

North Dakota Public Employees Retirement System

Request for Proposal for

Pharmacy Benefit Manager (PBM) Audit

Questions and Answers

1. When was the last PBM audit?

This PBM has not been audited by NDPERS. If approved, this will be the first PBM audit contracted for by NDPERS.

2. What vendor most recently audited the PBM program?

See question #1

3. Can you share the findings of the most recent audit?

See question #1

4. What fees were charged for the most recent audit?

See question #1

5. What is the budget amount for this RFP?

No budget has been established for the project. Since this is the first PBM audit conducted by NDPERS, we do not have a history to draw from to estimate the effort. However, please note that the requirements in the RFP are designed to give NDPERS a high level review and if that highlights the need for additional more detailed analysis, NDPERS will consider issuing future RFP's for that effort.

6. Please explain why the audit time period is restricted to 4th quarter 2008 for both the rebate and the PBM audits.

NDPERS is interested in getting a high level perspective of the reasonableness of the claims payment process, its accuracy and what issues, problems or other areas of investigation, if any, that should be pursued. We feel that a review of the 4th quarter should be able to fulfill these needs. Based upon this assessment, we may develop and issue future RFP's.

- 7. The RFP requires each bidder to “state the retention level of Services/contracts”. In so far as this question is in a section dealing with insurance, does the State mean that each bidder is to specify the aggregate limits associated with their general liability and professional liability insurance policies? If not, please clarify.**

Disregard this requirement.

- 8. Are any drugs or drug classes excluded from coverage under the prescription drug benefit? If yes, what drugs are affected and does NDPERS wish to have this tested?**

No, except for the nonpayable list that can be found at <https://www.bcbsnd.com/docs/nonpayable.pdf>

- 9. Does NDPERS require step therapy or prior authorization for any drugs or drug classes? If yes, which drugs or drug classes are subject to these restrictions and does NDPERS wish to have these tested?**

No, PERS does not require step therapy. Certain drugs may require prior authorization and/or may be subjected to a limited dispensing amount. At list of these drugs can be found at <https://www.bcbsnd.com/docs/restricted.pdf>

- 10. Section 2 indicates that a full pharmacy claims data file will be supplied, but the data section indicates that a limited number of claims have been selected by NDPERS. Please confirm that the auditor will have access to a complete data file.**

The auditor will have access to the full claims data file.

- 11. Is Prime Therapeutics willing to provide an electronic record of the pharmacy remittance files for all NDPERS prescriptions?**

The preferred method for examining claims is to follow the answer to #14 below.

12. If the claim audit is conducted while on site at Prime Therapeutics, will the auditor have unrestricted, secure internet access to our internal data systems? We require this access to independently tie pharmacy claims to national drug pricing files and to utilize our proprietary software for data analysis.

YES. Prime will be able to provide connections externally; however, Prime will need to know:

1) Which VPN technology you use to connect to your systems via the Internet (SSL/VPN or IPSec VPN)?

2) Do you need electronic access to Prime's internal systems to conduct the audit?

13. Is NDPERS willing to consider a broader range of drugs for the rebate audit? Manufacturers usually provide remittance to PBMs for their entire product line, not on a drug by drug basis. Limiting the number of drugs for review may limit our ability to verify that full remittances are received and to test for rebate values that may be related to product bundling.

Please respond to the RFP based upon the specification therein. For your information, Prime's standard process is to allow clients to audit their top 3 manufacturers. Whether they review those manufacturers in their entirety or they review only specific products, it doesn't matter to Prime. To clarify, an entire product line can be audited or the auditing can take place on a drug by drug basis--either way is an option

14. To audit that there is no spread taken on retail claims, will data files (commonly referred to as the 835 files) be made available to us, or would you prefer that we review, for example the top ten pharmacy chain contracts with Prime and verify that claims were adjudicated at the rate in the contract with the pharmacy chain, or both? Will Prime allow access to the 835 files and/or the contracts?

Normally, Prime's Networks Department is provided with a claims file of the claims that will be reviewed during the audit. In turn, Prime Networks pull the corresponding pharmacy contracts. The Auditors come on site to Prime to view the pharmacy contract and then go back to match up the rate in which the claim adjudicated vs. the contract.

15. To send the electronic copy of the proposal, can we send both the technical proposal and cost proposal to you or should those two proposals be sent to separate entities?

They can both be sent to the email address in the RFP; however, please label them correctly to avoid any confusion

16. Have you retained a third party to conduct an audit of the fully insured pharmacy benefit administered by Prime Therapeutics in the past? If so, what were the results of the audit?

See answer to question #1

17. How many firms received this RFP?

Thirty Four (34)

18. Are you currently contracted with or have you engaged the services of a benefits consulting firm in the past?

Yes, NDPERS does have a benefits consulting firm under contract to provide the board with general assistance in the administration of the group insurance programs.

19. Please provide utilization statistics outlining number of prescriptions and plan costs for 4Q2008 broken out by retail and mail, if available.

For the three months of Q42008 (Oct. - Dec. 2008)

Mail Claims = 126

Mail Plan Paid = \$25,102

Retail Claims = 113,286

Retail Plan Paid = \$6,084,102

20. Has this type of pharmacy review been done in the past? If so, please provide a copy of the final report.

See answer to question #1

21. Please briefly describe the reasons for this RFP?

The NDPERS audit committee suggested to the NDPERS board that as part of its due diligence the plan should do this audit.

22. Your scope of services indicates you would like to “confirm that spread pricing is not occurring.” Please confirm that the PERS Rx Benefit pricing is based on a pass-through of Prime’s contracted rates (and if a minimum guaranteed discount exists in the contract). If pass-through pricing is not outlined in the contract, please explain the pricing methodology in the contract.

It is based on passed-through pricing.

23. Does Prime have any special pricing terms for specialty drugs by mail? Retail?

Yes, there is special pricing terms at PrimeMail for Specialty Drugs. There are No special pricing terms for Specialty Drugs at Retail.

24. Please confirm that the benefit period, for maximums, is on a calendar year.

The benefit period is on a calendar year

25. The RFP indicates that pharmacy claims for the 4th quarter 2008 should be reviewed to confirm payment accuracy. Please confirm if the intent is to review a stratified random sample of claims (rather than a 100% review of claims); and that Prime would provide access to member’s coinsurance amounts for any prior claims paid during the benefit period.

It is PERS intent that a stratified random sample of claims should be reviewed.

26. If 100% electronic review of claims is to be performed, please describe what attributes should be tested given the limited time span outlined.

See question #25

27. Confirm that only one formulary exists for this program.

Only one formula exists; however, please note there is an exception process

28. Is there a prior authorization list? If so, please confirm if one single list exists.

See question #19

29. Will a full MAC pricing file be provided by Prime for the review?

Yes

30. Lastly, on page 4 (rebate audit) you mention a review of 8 manufacturers and on page 5 (data) you mention 5 manufacturers and 4 to 5 drugs. Please confirm the number of manufacturers and drugs you would like the firm to review.

Please follow page 4.

31. Can NDPERS share the approximate drug spend and claim count to be audited for both actives and retirees?

See #19 Answers. The Drug Spend and Claim Count is for both actives and retirees (combined together).

32. Can NDPERS confirm that Prime Therapeutics' management of the PERS Rx Benefit is within the scope of the Audit? (If so, given that there are deductibles and out-of-pocket maximums that may apply, is there a desire to look at all of 2008 claims, or just 2008 Q4 claims?)

Yes, and it is our desire to look at on Q4

33. Have the Prime Therapeutics rebate contracts and plan administration performance been audited within the last 3 years? If so, may we see the results of the audit(s) or a brief description of same?

No

34. How much is budgeted for this audit?

No budget has been established

35. Has this assessment been completed previously? If so, who performed this assessment and when was it performed?

No

36. Is North Dakota Public Employee Retirement System (NDPERS) interested in doing an assessment of Prime Therapeutics because of specific concerns? If so, what are your concerns?

See question #21

37. Has Prime been notified of this assessment? Will Prime be involved in the vendor selection process?

Yes they have been notified of this assessment and have agreed to it; no they will not be involved in the vendor selection

38. Is NDPERS limited by Prime Therapeutics as far as how many products can be assessed? Would NDPERS be interested in assessing additional products beyond the Rebates?

No NDPERS is not limited by Prime. At this time NDPERS is interested in the work requirements in this RFP only. Future RFP's may address additional needs.

39. Would NDPERS provide a copy of the audit rights from the NDPERS-Prime Therapeutics agreement for our reference?

There is not an agreement between NDPERS and Prime Therapeutics. However, once a vendor is selected for the Audit, there will need to be an Audit Agreement between the vendor and Prime.

40. Other than the project scope methodology provided in the Request for Proposal (RFP), what other specific terms within the agreement with Blue Cross Blue Shield (BCBSND) and NDPERS will be included in the assessment?

None

41. Will NDPERS expect Prime Therapeutics to approve the assessment procedures/scope prior to execution?

No, but it should be provided to Prime to insure they can meet the needs outlined

42. Is there any limitation set by Prime Therapeutics for the assessment time period? If not, would NDPERS be open to assessing the entire calendar year of 2008? Would 2009 data be available for the assessment?

See question #38

43. Who will receive copies of the final report? Will NDPERS establish the guidelines for the confidentiality requirements in the final report?

NDPERS will receive the final report. NDPERS will also want an executive summary that can be generally distributed

44. Please provide the reason that NDPERS has requested a pharmacy claims audit for the timeframe of one quarter of 2008. In our experience, auditing less than one year of data limits the ability to validate whether any contractual pricing guarantees have been met.

See question #6

45. Please clarify the contract relationship between Prime and BCBSND.

NDPERS is fully insured with BCBS (our contract does have provisions for premium return based upon claims). BCBS contracts with Prime and is an equity owner.

46. Why is the audit review limited to fourth quarter 2008? Is there a specific purpose to auditing only one quarter?

See question #6

47. Does the System have a budget for this project, and if so, what is it?

See question #5

48. Has the System audited Prime or BCBSND previously? If so, when and what was the review favorable?

See question #1