will it be provided?

Response: Eligibility is maintained by the HIRSP contracted TPA, currently WPS. The PBM receives a current eligibility file from WPS daily.

12. **Question:** How often does a typical member become eligible and non-eligible within a 12 month time period?

Response: All HIRSP members remain eligible as long as they make their monthly premium payments and continue to meet eligibility requirements. Events that disqualify a member from coverage with HIRSP include obtaining other health insurance or relocation outside the state.

13. **Question:** Do the 17,100 participants represent policyholders or does it include dependents?

Response: HIRSP participants are individual policies. Group or family coverage is not available through HIRSP.

14. **Question:** Is the current WPS/HIRSP contract available? What about the WPS/Navitus contract?

Response: Yes, both contracts are subject to open records laws. The documents are currently available for review on the HIRSP website. Please keep in mind the current arrangement is not necessarily an example of the PBM arrangement HIRSP is seeking going forward.

15. **Question:** It's my understanding there is a detailed report on provider payments that excludes pharmacy. Is there anything similar on the pharmacy side?

Response: No, there is no comparable report.

16. **Question:** It's my understanding that the Strategic Planning Committee also had at least one meeting on the PBM contract.

- a. Are those minutes available?
- b. Any handouts from that meeting?
- c. Are your meetings open?

Response:

- a. Yes, the minutes from that meeting are available on the HIRSP website:
<http://www.hirsp.org/about/notice.shtml>
- b. Yes, the handouts from that meeting are available on the HIRSP website:
<http://www.hirsp.org/about/notice.shtml>
- c. Yes, the Strategic Planning Committee is subject to the Wisconsin open meetings law.

17. **Question:** What is required for coordination of benefits with SPAP, simply determining secondary coverage or are we required to collect payment from the agency?

Response: The PBM is required to determine secondary coverage and have a process for properly handling these claims.

18. **Question:** Would you provide more information around the requirements for HSA?

Response: Currently, the HSA is coordinated with WPS as a custom process. The prescription drug claim adjudicates at 100% copayment at the pharmacy and the PBM provides these electronic claims to WPS daily, where the prescription drug claims and medical claims are combined into a combined deductible. WPS then provides accumulator information by participant to the PBM when the deductible is met.

HIRSP would be interested in reviewing proposals for efficient handling of the HSA claims based on a PBM's experience and capabilities.

19. **Question:** For pre-existing condition clause – will you provide files listing excluded drugs, information in eligibility/enrollment files stipulating what is not covered, etc.?

Response: The pre-existing clause is monitored by WPS based on medical claims. WPS will contact the PBM if a policyholder has submitted a medical claim for an excluded pre-existing condition. The PBM will be required to determine medications related to the excluded pre-existing diagnoses and administratively exclude claims for this condition during the participant's limitation period. The PBM will be expected to adjudicate these edits in their online claims processing system.

20. **Question:** What is the requirement around foreign claims?

Response: HIRSP allows coverage for vacation supplies related to participant travel. In an emergency situation where a member is outside the country and obtains a prescription, the medication cost can be reimbursed by the PBM if the medication is equivalent to an FDA approved medication and that FDA approved equivalent item would be covered by the HIRSP benefit. The PBM will be required to reimburse the policyholder for covered expenses, but will not be required to establish an electronic claims payment process for foreign claims. If the PBM has contracted pharmacies in their network out of the country, then the claim would be processed as a network claim through the PBM's adjudication system.

21. **Question:** Regarding exceptions and appeals, what level of appeals are we expected to conduct – first, second and/or third? Will there be an independent reviewer or external reviewer for third level of appeals?

Response: HIRSP has a three level process for appeals:

- a. Grievance that is managed by WPS and coordinated with the PBM. The PBM must also have their own Grievance Committee to handle medication specific grievances, such as medical exception requests.
- b. Appeals that are reviewed by the HIRSP Authority and HIRSP Appeals Committee.
- c. Independent Review Organization (IRO)

22. **Question:** Are you subject to ERISA?

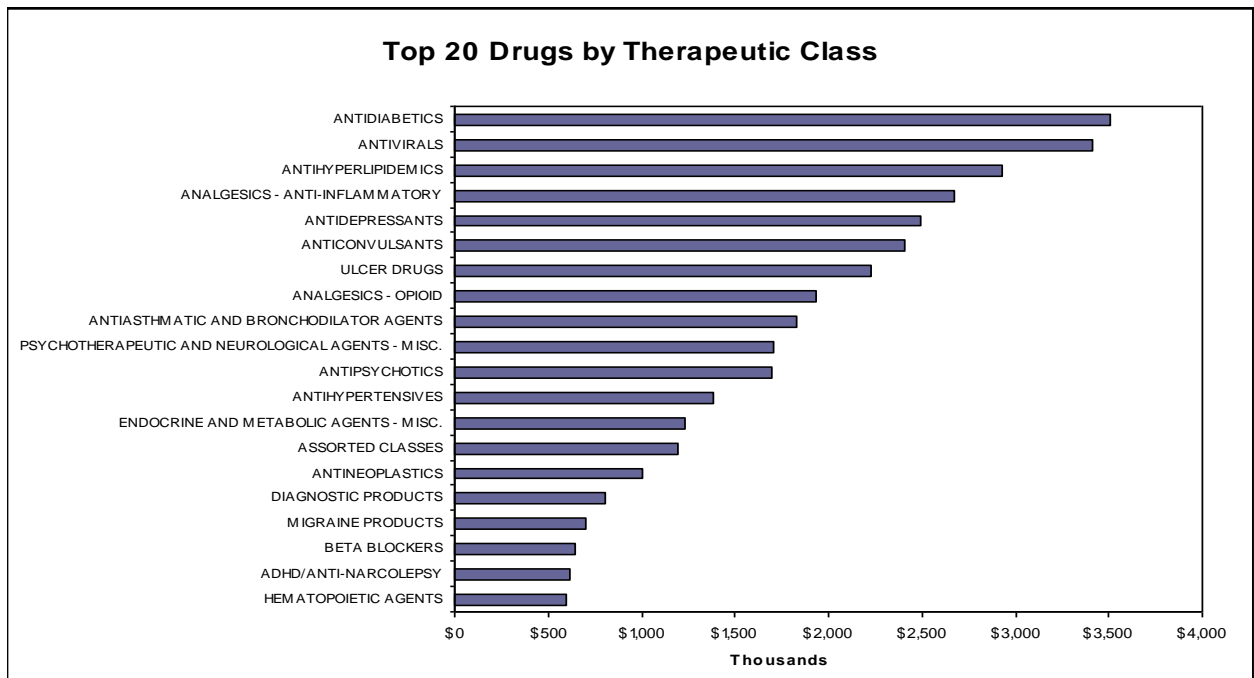
Response: No, HIRSP is not subject to ERISA

23. **Question:** Who handles fiduciary responsibilities?

Response: Generally HIRSP and its Board of Directors assume fiduciary responsibility for the HIRSP health plans. The PBM is required to take actions that are in the best interest of HIRSP and ensure proper use of HIRSP resources without personal benefit unintended by the vendor contract; or that present a direct conflict of interest.

24. **Question:** Can we receive 12 months of past pharmacy claim detail to plan and target clinical outcomes strategies? When can we expect this pharmacy claims data?

Response: Claims detail is not being provided for this RFP. Claims may be provided at a later date for selected bidder finalists. To assist you with clinical strategies, the 2007 top drug therapeutic classes in order of drug spend for HIRSP are presented in the following chart:



25. **Question:** Will there be a maximum number of eligible participants allowed with HIRSP for the plan year 2009?

Response: Not that we know of at this time.

26. **Question:** Is HIRSP open to a 3-tier pharmacy benefit plan design?
Response: For the purposes of the bid the bidder must respond to the plan design presented in the RFP. HIRSP values the opinions of its selected PBM partner in decisions of this nature as they are reviewed.
27. **Question:** Please provide a list of all current Prior Authorization programs, step care programs and disease management programs with HIRSP.
Response: For purposes of the bid the bidder must respond to DUR/Clinical Section VIII of the RFP.
28. **Question:** What program is HIRSP providing members from Bowers & Associates?
Response: They are contract claim data analysts. There are no members receiving services directly from Bowers and Associates.
29. **Question:** Will HIRSP be open to the vendor's clinical recommendations?
Response: For purposes of the bid the bidder must respond to DUR/Clinical Section VIII of the RFP. HIRSP is always open to review potential plan enhancements, including clinical program enhancements.
30. **Question:** Please clarify the expectations of the Account Manager.
Response: Bidder must describe their account manager function as indicated in Section III of the RFP.
31. **Question:** Please clarify the expectations of the Clinical Pharmacist.
Response: Bidder must describe their clinical pharmacist function as indicated in Section III of the RFP.
32. **Question:** Does Navitus own their own mail order?
Response: Not to our knowledge.
33. **Question:** What are the current 90 Day retail rates?
Response: Details provided in question # 5. Bidder is to provide their information related to the 90-day retail program as part of their response.
34. **Question:** In a one year time period, how many 90 day prescriptions are filled at retail?
Response: 90-days at retail was implemented January 1, 2008; therefore, 1 year's worth of data is not available.
35. **Question:** Is the First Fill Starter Quantity Program limited to maintenance drugs as indicated by First Data Bank?
Response: No, it is for any claim submitted for a large quantity of medication.
36. **Question:** What is the current Specialty Program for HIRSP?

Response: Where there is an advantage to the participants and the plan, the Plan is working to move as many medical pharmaceutical claims as possible to the pharmacy program. Bidders must describe their Specialty Pharmacy program as indicated in Section VI of the RFP.

37. **Question:** On page 14, question number 3, please clarify the intent of the question, "The PBM's network contracts do not prohibit the use and distribution of independently evaluated pharmacy performance."

Response: If HIRSP decides to publish individual pharmacy grade card information, describing a specific pharmacy's performance versus their peers, to its participants, this action should not be limited by a PBM pharmacy network contract either with an individual pharmacy or a chain of pharmacies.

38. **Question:** On page 19, question number 12, "Are specific physician prescribing practices monitored and reported? If yes, please respond to question B below." What is HIRSP currently doing with prescribing practices and what are the expectations?

Response: HIRSP is aware of various Physician grade card and Physician intervention programs available in the PBM industry. Please describe these programs if your PBM offers such a service.

39. **Question:** What are the mail rates for 90 days?

Response: Bidder is to provide their information related to the 90-day mail program, including pricing, as part of their proposal/response.

40. **Question:** Which pharmacies have agreed to fill 90 days at retail?

41. **Response:** Currently there are 6 pharmacies that have agreed to the 90 day retail agreement under the Wisconsin "Any Willing Provider" requirement.

42. **Question:** How many PBM's were invited to participate with the bidding process and who are they?

Response: The RFP was posted on the HIRSP website and available to all interested bidders. Currently there are nine bidders that have completed the confirmation form and there were nine potential bidders participating in the bidders' conference call. They are, in no particular order; Caremark/CVS, Health Trans, Medco, MedImpact, MedTrak, Navitus, Prescription Solutions, Wisconsin Rx and WHI.

43. **Question:** What was the generic dispensing rate for year end 2007 for both mail and retail?

Response: The generic claim coverage rate for HIRSP in 2007 was 62%. The generic claim coverage rate at mail was 56.3% and at retail 62.4%.

44. **Question:** What was the mail utilization rate during 2007?

Response: Of the paid claims in 2007, 0.7% of the claims were covered through a mail pharmacy.

45. **Question:** Please elaborate on the mid-year changes.

Response: Mail Order plan was changed 7/1/2007, that allows 2-months co-insurance for up to a 90-day supply. In 2008, members may obtain up to a 90-day supply for 2 retail copayments.

46. **Question:** Does the 2007 year end drug spend that is provided in the RFP include Specialty Pharmacy?

Response: Yes.

47. **Question:** What are the top 5 PBM objectives that HIRSP hopes to achieve in 2009?

Response: The RFP request presents opportunities for bidders to reply to the objectives of HIRSP and its goals for 2009 and going forward.