



REQUEST FOR PROPOSAL

Workers' Compensation Pharmacy Benefit Manager Services

August 7, 2019

**California Insurance Guarantee Association
101 North Brand Blvd. Suite 600
Glendale, CA 91203**

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NOTICE IS HEREBY GIVEN that the California Insurance Guarantee Association (CIGA) intends to award a contract for Workers' Compensation Pharmacy Benefit Management services, hereafter referred to as "**PBM services**".

This Request for Proposal (RFP) is being disseminated in an effort to obtain competitive bids from qualified organizations to provide high quality statutory PBM services to CIGA. *A bidding vendor will hereafter be referred to a "Bidder" throughout this RFP document.*

The Bidder will be state certified and expected to provide timely PBM services as defined in accordance with California Workers' Compensation Rules and Regulations.

All proposals shall be completed in the specified format and be received in the CIGA office via e-mail no later than 5:00 P.M., PST, on September 6, 2019.

It is the intention of the Executive Director of the CIGA to enter into a multi-year contract unless otherwise noted.

All information contained within this document is confidential and is provided solely to give potential firms an adequate understanding of CIGA's requirements.

All Proprietary information shall be kept in strict confidence and trust by the firms receiving the Request for Proposal. Under no circumstances should any proprietary information be disclosed to any outside party that has not directly received this Request for Proposal from CIGA. All Bidders must execute CIGA's Non-Disclosure Agreement (NDA) and will be bound by it.

Questions regarding this proposal shall be directed by e-mail to:

Susan Feit, Medical Programs Manager
Email address: cigarfp@caiga.org
California Insurance Guarantee Association
101 North Brand Blvd. Suite 600
Glendale, CA 91203
(818) 844-4300, Ext. 276

SECTION I – CIGA RFP OVERVIEW

CIGA was created by member insurers after passage of legislation in 1969. CIGA was established to enable injured workers to obtain limited financial recovery and legal defense with respect to their workers' compensation claims in the event their insurer became insolvent. CIGA pays and discharges covered claims and in connection therewith provides loss adjustment services and defenses when required by policy provisions.

CIGA currently manages approximately 10,000 open workers' compensation claims. CIGA administrates these claims through its In-House Claims Department and three (3) contracted Third Party Claims Administrators (TPA).

CIGA is currently contracted with Optum for the following PBM services:

1. Pharmacy Card Program for injured workers.
2. Home Delivery of pharmacy and DME fills.
3. Processing of paper pharmacy bills (in and out of network) received by CIGA.
4. Durable medical equipment "DME" prescription fills.
5. Processing of paper DME bills (in and out of network) received by CIGA.
6. Peer-level Clinical Medication Reviews and reports
7. Pharmacist-level Medication Reviews and reports
8. Drug Testing services using their outside laboratory vendor partner.
9. Optum interfaces with CIGA's e-billing vendor: WorkCompEDI.

In the last 4 quarters, Optum processed 52,807 Pharmacy bills and 2,346 DME-related bills.

It is CIGA's intent to contract with one Bidder to provide PBM services on covered claims. Although all covered claims administered by CIGA and its contracted TPAs fall under California Workers' Compensation jurisdiction, many injured workers covered by CIGA live outside of California. Therefore, CIGA requires the qualified vendor to provide PBM services on a nationwide basis.

A. INFORMATION AND GENERAL CONDITIONS

This RFP and all subsequent modifications thereto are hereby designed as the sole reference and authority for the preparation of proposals. The release of this RFP supersedes all other documents related to the work to be done. The contents of this RFP and subsequent modifications thereto take precedence over any and all information related to the administration of the CIGA claims obtained from any source, either by written or verbal communications.

This RFP shall not be construed (1) to create an obligation on the part of CIGA to enter into a contract with any Bidder submitting a response to this RFP; or, (2) to serve as the basis of a claim for reimbursement for expenditures related to the development of a proposal. No binding contractual or other obligation shall be created between CIGA and any Bidder responding to this RFP unless expressly set forth in a definitive signed written agreement for PBM services.

Notwithstanding other provisions of this RFP, Bidders responding to this RFP are hereby advised that this RFP is an informal solicitation of proposals only. It is not to be construed as engaging in formal competitive bidding pursuant to any statute, ordinance, policy, or regulation. Accordingly, CIGA shall be permitted to accept or reject any response to this RFP at CIGA's sole discretion and may choose to contract with any Bidder responding to this RFP, or other firm, including one which has not responded to this RFP for Pharmacy Benefit Management Services as CIGA deems appropriate.

CIGA may investigate the qualifications of any Bidder under consideration, require confirmation of information furnished by the Bidder, and require additional evidence of qualifications to perform the services sought in this RFP.

CIGA reserves the right to do some or all of the following:

1. Reject any or all proposals
2. Issue subsequent Requests for Proposal
3. Postpone opening for its own convenience
4. Extend proposal submission deadlines and other pertinent deadlines
5. Remedy technical errors in the Request for Proposal process
6. Approve or disapprove the use of particular subcontractors
7. Negotiate with any, all, or none of the Bidders
8. Solicit best and final offers from all or some of the Bidders
9. Award a contract to one or more Bidders
10. Accept other than the lowest offer
11. Waive informalities and irregularities in the process

B. PREPARATION AND DELIVERY OF PROPOSAL DOCUMENTS

A signed copy of the *Indication of Intent to Participate in the RFP* in PDF format, and a PDF of the executed *Nondisclosure Agreement*, signed by the designated authorized representative from your firm, must be emailed to Susan Feit, Medical Programs Manager, at cigarfp@caiga.org no later than **August 16, 2019** at 5:00 P.M., PST.

A copy of the proposal is to be emailed to Susan Feit, Medical Programs Manager, at cigarfp@caiga.org no later than **September 06, 2019** at 5:00 P.M., PST. Only an electronic copy of the proposal will be accepted; paper copies will be rejected. It is the sole responsibility of the Bidder submitting the proposal to see that it is delivered on time via e-mail.

C. INSTRUCTIONS

By submitting a proposal in response to this RFP, the Bidder represents that it has thoroughly examined and become familiar with the work required under this RFP, and that it possesses adequate and appropriate staffing, administrative capacity and resources (including financial, operational, information and technology systems) to perform quality and cost-effective work to achieve CIGA's objectives.

D. PROPOSAL FORMAT

Responses to each section must follow sequentially. Bidders must answer questions, clearly, concisely and accurately. Answers of "will comply" and "Bidder understands/agrees" are unacceptable and will eliminate the Bidder's proposal from further evaluation.

E. SIGNATURE

The proposal must be signed in the name of the Bidder and must bear the signature of the person authorized to sign proposals on behalf of the Bidder. The signature of the person authorized to sign proposals on behalf of the Bidder may be sent electronically.

F. MODIFICATION OF RFP RESPONSE

A Bidder may modify its proposal after its submission by written notice of withdrawal and resubmission before the time and the date specified for submission of proposals. Modifications will not be considered if offered in any other manner.

G. CLARIFICATIONS

Bidder questions or comments regarding this RFP shall be sent via e-mail to the attention of Susan Feit, CIGA Medical Programs Manager, at cigarfp@caiga.org and must be received no later than **August 30, 2019** at 5:00 P.M., PST. Responses from CIGA will be communicated by return e-

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mail. Inquiries received after the date and time stated above will not be accepted and will be returned to the sender(s) without response.

H. WITHDRAWAL OF PROPOSALS

A Bidder may withdraw its proposal at any time in writing, signed by or on behalf of the Bidder, before the expiration of the time for submission of proposals as provided for in this RFP. The Bidder shall e-mail written request for withdrawal to Susan Feit, CIGA Medical Programs Manager, at cigarfp@caiga.org on or before **September 5, 2019** at 5:00 P.M. PST.

I. EVALUATION PROCESS

During the evaluation, validation, and selection process, CIGA may request telephonic or in-person meetings with a Bidder's representatives to request answers to specific questions or may request that specific questions be answered in writing. CIGA may require that the Bidder make presentations that are pertinent to the evaluation process.

J. INSURANCE REQUIREMENTS

The Bidder will satisfy the insurance requirements in this RFP, including the maintaining of Cyber Security, Professional Errors and Omissions Liability Insurance, before performing any services under the contract.

The Bidder will maintain and will require its subcontractor(s), if any, to maintain Workers' Compensation Insurance as required by LC 3700 for all employees of the Bidder and the employees of any subcontractor that directly or indirectly provides services to CIGA under the contract.

The Bidder will maintain and will require its subcontractor(s) to maintain comprehensive general and automobile liability insurance with a minimum of \$1,000,000 combined single limit per occurrence and \$3,000,000 annual aggregate to include premises, operations, completed operations, products liability, independent contractual broad form property damage endorsements, and vehicles owned, non-owned, and hired.

The Bidder will maintain and will require its subcontractor(s) to maintain professional liability/errors and omissions insurance with a minimum limit of \$5,000,000 per occurrence and \$5,000,000 annual aggregate to include coverage for all errors and omissions which result in financial loss to the Bidder, its subcontractor(s) or CIGA.

The Bidder will maintain a blanket fidelity bond in the amount of \$3,000,000 with an approved corporate surety covering any and all principals, officers, and employees involved in the performance of the contract.

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The policies of insurance required to be maintained by the Bidder and its subcontractor(s) shall be issued by insurance companies which are admitted or licensed insurers in the State of California and have an A.M. Best rating of not less than an "A", and are in a size category which is not lower than "VIII".

Bidder agrees to carry a minimum \$5 million cyber insurance policy to cover cyber breaches that may involve any of CIGA's data controlled by vendor whether 'at rest or in flight' for the entire term of the contract and after termination of the contract as long as vendor maintains CIGA's data. To the extent that the Bidder's cyber insurance limits are insufficient to cover CIGA's costs in remediating the Bidder's breach related to CIGA's data the Bidder agrees to indemnify CIGA for any shortfall not covered by the Bidder's insurance.

The Bidder shall not commence work under the awarded contract until it has obtained all required insurance and certificates of insurance have been delivered to and approved by the Executive Director at CIGA, and Bidder has verified that all required insurance has been obtained for its subcontractor(s). The Bidder's certificates and insurance policies shall include the following clause:

"This policy shall not be canceled or reduced in required limits of liability until Notice has been given to the Executive Director of the California Insurance Guarantee Association, of such cancellation or reduction. Date of Cancellation or reductions shall not be less than sixty (60) days after the date of notice is given."

Certificates of Insurance shall name CIGA as an additional named insured. In addition, said certificates shall state the extent of insurance, the locations and operations to which insurance applies, and the expiration date of the insurance.

K. SELECTION OF VENDOR AND AWARD OF CONTRACT

If one or more Bidders are selected to provide the services sought under this RFP, such selection will be based upon the proposal which CIGA deems best achieves its goals and best meets requirements of this RFP document, except for irregularities waived by CIGA. It is anticipated that selection of a Bidder to become CIGA's PBM vendor will be made within 90 days after the submission of proposals. If an award cannot be made within this time period, the Bidders will be notified by CIGA, in writing that CIGA wishes to extend the time period during which the vendor agrees to be bound by its proposal. Written notification will be made to unsuccessful Bidders. The selection of a finalist vendor remains subject to negotiation of a final definitive written agreement between CIGA and the vendor respecting Pharmacy Benefit Manager Services for which CIGA and the vendor desire to contract, which written agreement shall have been duly executed by an authorized representative of each of CIGA and such the PBM vendor.

L. TENTATIVE SCHEDULE OF EVENTS

- CIGA issues RFP to prospective vendors by **August 9, 2019**
- Bidder response of “*Indication of Intent to Respond*” to the RFP and *CIGA Nondisclosure Agreement* is due by email to Susan Feit at cigarfp@caiga.org by **August 16, 2019**
- Bidder responses must be submitted by **September 6, 2019**
- Complete evaluation, including oral presentations, by **October 25, 2019**
- Award of Contract – **After November 2019 CIGA Executive Board Meeting**
- Contract Start Date – To Be Determined

M. BIDDER'S MINIMUM QUALIFICATIONS

Without limiting any other provision in this RFP or any resulting contract, qualified Bidders to be selected to contract with CIGA for PBM services shall meet the following qualifications at a minimum.

1. The qualified Bidder will be a valid legal entity, qualified to conduct business and in good standing in the State of California.
2. The Bidder will be able to provide audited financial statements prepared by a Certified Public Accountant for the past three (3) fiscal years. If Bidder is unable to provide “audited” financial statements, Bidder may provide unaudited financial statements; in either instance, the financial statements shall pertain to the company which will be performing the services and cannot be presented on a consolidated or combined basis. For example, if the Bidder is a wholly owned subsidiary of a larger entity, provide financial statements of the subsidiary company not that of the larger entity solely. Balance sheet, income statement, debt structure statement, cash flow statement, evidence of insurance coverage, aging of accounts receivable schedule and any existing litigation which would have a material effect on the financial condition of the Bidder shall be included for review. Financial statements will be maintained confidentially to the fullest extent permitted by California law. The financial statements and the Bidder's financial condition shall be satisfactory to CIGA.
3. The Bidder will be able to provide a copy of the most recent SSAE 18 Certification and SOC 1 Type 2 Report. In addition, the Bidder shall demonstrate that it employs adequate and appropriate industry standard safety and security procedures capable of safeguarding the health, financial, consumer, and personal information of workers' compensation

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injured workers from unauthorized disclosure while stored by the Bidder or during transmission as part of the services including disaster recovery capabilities.

4. The Bidder will possess, in its own name, all of the necessary license, certifications, permits, approvals, and authorizations necessary to perform the services for which the Bidder is contracting and to conduct business in the State of California, and each of the foregoing shall be in good standing and not subject to any regulatory proceedings which could result in its revocations, suspension, or limitation.
5. Neither the Bidder nor any officer, key employee, director, or greater than 5% shareholder, or other owner is excluded from participation in any federal health care program, as defined under 42 U.S.C. 1320a.7b(f), or a state-funded health care program and has not been convicted of a felony or has not had a civil judgment entered against it for fraudulent activities. To the Bidder's knowledge there are no pending or threatened governmental investigations which may lead to such exclusion.
6. Neither the Bidder nor any of its partners, principals, shareholders, or other owners, members, associates, directors, officers, or key employees has, during the last ten (10) years, been indicted or had charges brought against it or them or been convicted of any crime or offense arising directly or indirectly from the conduct of the Bidder's business, or any crime or offense involving financial misconduct or fraud.
7. The Bidder will have at least five (5) years of experience providing Pharmacy Benefit Management Services in workers' compensation claims in the State of California as well as at least three (3) years on a national level.
8. The Bidder will have the ability to provide the contracted Pharmacy Benefit Management Services throughout the entire State of California.
9. The Bidder will present a competitive pricing structure for recommended services.
10. The Bidder will be able to provide references from five (5) workers' compensation insurance clients.
11. The Bidder will have a plan to maintain continuous awareness of changes in the California Workers' Compensation law and have the ability to initiate mandated changes quickly if necessary.

12. The Bidder will agree to reimburse CIGA for penalties resulting from deficient performance in meeting state requirements.
13. The Bidder will have satisfied all proposal requirements listed in the RFP.

SECTION II - Bidder Information Questionnaire

A. Cover Letter and Statement of Qualifications

1. Complete an introductory cover briefly outlining your ability to fulfill the requirements of the contract.
2. Confirm your ability to meet the “vendor minimum qualifications” as outlined in the RFP within the content of your cover letter.
3. Do you own or lease your Pharmacy/DME bill review software? If leasing, provide the name of the company.
4. Do you contract out any of your pharmacy/DME bill review operations? If so, to whom?

B. Company Background

5. Full legal name of your organization, state of incorporation or headquarters, date incorporated and number of years your firm has been in business and the organization’s mission.
6. Provide information regarding your organizations ownership.
7. State the number of years your company has provided Pharmacy Benefit Management services to self-insured organizations, insurance carriers, and public entities.
8. Provide a complete summary and description of all services other than PBM that are offered by your organization.
9. Include a statement indicating what makes your program unique from competitors and how you believe your program is technically and specifically best suited to meet the unique needs of CIGA.

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10. Experience in Workers' Compensation Pharmacy Benefit Management.
11. Provide the history, structure and ownership of your organization, including an organizational chart.
12. Organization's vision for the next 5 years.
13. What are the immediate and long term objectives (with dates) to achieve the organization's plan?
14. Please provide information on unique or innovative developments, including projected market delivery date.
15. How does the organization utilize customer input in product development?
16. Provide details on any mergers or acquisitions during the past three years.
17. What are the top three challenges your organization currently faces and how are those being addressed?
18. List the geographic locations and number of staff dedicated to each location, identified by function for: executive oversight, account management, customer service, clinical review services and IT technical support services (electronic bill transmission/monitoring and adjuster portal maintenance). Also include bill processing of: pharmacy card transaction, paper pharmacy and durable medical equipment bill processing.
19. Describe any off shore resources utilized in conducting business, including a description of each role.
20. What is your company's customer retention rate over the past five years?
21. Provide a list of terminated customers during the past three years, and reason for termination.
22. Please provide at least three client references and date of implementation, for clients that utilize a similar model of service as expected for this program.

C. PBM Products/Service Details

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23. What is the vision or strategy utilized by your organization to provide best in class PBM service and results? Please identify specific programs and processes employed.
24. What sets your organization apart from others in the industry? What differentiates your pharmacy program from others? Please provide detailed descriptions.
25. Provide the number of pharmacy transactions processed in your program during the most recent three calendar years. What percentage of those transactions belong to your three largest customers (listed separately)?
26. What are the long and short term plans to support additional capacity?
27. Please provide a definition of the calculation used to determine your customers' Network Penetration; include a definition of each metric utilized in the calculation. Elaborate on any data inputs not available to your organization for inclusion in the calculation.
28. What is your overall book of business network penetration rate (transaction count and spend), for those customers who supply out of network information? Please provide the same information for California jurisdiction claims separately.
29. List the ten largest states (or other jurisdictions) measured by pharmacy bill count and spend across your book of business.
30. Provide a detailed description of the process or interface your organization employs to manage out of network pharmacy transactions. How has this process developed over the past three years? Please elaborate on plans for future enhancements to this process.
31. Describe the workflow, method and timing for contacting adjusting staff on prescription Prior Authorizations (in real time from a pharmacy) and what options are available to an adjuster to respond to the PBM. Provide an image or screenshot of what the adjuster would see.
32. Describe how your organization interfaces with and/or manages transactions originated from Third Party Billers. What processes are in place to transition future transactions into your POS network?
33. Describe in detail any pharmacy bill review product or services provided by your organization.

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34. What is the average pharmacy bill review savings from the bill review process? Please provide the same information for the top 10 states with the highest script transaction volume.
35. What is the average PBM savings from fee schedule for California over the past three years for your customer base?
36. Please provide detailed information on options for a carded or a cardless program. Include samples of any collateral associated with the program.
37. What processes does your organization use to maximize network penetration? To redirect out of network utilization?
38. How are out of network (paper/electronic) bills from in network pharmacies managed? Please include your success rate for conversion of current or future transactions in this scenario.
39. Describe in detail the mail order network and process. What is the mail order penetration rate (count and dollars) across your book of business, and in California jurisdiction claims, for each of the past three calendar years?
40. What is the Generic Efficiency and the Brand vs. Generic mix for in network transactions, for each of the past three calendar years (please provide count and dollars)? For the book of business? For California jurisdiction claims?
41. Describe in detail the program's process and success in converting brand medications to generics.
42. Describe the source of AWP data for your organization, how frequently the data is updated, and how it is utilized.
43. Describe the source of California fee schedule values used by your organization, and how frequently the data is updated. For calculation of savings in historical transactions, are values from a delayed update used to retroactively update those transactions?

D. Pharmacy Network

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44. Please provide a detailed description of your pharmacy network(s); include workflows and descriptions of non-traditional network partners.
45. Is your network leased or owned? If leased, please provide the owner of the network and detailed information on your interface with the owning entity.
46. Describe the Quality Assurance processes and requirements in place with the network. Please include information on pharmacy audits.
47. What is the process for removal of a pharmacy from the network? How many pharmacies have been removed from the network in the past three years, and why?
48. How many prescriptions process through the network annually for the book of business? What percentage are Workers' Compensation?
49. Please provide specific information regarding your network coverage and composition in California, including a list of all major pharmacy chains.
50. Describe the contractual relationship between your organization and the pharmacy entities. Include type of contract, credentialing requirements and pharmacy selection process.
51. Please elaborate on any specialty pharmacies available in the network, specifically in California.
52. Describe any secondary networks included within your programs.
53. Please describe any participation by your organization in drug manufacturer rebates. Include the process for tracking and when/how the rebate is distributed.
54. Does your organization receive any other type of payment or refund from drug manufacturers?

E. Clinical Services

55. Describe the clinical strategy employed by your organization in managing pharmacy programs? What specific processes and tools are currently in place? What have been defined as future developments?

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56. Please define your clinical intervention programs, and how savings are calculated based on related reductions. Please include success rates for each intervention category during the past three years.
57. What clinical support resources exist for PBM customers? Please describe the roles and availability in detail.
58. What clinical guidelines are incorporated into your pharmacy program? Please describe their function, specifically for California jurisdiction claims.
59. Describe in detail the levels of customer review available within the drug adjudication process. Include information on the ability to interface with case managers, claim supervisors and others involved in management of the claim.
60. What outreach opportunities are addressed within the program? Please include copies of letters or other materials utilized, along with a description of each. Is the program configurable to include customizations or select only a subset of outreach materials?
61. What are the PBM processes for obtaining substitution of a clinically preferred medication for a non-preferred medication? Is this a proactive or retroactive process? What has been the success rate for each of the past three years?
62. What clinical tools are available to customers within your systems or processes?
63. Please describe in detail the programs and interventions in place to manage the following challenges within the prescription environment, including program results for the past three years:
- Opioids (MED management, utilization management and spend)
 - Compound medications, including Compound Kits
 - Topical medications, including repackaged out of network medications
 - Specialty medications
 - Medical Foods
64. What emerging prescription or drug related clinical trends have your organization identified? What products or services are under consideration or development for managing emerging trends?

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65. How does your organization identify “at risk” claims, from a drug utilization standpoint? How are these claims communicated to customers? What types of recommendations are included for managing each case?
66. Following a drug review and agreed changes, what processes or resources are in place to manage compliance to the agreed changes? How is prescriber non-compliance monitored and flagged?
67. Does your organization aggregate data to measure and/or monitor specific prescriber trends, across customers and/or across claims? Please describe in detail any programs in place, including how the data is used.

F. Pharmacy Bill Review

68. Does the PBM pharmacy bill review process allow for electronic submission of bills, in compliance with California requirements? Please describe in detail the processes currently in place.
69. Describe the process for issuing payment for out of network prescription transactions, including payor, and samples of communication materials used in payment or denial scenarios.
70. How are out of network bills containing prescription and other medical service lines managed within your organization?
71. Describe the internal audits that exist for measuring and improving compliance with state requirements, specifically each California requirement.
72. Can you track a bill with a CIGA identifier (Image id) throughout the entire bill review process?
73. List all Pharmacy and DME bill types that can be reviewed in your system to either a fee schedule, contracted rate or other data base (UCR)?
74. Which e-billing vendors do you work with? Please list name, address, website address, Account Contact name and phone number.

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75. Is your organization willing to have its Pharmacy and DME networks be part of CIGA's MPNs for discounting bills? If "Yes" please list the MPNs available and provide contact information (name, address, phone and website address).
76. Are savings captured in a report available to CIGA?
77. Can CIGA set rules in your workflow or system to track or flag bills for special processing? If "Yes" please describe how the rules are established and provide examples.
78. Describe your duplicate detection criteria.
79. How do you audit for staff bill review errors? What was your 2018 error ratio? (Error means bill processing mistake or omission, applying the wrong bill review standards, incorrect claims information, coding, missing a flagged bill, etc.)
80. Describe any other bill review quality controls your organization utilizes.

G. California Considerations

81. What is your organization's process for managing transactions not in compliance with California Drug Formulary and rules? Describe edits and features for managing the transactions both in and out of network.
82. Please describe the organization's ability to incorporate Utilization Review determinations into the POS and pharmacy bill review adjudication processes. Specifically how is determination information received and entered or loaded into your system, including timeframe from UR completion? How are appeal determinations managed?
83. What internal resources are dedicated to Regulatory or Compliance functions, specifically related to emerging pharmacy related legislation? Please describe the role of these individuals or teams during the recent implementation of the California Workers Compensation Drug Formulary and rules.
84. Please propose creative pricing model(s) to accommodate California's aggressive Fee Schedule pricing, while providing a high standard of service and program delivery.

H. Technology Management

85. Does your organization have a SOC 2 Type 2 report covering your PBM operations, and are you willing to disclose this report to us upon signing a mutually agreeable Non-Disclosure Agreement?

86. Protected Personal Information and Protected Healthcare Information

With respect to Protected Personal Information or Protected Healthcare Information Records and third-party confidential corporate information under your control or authorization, which of the following methods of data security, breach prevention or detection, and data security risk management do you employ in your operations? Please describe in detail.

- a. Automated virus scans of computer system
- b. Encryption of laptops or mobile devices (Encryption at rest)
- c. Encryption of network data during file transfers (including back-up files stored off-site)
- d. Password protection or Multi-Factor Authentication for access to network (including on all mobile or portable devices)
- e. Intrusion Detection and/or Intrusion Prevention Systems
- f. Real-time network monitoring for possible intrusions or abnormalities
- g. Automated Patch Management program
- h. Risk Management System Security Audit performed annually or more frequently (ex: NIST, COBIT, ISO)
- i. Vulnerability Assessments and /or Penetration Testing
- j. Written Information Security Policy with annual employee training and certification
- k. Privacy disclosure statement on website
- l. Data back-ups on a regular basis
- m. Please describe any other relevant controls

87. Is any data noted in Question 86 collected, inputted, stored, processed, or maintained off-site via a third party computer system or network on your behalf? If “Yes” please answer

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the questions below. (You may be asked to provide specimen or actual contracts as part of your application.)

- a. Do you enter into written agreement for such third party services that address care, use and control of sensitive or confidential information?
- b. Do the written agreements provide you with indemnification in the event of a breach of such third party service provider's systems, networks or other assets?
- c. Do you require such third parties to provide evidence of network security and privacy liability coverage?

88. Data Breach Response Protocols

- a. In the past three years, have you notified any individual or entity that their data or information was subject to an actual or suspected breach of privacy while in your care, custody or control? *If "Yes", please describe*
- b. Do you have written procedures for notifying customers, clients and employees of a breach in security that may affect their information? *If "Yes", please provide a short description of your procedures.*

89. Does your organization have a formal incident response plan? If "Yes", please describe.

90. Does your organization have a formal Business Continuity/Disaster Recovery Plan?

- a. If "Yes", was your Business Continuity/Disaster Recovery Plan tested during the past year?
- b. If "Yes", what is the greatest expected downtime (in hours) for critical business systems?
- c. If "Yes", will you provide CIGA a copy of your plan?

91. CIGA takes the position that it is not required to be HIPAA compliant, but as a business practice conducts its business so as to be fully HIPAA compliant. Describe your HIPAA compliance training, your HIPAA compliance program and any HIPAA certifications you may hold.

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92. Have you been charged with any HIPAA violations in the past 5 years whether these violations were well founded or not? If yes, describe the alleged violation and outcome of the investigation.

I. Results Reporting

93. Describe in detail the reports available to demonstrate PBM results or trends. Include information about customer access, ad hoc capabilities and custom client requests.

94. What are the current capabilities for reporting pharmacy information for both in and out of network prescriptions?

95. Is there a self-service report writer for the client to create ad hoc reports?

96. What technology is utilized for Pharmacy reporting within your organization?

97. Please provide examples of the reports most commonly supplied to customers of your PBM.

98. Please describe your user portal, including alerts or notifications, as well as capabilities for managing all aspects of the pharmacy program and claim transactions. What days and hours is the system available? List any outages during the past year, including measurement of downtime, reason and resolution.

99. How frequently is the technology associated with the customer portal reviewed and updated?

J. Pricing

100. Provide your price quotation for bill review services as a per-bill flat fee and exactly what that includes and excludes. List all the types of bills included and review services provided.

101. Provide pricing for all other services.

102. Identify any other pricing structure that may be beneficial to CIGA.

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103. Indicate whether there is an increase in price for services if signed to a multi-year contract.
104. Describe the cycle for PBM Fee invoice generation and indicate whether it is daily, weekly, or monthly. Alternatively, can payment to your organization be made for each bill processed and transmitted using a bulk check process?
105. Explain how Accounts Receivable/Overdue or disputed vendor fees are resolved.

K. Customer Service

106. Describe in detail your call center capabilities including:
- Call and Transaction Volume
 - Staffing (include Organization Chart, job descriptions and staff experience)
 - Hours of Operation
 - Contact Methods available
 - Turnover or Attrition rates
107. What call center metrics are used to measure the success of your operation? Please provide outcomes for those metrics for each of the past three years.
108. How frequently are stewardship presentations conducted with the customer? What information is included in the presentation? Please provide examples.
109. How are issues logged, tracked and reported?
110. Describe in detail your implementation model, processes and timeline for completion. Include a description for each of the parties involved in the process.
111. What quality assurance tools are utilized in implementation? As an ongoing feature of the PBM programs?
112. What customer resources are required within the implementation model?
113. Please provide a description of the most recent three client implementations, including total time to complete.

L. Program Management

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114. Describe all services and staff you offer for account management, operational bill review issues, and provider customer service for technical bill review questions.
115. What dedicated account management and clinical resources will be assigned to the CIGA account? Please include a description of each role and the proposed employee to be assigned, including a summary of experience or resume.
116. Explain how daily service, system and administrative issues are addressed for CIGA adjusting staff, medical providers and injured workers. Outline the process and the level of management involved in the resolution of service issues and exception processing.
117. Include a statement indicating that with thirty (30) days of a change of key personnel on the CIGA account, CIGA will be notified in writing of the change. The notice must include written assurance that replacement staff will possess qualifications and experience equal or greater than the individual(s) being replaced.
118. Confirm that your organization will participate in periodic stewardship meetings at CIGA to present program statistics and outcomes.

M. Program Implementation

119. Identify the locations of the offices designated to perform services for CIGA under this contract.
120. Identify the key staff dedicated to the CIGA contract and provide a current organizational chart.
121. What training is offered to CIGA Adjusters and how is it administered?
122. Describe the transition process of Pharmacy Benefit Management services from contract award date to date of implementation.
123. Indicate how frequently meetings and communication are required throughout the implementation period and the individuals required to be involved in these meetings.
124. What is the typical time frame for implementation of a typical Pharmacy Benefit Management program?

N. References

125. The Bidder will provide references from three (3) current workers' compensation insurance clients, and two prior workers' compensation insurance clients.
126. Include a brief description of services currently utilized by your reference.
127. Include current contact information to ensure CIGA's successful contact with client.

Section III – CIGA's Current PBM Program Elements

State Jurisdictions: CIGA is responsible for the application of California Workers' Compensation regulations. Where CIGA has claimants who migrate out of state, it has made a business decision that those pharmacy or DME bills will be reviewed to the state rules based on the location where the claimant received the treatment.

Claims Data Feed To PBM Vendor: CIGA provides its PBM vendor with a daily Workers' Compensation Claims File listing all current claim information to match to an incoming bill, i.e.: Claim Number, Claimant Name, Date of Injury, Adjuster Name, etc.

Vendor Data Feed To PBM Vendor: CIGA also provides its PBM Vendor with a daily Vendor Provider File (1099) to validate if the provider is in the CIGA Address Book for creation of a CIGA Payment File.

Bill Intake for Pharmacy and DME paper bills: All medical providers are instructed to mail or fax bills to CIGA's Home Office in Glendale, California. Once a bill is received by CIGA's Mail Room it is matched to a claim and then scanned into the CIGA Claims System for adjuster processing.

E-Billing: Providers that are utilizing e-billing send their bills directly to WorkCompEDI, who matches the bill to a CIGA claim, and transmits the bill and attachments to CIGA.

Adjuster Review: Adjusters adjudicate the bill *prior to transmission* to the PBM.

Bill Transmission to the PBM Vendor: CIGA transmits adjuster-reviewed bills and attachments to a vendor using either Electronic Data Interface (EDI) or to a Secure File Transfer Protocol (SFTP) site.

PBM Vendor Creates A CIGA Payment Data File: After the bills are reviewed by the PBM Vendor, they create a Payment File based on a CIGA-defined format that is transmitted (via EDI or SFTP) back to CIGA. If a bill rejects during the PBM Vendor review process, the bill is sent back to CIGA for exception processing follow up.

Provider Check Production and Explanation of Review (EOR):

CIGA uploads the Payment File into its Guidewire ClaimCenter system. If there are errors in the EDI, they are transmitted back to the vendor the next business day for correction and resubmission. CIGA's check vendor produces the Explanation of Review that is attached to the provider's check.

State Reporting: CIGA has no requirement to submit bill review data to the state.

SECTION IV - PROPOSAL EVALUATION AND SELECTION

A. Evaluation Process

All proposals are subject to a review process by CIGA. A primary consideration shall be the effectiveness of the agency or organization in the delivery of comparable or related services based on demonstrated performance and the cost of these services. The selection committee may interview vendors identified as finalists or request demonstrations of their process or system. The assigned evaluation committee will make the final recommendations as to which proposals are chosen for contractual consideration and present to CIGA's Board of Governors for final approval.

B. Evaluation Criteria

- **Initial Review:** All proposals will be initially evaluated to determine if they meet the minimum requirements as outlined in this Proposal.

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- **Technical Review:** Proposals meeting the above requirements will be evaluated on the basis of the following criteria (not necessarily in order of priority).
 - The firm's qualifications, staff qualifications and experience providing requested services
 - Services and Delivery Approach
 - References
 - Pricing

- **Oral Presentations:** All finalists will be notified by phone or e-mail of the scheduling of oral presentations. Oral presentations, if required, will take place at the CIGA offices located in Glendale, California.

C. Vendor Selection

Although cost is a major consideration in the evaluation process, selection of one or more firms to move forward to the contract negotiation stage is based on determination of which proposal best meets the needs of CIGA and the requirements of the RFP.

CIGA is not obligated to accept the lowest cost proposal. Ability to provide quality service in a timely manner in accordance with the RFP requirements is critical to a successful proposal. Selection of vendors may or may not be on an all or nothing basis. CIGA reserves the option to select vendor(s) as it deems to be in CIGA's best interest.

D. Contract Award

The contract is awarded to the selected vendor upon the successful negotiation of a mutually acceptable definitive written agreement between CIGA and the vendor. The contents of the proposal of the successful vendor and of this RFP shall become contractual obligations and the vendor's failure to accept these obligations in the definitive agreement may result in loss of the award or cancellation of the contract. To be effective, the final, definitive agreement must be duly executed by an authorized representative of CIGA and the selected vendor.

E. Final Approval

Any contract resulting from this RFP is awarded by final approval of the California Insurance Guarantee Association's Executive Director.

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Schedule of Key Dates

<i>Indication of Intent to Participate and CIGA Nondisclosure Agreement</i>	August 16, 2019
Clarifications	August 30, 2019
Withdrawal of Proposal	September 5, 2019
Proposal due back to CIGA	September 6, 2019
CIGA evaluation and oral presentations completed	October 25, 2019
Award of Contract	November 2019
Start of Contract	To be determined