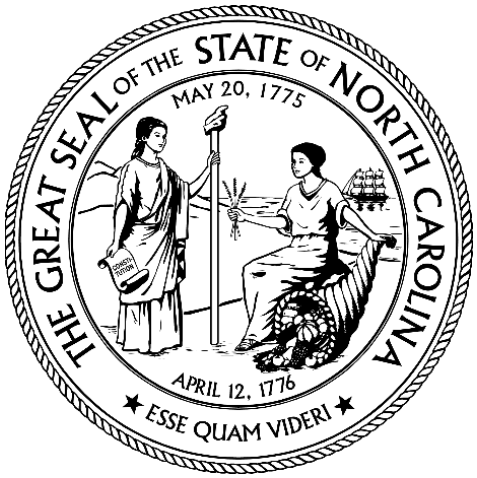

STATE OF NORTH CAROLINA

STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES

Request for Proposal #: 270-20260216PBMS

PHARMACY BENEFIT MANAGEMENT SERVICES

Date of Issue: February 16, 2026

Proposal Opening Date: March 2, 2026

At 10:00 AM ET

Direct all inquiries concerning this RFP to:

Email: Antonio.Leathers@nctreasurer.com
SHPContracting@nctreasurer.com

Phone: 919-814-4432

Sealed, mailed responses ONLY will be accepted for this solicitation

Ariba System Generated Solicitation #: Doc1987736072

Proposal Number: **270-20260216PBMS** *Vendor:* _____

STATE OF NORTH CAROLINA

Request for Proposal

270-20251210PBMS

For internal State agency processing, including tabulation of Proposals, provide your company's eVP (Electronic Vendor Portal) Number. Pursuant to G.S. 132-1.10(b), this identification number shall not be released to the public. To prevent such release, Vendor shall ensure confidential information on this page is Redacted when submitting Redacted versions of this document in accordance with the instructions herein.

This page shall be filled out and returned with your Proposal.
Failure to do so may subject your proposal to rejection.

_____

Vendor Name

_____

Vendor eVP#

Note: For a Contract to be awarded to you, Your company (you) must be a North Carolina registered Vendor in good standing. you must enter the Vendor number assigned through eVP. If you do not have a Vendor number, register at https://evp.nc.gov/

Sealed, mailed responses ONLY will be accepted for this solicitation.

STATE OF NORTH CAROLINA
Department of State Treasurer, State Health Plan Division

Refer *ALL* Inquiries regarding this RFP to: **Antonio Leathers, Contracting Agent** **Antonio.Leathers@nctreasurer.com**	**Request for Proposal #: 270-20260216PBMS** **Proposals will be publicly opened: Minimum Requirements: March 2, 2026, 10 AM ET; Proposals: April 13, 2026, 10:00 AM ET**
Using Agency: The North Carolina State Health Plan for Teachers and State Employees	**Commodity No. and Description:** **851017 – Health Administration Services**
Requisition No.: N/A	

EXECUTION

In compliance with this RFP, and subject to all the conditions herein, the undersigned Vendor offers and agrees to furnish and deliver any or all items upon which prices are bid, at the prices set opposite each item within the time specified herein.

By executing this Proposal, the undersigned Vendor understands that false certification is a Class I felony and certifies that:

- this Proposal is submitted competitively and without collusion,
- none of its officers, directors, or owners of an unincorporated business entity have been convicted of any violations of Chapter 78A of the General Statutes, the Securities Act of 1933, or the Securities Exchange Act of 1934, and
- it is not an ineligible Vendor as set forth in G.S. 143-59.1.

Furthermore, by executing this Proposal, the undersigned certifies to the best of Vendor's knowledge and belief, that:

- it and its principals are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from covered transactions by any federal or state department or agency.

As required by G.S. 143-48.5, the undersigned Vendor certifies that it, and each of its subcontractors for any Contract awarded as a result of this RFP, complies with the requirements of Article 2 of Chapter 64 of the NC General Statutes, including the requirement for each employer with more than 25 employees in North Carolina to verify the work authorization of its employees through the federal E-Verify system.

G.S. 133-32 and Executive Order 24 (2009) prohibit the offer to, or acceptance by, any State Employee associated with the preparing plans, specifications, estimates for public contracts; or awarding or administering public contracts; or inspecting or supervising delivery of the public contract of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. By execution of this response to the RFP, the undersigned certifies, for the Vendor's entire organization and its employees or agents, that the Vendor is not aware that any such gift has been offered, accepted, or promised by any employees of your organization.

By executing this proposal, the Vendor certifies that it has read and agreed to the **INSTRUCTION TO VENDORS** and the **GENERAL TERMS AND CONDITIONS** incorporated herein**.** These documents can be accessed from the ATTACHMENTS section within this document.

Failure to execute/sign proposal prior to submittal may render proposal invalid and it MAY BE REJECTED. Late proposals shall not be accepted.

COMPLETE/FORMAL NAME OF VENDOR:			
STREET ADDRESS:		P.O. BOX:	ZIP:
CITY & STATE & ZIP:		TELEPHONE NUMBER:	TOLL FREE TEL. NO:
PRINCIPAL PLACE OF BUSINESS ADDRESS IF DIFFERENT FROM ABOVE (SEE INSTRUCTIONS TO VENDORS ITEM #21):			
PRINT NAME & TITLE OF PERSON SIGNING ON BEHALF OF VENDOR:		FAX NUMBER:	
VENDOR'S AUTHORIZED SIGNATURE*:	**DATE:**	EMAIL:	

VALIDITY PERIOD

Offer shall be valid for at least 180 days from date of bid opening, unless otherwise stated here: _____ days, or if extended by mutual agreement of the Parties in writing. Any withdrawal of this offer shall be made in writing in accordance with the instructions herein.

ACCEPTANCE OF PROPOSAL

If your Proposal is accepted, as described in more detail in Section 4.14 Contract Documents, all provisions of this RFP, along with the written results of any negotiations, shall constitute the written agreement between the Parties. This Contract is not binding until the Plan's Executive Administrator has signed this Acceptance of Proposal.

FOR STATE USE ONLY: Offer accepted and Contract awarded for : ____ Module 1 ____ Module 2 ____ Module 3
this_____ day of _____, 2026, by

_____

(Authorized Representative of the NC Department of State Treasurer, State Health Plan Division).

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1.0 STRATEGIC VISION AND BACKGROUND

STRATEGIC VISION

The North Carolina State Health Plan for Teachers and State Employees (Plan) seeks a Vendor partner or partners that will deliver a Pharmacy Benefit Management (PBM) program that prioritizes transparency, aligns incentives, and optimizes the Plan's flexibility and control. The Plan's mission is to create value for the Plan's Members and taxpayers while ensuring the sustained success of the Plan's partners. The Plan is taking a principled approach to build the future of the Plan's PBM program, not chasing the biggest rebate guarantee. Therefore, the next PBM contract(s) awardee(s) must provide the Plan with the following

- Flexibility to evolve the Plan's program as opportunities emerge,
- Control over the Plan's program, the Plan's data, and the Plan's finances,
- Transparency as table stakes, and
- Aligned incentives between partners, Members, and the Plan.

The Plan aims to build a pharmacy benefit program that refuses to compromise quality, creates value for all stakeholders, leads with transparency, requires a fiduciary duty, and prioritizes building a remarkable Member experience. To that end, the Plan is not limiting the services to a one-partner model and wants partners that can lean into their strengths and adapt while working with others. To ensure clarity, the Plan vision includes the following stakeholders:

- Plan Members;
- North Carolina taxpayers;
- The General Assembly;
- Pharmacists as follows:
    - Independent Pharmacists: In many of the Plan's communities, rural pharmacists are the only accessible provider. The Plan's long-term Goal is to integrate additional clinical services into independent pharmacies, thereby creating more access points for the Plan's Members, especially those with chronic conditions.
    - National/Regional Pharmacies: These practices are broadly distributed throughout the State and distribute many of the medications to the Plan's Members.
    - Physician/Hospital-based Pharmacies: These practices are the Plan's best large-scale opportunity to improve care coordination and keep care physicians based to support the Plan's perspective on Population Health, and additional opportunities to share in the value from 340(b) programs.
- The Medical Community as follows:
    - The drivers of diagnosing and prescribing for the Plan Members. The Medical community will also be sharing in financial risk through the Plan's total cost of care models.

BACKGROUND

State Health Plan

The Plan provides health benefit coverage to more than 750,000 teachers and school personnel, State Employees, retirees, current and former lawmakers, State university and community college personnel, and eligible Dependents. The services outlined in this RFP are focused on the approximately 572,000 self-funded Members. The mission of the Plan is to improve the health and health care of North Carolina teachers, State employees, retirees, and their Dependents, in a financially sustainable manner, thereby serving as a model to the people of North Carolina for improving their health and well-being.

Governance

The Treasurer, Executive Administrator, and the Board of Trustees (Board) are designated as fiduciaries for the Plan. The powers and duties of the Treasurer are set forth in statute at N.C.G.S. § 135-48.30(a) and include setting benefits, premium rates, co-pays, deductibles, and coinsurance percentages and maximums subject to approval of the Board. The Board's powers and duties are set forth at N.C.G.S. § 135-22 and include approving large contracts, approving premium rates, copays and deductibles proposed by the Treasurer, and developing and maintaining a strategic plan. The North Carolina General Assembly determines member eligibility rules and provides State funding for the Plan.

The Board is required to be composed of at least one (1) of the following: an Employee of a State department, agency, or institution; a teacher employed by a North Carolina public school system; a retired Employee of a State department, agency, or institution; and a retired teacher from a North Carolina public school system. The Board must also include individuals with the following expertise: actuarial science, health economics, health benefits and administration, and health law and policy. The State Treasurer is an ex officio member of the Board and serves as its Chair but only votes in the event of a tie. The Director of the Office of State Budget and Management serves as an ex officio nonvoting member. Two (2) members are appointed by the Governor. Two (2) members are appointed by the State Treasurer. Two (2) members are appointed by the North Carolina General Assembly upon the recommendation of the Speaker of the House of Representatives. Two (2) members are appointed by the North Carolina General Assembly upon the recommendation of the President Pro Tempore of the Senate.

RFP Modules

The Plan has divided this RFP into three modules with the intent of bringing best in class services while at the same time aligning incentives and enabling its partner(s) to be as financially successful as the Plan is at managing cost, improving health, and delivering a remarkable experience. This model doesn't require the Plan to select multiple partners. If one partner can demonstrate their ability to pair their resources and abilities with the Plan's goals and be a fiduciary partner of the Plan while executing with excellence, the Plan is open to selecting just one partner to take this journey with the Plan. Regardless of the number of awarded Vendors, what is paramount is excellence on behalf of Plan Members and taxpayers; a partner who is transparent and flexible; and a partner who acknowledges that the primary goal of the Plan is to serve Plan Members and cede administrative control to the Plan.

The three (3) primary service modules are as follows:

1. Claims Processing, Customer Service and Retail Network;
2. Formulary Strategy, Utilization Management and Rebate Administration; and
3. Specialty and Mail Order Pharmacy Services.

All Vendors

Each module contains its own overview, expectations, minimum requirements, technical requirements and Cost Proposal and corresponding pricing guarantees. Vendors may choose to respond to all three (3) modules, any individual module of the three (3), or any combination of the three (3) modules. A Vendor may bid on more than one (1) module and offer rate concessions if selected for multiple pieces; however, pricing for the individual module is also required as the Plan reserves the right to award each module to a different Vendor.

1.1 CONTRACT TERM

The Contract shall have an initial term of fifty-three and one-half months, including seventeen and one-half (17 1/2) months for implementation, beginning July 13, 2026, and lasting through December 31, 2030. Vendor(s) will begin providing services January 1, 2028.

At the end of the Contract's initial term, the Plan shall have the option, in its sole discretion, to renew the Contract on the same terms and conditions for up to a total of two additional one-year terms beginning January 1, 2031, through December 31, 2031, and January 1, 2032, through December 31, 2032.

The Plan will give the Vendor written notice of its intent to exercise each option no later than thirty days before the end of the Contract's then-current term. In addition to any optional renewal terms stated herein, and with the Vendor's concurrence, the State reserves the right to extend the Contract after the last active term; any such an extension shall be through an Amendment.

2.0 GENERAL INFORMATION

2.1 REQUEST FOR PROPOSAL DOCUMENT

This RFP document shall govern the procurement process and, pursuant to the terms herein, becomes the binding Contract between a Vendor who submits a Proposal and the Plan.

2.2 E-PROCUREMENT FEE

ATTENTION: The E-Procurement fee does not apply to this solicitation.

General information on the E-Procurement Services can be found at: http://eprocurement.nc.gov/.

2.3 NOTICE TO VENDORS REGARDING RFP TERMS AND CONDITIONS

It shall be the Vendor's responsibility to read the Instructions to Vendors, the General Terms and Conditions, all relevant exhibits and attachments, and any other components made a part of this RFP and to comply with all requirements and specifications herein. Vendors are also responsible for obtaining and complying with all Addenda and other changes that may be issued in connection with this RFP.

If Vendors have questions or issues regarding any component of this RFP, those must be submitted as questions in accordance with the instructions in Section 2.5 Proposal Questions and, among others, Section III of Attachment B: Instructions to Vendors. If the Plan determines that any changes will be made as a result of the questions asked, then such decisions will be communicated in the form of an Addendum to this RFP. The Plan may also elect to leave open the possibility for later negotiation of specific provisions of the Contract that have been addressed during the question-and-answer period, prior to contract award.

Other than as part of the process of negotiation as outlined by this RFP, the Plan rejects and will not be required to evaluate or consider any additional or modified terms and conditions submitted with Vendor's proposal or otherwise. This applies to any language appearing in or attached to the document as part of the Vendor's Proposal that purports to vary any terms and conditions or Vendors' instructions herein or to render the proposal non-binding or subject to further negotiation. Vendor's Proposal shall constitute a firm offer that shall be held open for the period required herein ("Validity Period" above).

The Plan may exercise its discretion to consider modifications proposed by Vendors, but only if those modifications are proposed during the question-and-answer period in accordance with Section 2.5 Proposal Questions. By execution and delivery of this RFP Response, Vendor agrees that any additional or modified terms and conditions, whether submitted purposely or inadvertently, shall have no force or effect, and will be disregarded, unless expressly agreed upon through negotiation and incorporated by way of a BAFO or other negotiation document. Noncompliance with, or any attempt to alter or delete, this paragraph shall constitute sufficient grounds to reject the Vendor's proposal as nonresponsive.

2.4 RFP SCHEDULE

The table below shows the *intended* schedule for this RFP. The State will make every effort to adhere to this schedule.

Event	Responsibility	Date and Time, if Applicable
Issue RFP	Plan	February 16, 2026
Pre-proposal Conference Regarding Attachment M: IT Services Inventory Worksheet of the RFP via MS Teams Meeting link below: Pre-proposal Conference Regarding IT Services Inventory Worksheet | Meeting-Join | Microsoft Teams	Plan	February 17, 2026, 3:00 PM ET
Deadline for Submission of Written Minimum Requirements Questions	Vendor	February 19, 2026, 10:00 AM ET
Provide Response to Minimum Requirements Questions	Plan	February 24, 2026
Deadline for Submission of Minimum Requirements Proposals	Vendor	March 2, 2026, 10:00 AM ET The public bid opening for this solicitation will be conducted via conference call. To hear the bid opening for this RFP, dial 1-984-275-3153, Conference ID: 591197053#
Notify Vendors if Minimum Requirements Met	Plan	March 9, 2026
Issue Vendor's designated recipient, a link to Secure File Transfer Protocol (SFTP) system for attachments and Data File	Plan	March 9, 2026
Deadline for Submission of Remaining RFP Questions	Vendor	March 16, 2026, 10:00 AM ET
Provide Response to Questions	Plan	March 19, 2026
Deadline for Submission of Proposals	Vendor	April 13, 2026, 10:00 AM ET
Evaluation Period (Review of Proposals)	Plan	April 14, 2026 - May 5, 2026
Best and Final Offer (BAFO)	Plan and Vendor	May 11, 2026 – May 15, 2026
Plan seeks approval from the Plan's Special Deputy Attorney General to award contract	Plan	June 2026 TBD
Recommendation to the Plan's Board of Trustees	Plan	July 10, 2026
Award of Contract	Plan	July 10 – 13, 2026
Execution of Contract by the Plan and Vendor	Plan and Vendor	July 10 – 13, 2026
Implementation Period	Plan and Vendor	July 13, 2026 – December 31, 2027
Services Begin	Vendor	January 1, 2028

2.5 PROPOSAL QUESTIONS

Upon review of the RFP documents, Vendors may have questions to clarify or interpret the RFP to enable Vendors to submit the best proposal possible. To accommodate the Proposal Questions process, the Vendors shall submit any such questions by the due dates in Section 2.4 RFP Schedule. Questions received after these dates will not receive a response. Failure to resolve any issues

about any ambiguity in this RFP by submitting a question according to this timeline waives a Vendor's objection to any ambiguity that should have been apparent to a reasonable Vendor during the RFP Process. Written questions shall be emailed to Antonio.Leathers@nctreasurer.com with a copy to SHPContracting@nctreasurer.com by the date and time specified above. When submitting Minimum Requirements questions, Vendors should enter "RFP # **270-20260216PBMS**: Minimum Requirements Questions" as the subject for the email. When submitting all other questions, Vendors should enter "RFP # **270-20260216PBMS**: Questions." Question submittals should include a reference to the applicable RFP section and be submitted in the table format shown below in sequential order by the section of the RFP to which they relate:

Question #	Reference	Vendor Question
1.	RFP Section, Page Number	Vendor question …?

Questions received by the submission deadline date in Section 2.4 RFP Schedule, the Plan's response, and any additional terms deemed necessary by the State will be posted in the form of an Addendum to the electronic Vendor Portal, *https://evp.nc.gov,* and shall become an Addendum to this RFP.

No information, instruction or advice provided orally or informally by any Plan personnel, whether made in response to a question or otherwise in connection with this RFP, shall be considered authoritative or binding. Vendors shall rely *only* on written material contained in the RFP and an Addendum to this RFP.

2.6 PROPOSAL SUBMISSION

IMPORTANT NOTE: All Proposals shall be physically delivered to the address listed below on or before the Proposal deadline to be considered timely, regardless of the method of delivery. **This is an absolute requirement.** Late bids, regardless of cause, will not be opened or considered, and will be automatically disqualified from further consideration. Vendor shall bear the sole risk of late submission due to unintended or unanticipated delay. It is the Vendor's sole responsibility to ensure its proposal has been received as described in this RFP by the specified time and date of opening. The time and date of receipt will be marked on each proposal when received. Any proposal or portion thereof received after the proposal deadline will be rejected.

The U.S. Postal Service does not deliver mail to a specified street address but to the State's Mail Service Center. Due to the likelihood of delay in delivery, Vendors are not permitted to utilize the U.S. Postal Service to submit their Proposals. Instead, Vendors must use a different parcel or package delivery service. **Moreover, attempts to submit a proposal via facsimile (FAX) machine, telephone, or email in response to this RFP shall NOT be accepted.**

Mailing and Office address for delivery of proposal via special delivery, overnight, or any other carrier
PROPOSAL NUMBER: 270-20260216PBMS NC Department of State Treasurer State Health Plan Division 3200 Atlantic Avenue Raleigh, NC 27604 Attention: Antonio Leathers, Contracting Agent

2.6.1 RFP Phases for Submission

a) This RFP requires that Vendors meet certain Minimum Requirements in order for technical and cost responses to be evaluated for possible Contract award (See Sections 5.2, 6.2, and 7.2). Therefore, submission of responses is divided into two (2) phases:

   i. Minimum Requirements Submission
   ii. Technical and Cost Proposal Submission

b) There are Minimum Requirements for which all Vendors must respond and Minimum Requirements specific to Modules 1, 2, and 3. Vendors must respond to Minimum Requirements applicable to all Vendors and Minimum Requirements specific to the Modules on which they intend to bid. Vendors that meet the Minimum Requirements will be notified and may provide

Technical and Cost Proposals in response to the RFP Module or Modules for which they met the Minimum Requirements. Vendors will only be allowed to bid on Module(s) for which they meet the Minimum Requirements.

c) Vendors that meet the Minimum Requirements including the signed ATTACHMENT K: DATA USE AGREEMENT (DUA), will be provided with Data Files and Cost Proposal worksheets for responding to the Technical and Cost Proposals. The instructions for accessing the Data Files and Cost Proposal worksheets can be found in Attachment A: Cost Proposal.

d) Sealed proposals, subject to the conditions made a part hereof and the receipt requirements described below, shall be received at the address indicated in the table above, for furnishing and delivering those items or Services as described herein.

2.6.2 Minimum Requirements Proposal Submission

a) Submit, simultaneously to the address identified in the table above, the following: two (2) completed and signed originals of Attachment G: Proposal Submission Information; two completed Minimum Requirements Proposal responses; eight (8) physical copies of each; one physical copy of the Minimum Requirements Proposal Redacted in accordance with the instructions provided in this RFP; two flash drives, each flash drive having one un-Redacted electronic copy on it; and, if the Vendor desires to provide redactions, one electronic copy on a flash drive, Redacted in accordance with the instructions provided in this RFP. Redacted copies shall exclude any information that is confidential and not subject to disclosure under Chapter 132 of the North Carolina General Statutes, the Public Records Act. All redactions shall be made in **BLACK** and in accordance with Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to Vendors.

   At the Vendor's discretion, individual attachments, exhibits, and/or supporting documentation that are **greater than 50 pages** in length may be submitted in electronic copy instead of being submitted as a physical copy. If a Vendor does so choose, such an electronic copy must be submitted on flash drives. The original and physical copy technical responses must specifically identify the file names and location of the individual attachments, exhibits, and/or supporting documentation submitted in this manner.

b) Submit your Minimum Requirements Proposal in a sealed package. Clearly mark each package with: (1) Vendor name; (2) the RFP number; (3) Minimum Requirements Proposal, and (4) the due date. Address the package(s) for delivery as shown in the table above.

c) For delivery purposes, separate sealed envelopes from a single Vendor may be included in the same outer package. Proposals are subject to rejection unless submitted with the information above included on the outside of the sealed Proposal package.

d) The electronic copies of Vendor's Proposal must be provided on separate read-only flash drives. The files on the flash drives **shall NOT** be password protected, shall be in .PDF or .XLS format, and shall be capable of being copied to other media including being readable in Microsoft Word and/or Microsoft Excel.

e) Flash Drives One and Two must contain the entire Minimum Requirements Proposal, including any proprietary information, and must have the following label affixed to the flash drives: (1) Vendor name; (2) the RFP number; (3) the due date; and (4) the words "Minimum Requirements Proposals Non-Redacted."

f) Flash Drive Three, if required for confidentiality, must contain the Minimum Requirements Proposals, redacting any information identified as confidential under the Public Records Act. All redactions shall be made in accordance with Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to Vendors. The Plan, in responding to public records requests, will release the information on this flash drive. The following label must be affixed to the flash drive: (1) Vendor name; (2) the RFP number; (3) the due date; and (4) the words "Minimum Requirements Proposals Redacted."

Failure to submit a proposal in strict accordance with these instructions shall constitute sufficient cause to reject a Vendor's proposal(s) in the Plan's discretion.

The Plan may include critical updated information in Addenda to this RFP. It is important that all Vendors responding to this RFP periodically check the State's eVP website for any Addenda that may be issued prior to the bid opening date. All Vendors shall be deemed to have read and understood all information in this RFP and all Addenda thereto.

2.6.3 Technical and Cost Proposal Submission

a) Submit, simultaneously to the address identified in the table above, the following: **two (2) signed, original executed** Technical Proposal and Cost Proposal responses; eight (8) physical copies of each; one physical copy of the Technical Proposal and one physical copy of the Cost Proposal Redacted in accordance with the instructions provided in this RFP; two flash drives, each flash drive having one un-Redacted electronic copy on it; and, if the Vendor desires to provide redactions, one electronic copy on a flash drive, Redacted in accordance with the instructions provided in this RFP. Redacted copies shall exclude any information that is confidential and not subject to disclosure under Chapter 132 of the North Carolina General Statutes, the Public Records Act. All redactions shall be made in **BLACK** and in accordance with Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to Vendors.

   At the Vendor's discretion, individual attachments, exhibits, and/or supporting documentation that are **greater than fifty (50) pages** in length may be submitted in electronic copy instead of being submitted as a physical copy, if the Vendor so chooses. If a Vendor does so choose, such an electronic copy must be submitted on flash drives. The original and physical copy technical responses must specifically identify the file names and location of the individual attachments, exhibits, and/or supporting documentation submitted in this manner.

b) Submit your Technical and Cost Proposals in separate sealed packages. Clearly mark each package with: (1) Vendor name; (2) the RFP number; (3) Technical Proposal or Cost Proposal, respectively; and (4) the due date. Address the package(s) for delivery as shown in the table above.

c) For delivery purposes, separate sealed envelopes from a single Vendor may be included in the same outer package. Proposals are subject to rejection unless submitted with the information above included on the outside of the sealed Proposal package.

d) The electronic copies of your Proposal must be provided on separate read-only flash drives. The files on the flash drives **shall NOT** be password protected, shall be in .PDF or .XLS format, and shall be capable of being copied to other media including being readable in Microsoft Word and/or Microsoft Excel.

e) Flash Drives One and Two must contain the entire Technical and Cost Proposals, including any proprietary information, and must have the following label affixed to the flash drives: (1) Vendor name; (2) the RFP number; (3) the due date; and (4) the words "Technical and Cost Proposals Non-Redacted."

f) Flash Drive Three, if required for confidentiality, must contain the Technical and Cost Proposals, redacting any information identified as confidential under the Public Records Act. All redactions shall be made in accordance with Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to Vendors. The Plan, in responding to public records requests, will release the information on this flash drive. The following label must be affixed to the flash drive: (1) Vendor name; (2) the RFP number; (3) the due date; and (4) the words "Technical and Cost Proposal Redacted."

Failure to submit a proposal in strict accordance with these instructions shall constitute sufficient cause to reject a Vendor's proposal(s) in the Plan's discretion.

The Plan may include critical updated information in Addenda to this RFP. It is important that all Vendors responding to this RFP periodically check the State's eVP website for any Addenda that may be issued prior to the bid opening date. All Vendors shall be deemed to have read and understood all information in this RFP and all Addenda thereto.

2.7 PROPOSAL CONTENTS

Vendors shall populate all attachments of this RFP that require Vendor to provide information and include an authorized signature where requested. Failure to provide all required items, or Vendor's submission of incomplete items, may result in the Plan rejecting the Vendor's proposal, in the Plan's sole discretion.

Vendor Proposal responses shall:

a) Match the order of the RFP;
b) Include the RFP section and requirement or specification numbers;
c) Include a Table of Contents;

d) Include tabs indexing each section;
e) Be submitted in multiple three (3) ring binders no larger than three (3) inches each; and
f) Include at a minimum the following information: RFP number, RFP title, Proposal title, Module Number(s) and the submitting Vendor's name on the front and side of each binder.

2.7.1 Minimum Requirements Proposal Contents

Vendor RFP Minimum Requirements Proposal responses shall include the following items and attachments, which shall be arranged in the following order:

a) Two (2) completed and signed originals of Attachment G: Proposal Submission Information;
b) Completed Minimum Requirements Responses that include:

   Attachment N-0 - All Modules Minimum Requirements Response; and one or more of the following based on Vendor's Module selection:

   Attachment N-1 - Module 1 Minimum Requirements Response;

   Attachment N-2 - Module 2 Minimum Requirements Response;

   Attachment N-3 - Module 3 Minimum Requirements Response;
c) Entire copy of Attachment B: Instructions to Vendors;
d) Entire copy of Attachment C: General Terms and Conditions;
e) Completed version of Attachment D: Customer Reference Template;
f) Completed version of Attachment E: Location of Workers Utilized By Vendor;
g) Two (2) completed and signed originals of Attachment F: Certification of Financial Condition;
h) Two (2) completed and signed originals of Attachment H: HIPAA Compliance Questionnaire. Vendors must respond to all questions and request for documentation in the HIPAA Compliance Questionnaire;
i) Two (2) completed and signed originals of Attachment I: Business Associate Agreement;
J) Two (2) completed and signed two originals of Attachment K: DATA USE AGREEMENT (DUA);
k) Entire copy of Attachment L: Data Security Requirements;
l) Completed version of Attachment M: IT Services Inventory Worksheet; and
m) Module Selection Table.

   Vendors shall duplicate the Module Selection Table below, mark an "X" beside all modules on which they are submitting a Minimum Requirements Response(s) and include the completed Module Selection Table with the Minimum Requirements Response(s):

MODULES	Selected
MODULE 1: CLAIMS PROCESSING, CUSTOMER SERVICE, AND RETAIL NETWORK	
MODULE 2: FORMULARY STRATEGY, UTILIZATION MANAGEMENT AND REBATE ADMINISTRATION	
MODULE 3: SPECIALTY AND MAIL ORDER PHARMACY SERVICES	

2.7.2 Technical and Cost Proposal Contents

Vendor RFP Technical and Cost Proposal responses shall include the following items and attachments, which shall be arranged in the following order:

a) Two (2) completed and signed originals of the EXECUTION PAGE, along with the body of the RFP and signed receipt pages of any addenda released in conjunction with this RFP, if required to be returned. The document must be signed and dated by an official authorized to bind the company. Proposals submitted without the signed and dated Execution Page will not be considered;

b) Completed Technical Requirements Responses that include one or more of the following based on Vendor's Module selection:

Attachment O-1 – Module 1 Technical Requirements Response;

Attachment O-2 – Module 2 Technical Requirements Response;

Attachment O-3 - Module 3 Technical Requirements Response;

c) Completed Cost Proposal Responses that include one or more of the following based on Vendor's Module selection:

Attachment A-1 - Module 1 Cost Proposal Response;

Attachment A-2 - Module 2 Cost Proposal Response;

Attachment A-3 - Module 3 Cost Proposal Response;

d) Completed version of Attachment J: Administrators for the Contract, HIPAA Compliance Officer, and Information Security Officer;

e) Completed version of Attachment P: Subcontractor Identification Form for each Subcontractor; and

f) Module Selection Table.

Vendors shall duplicate the Module Selection Table below, mark an "X" beside all modules on which they are bidding and include the completed Module Selection Table with the Technical Requirements Response:

MODULES	Selected
MODULE 1: CLAIMS PROCESSING, CUSTOMER SERVICE, AND RETAIL NETWORK	
MODULE 2: FORMULARY STRATEGY, UTILIZATION MANAGEMENT AND REBATE ADMINISTRATION	
MODULE 3: SPECIALTY AND MAIL ORDER PHARMACY SERVICES	

2.8 ALTERNATE PROPOSALS

Pursuant to RFP Section 5.3.13 Claims Invoices – Module 1 Alternative Claims Funding Option, Vendor(s) may submit an alternate proposal. The alternate proposal is specific to claims funding only. To submit an alternate proposal, Vendor must complete Attachment 7: Module 1 Alternative Claims Funding Option and Response, and the Alternate Proposal Table included in Attachment A-1 Module 1 Cost Proposal, 2nd Tab.

2.9 VENDOR INFORMATION SESSIONS

a) Pre-Proposal Conference Regarding IT Services Inventory Worksheet

A pre-proposal conference will be held to review instructions for completing Attachment M: IT Services Inventory Worksheet.

Date: February 17, 2026
Time: 3:00 PM Eastern Time
MS Teams Meeting Link: See below:
Pre-proposal Conference Regarding IT Services Inventory Worksheet | Meeting-Join | Microsoft Teams

Vendor representatives are **strongly encouraged** to attend the pre-proposal conference call to obtain information needed for the completion of the IT Services Inventory Worksheet. It is recommended that the Vendor attendees include an IT resource and/or Information Security Officer.

b) Bid Opening

The public bid opening for this solicitation will be conducted via a conference call on March 2, 2026, 10:00 AM ET. To hear the bid opening for this RFP, dial 1-984-275-3153, Conference ID: 591197053#

2.10 DEFINITIONS, ACRONYMS, AND ABBREVIATIONS

Except as otherwise indicated, the following definitions apply to the Contract. The Cost Proposal modifies or includes definitions specific to financial guarantees. See Attachments A-1, A-2, and A-3 for those definitions.

a) **24/7/365:** Twenty-four (24) hours per day, seven (7) days per week, three hundred sixty-five (365) days per year excluding scheduled maintenance or downtimes for which the Plan has been provided notice.

b) **340B CLAIM:** Prescription Claims submitted by pharmacies contracted under Section 340B of the Public Health Service Act, codified at 42 U.S.C. § 256b, that are submitted with a submission clarification code of "20" or such equivalent submission clarification codes for such Participating Pharmacies in the Participating Pharmacy Network under the applicable NCPDP format (or any successor submission clarification code format). In addition, 340B Claims include Paid Claims submitted by a covered entity owned or contracted pharmacies which are categorized as Type 39 in the dataQ NCPDP database. Any other 340B identification that includes a pharmacy type or pharmaceutical manufacturer rejection will not be considered a 340B Claim.

c) **ACTIVE MEMBER**: Subscriber and Dependents enrolled through an Employing Unit when the Subscriber is still employed. When an Employee retires, his or her first month of retiree health benefits are covered by the Employing Unit; therefore, the Subscriber and Dependents become Non-Active Members their last month of coverage under the Employing Unit. Additionally, Members enrolled in twelve-Month RIF coverage under an Employing Unit are also Non-Active Members as they are no longer employed.

d) **ADDENDUM**: Written Clarification or revision to this RFP during the procurement process and prior to the close of bids.

e) **ADMINISTRATIVE DECISION MEMO (ADM**): Document that outlines the Plan's business rules and/or requirements and the processes used by Vendor to support the Plan. The ADM must be signed by the Plan's Contract Administrator regarding day-to-day activities or designee and Vendor's Contract Administrator regarding day-to-day activities or designee.

f) **AFFILIATED PHARMACY**: Any retail, mail-order, or Specialty Pharmacy that is owned, controlled, or operated by the Vendor or any of its subsidiaries, affiliates, or parent companies, or with which the

Vendor has a financial or contractual relationship that provides the Vendor with direct or indirect compensation beyond standard network terms.

g) **AVERAGE WHOLESALE PRICE (AWP**): Average Wholesale Price (AWP) will be Medi-Span's published unit price for the full 11-digit NDC of the product dispensed applied to the actual quantity dispensed. The AWP will be from the date-of-service for all adjudicated claims. AWP pricing files will be updated no less frequently than weekly to reflect current published pricing.

h) **BAFO**: Best and Final Offer, submitted by a Vendor to alter its initial offer, made in response to a request by the State.

i) **BIOSIMILAR or BIOSIMILAR DRUG**: An FDA approved biological product that is highly similar to an already FDA approved biologic (known as the reference product) and has no clinically meaningful differences in terms of safety, purity, and potency. A "Biosimilar" biological drug product as defined in the Biologics Price Competition and Innovation Act of 2009 at 42 U.S.C. §262(i)(2) and approved under Section 351(k) of the Public Health Services Act.

j) **BOARD of TRUSTEES**: The governing board whose members are appointed by the Governor, the General Assembly, and the State Treasurer to act as fiduciaries for the Plan in carrying out their duties and responsibilities to the Plan as set forth in law.

k) **BRAND**: A Brand drug is a drug that has a trade name and is protected by a patent. A Brand name drug may only be produced and sold by the pharmaceutical company holding the patent or a pharmaceutical company that has been licensed and authorized by the patent holder to produce and sell the drug.

l) **BUSINESS REQUIREMENTS**: Customer needs and expectations that will be memorialized in a Business Requirements Document (BRD).

m) **BUSINESS REQUIREMENTS DOCUMENT(S) (BRD)**: Document that outlines the Business Requirements, for a benefit, program, or process and may include requirements for multiple Plan Vendors. The BRD must be signed by the Plan's Contract Administrator regarding day-to-day activities or designee and Vendor's Contract Administrator regarding day-to-day activities or designee.

n) **CHANGE FILE**: An EDI file that provides records/transactions, including retroactivity, that have changed or are new since the last EDI file. Change Files are often desirable as they are smaller in size and are quicker to process than Full Files. With Change Files, successive files will contain only data that has changed since the preceding Change File or Full File.

o) **CLARIFICATION**: A written response from a Vendor that provides an answer or explanation to a question posed by the State about that Vendor's proposal. Clarifications are incorporated into Vendor's proposal response.

p) **CLOSE-OUT DOCUMENTATION**: Documentation developed by Vendor to tie up any loose ends from a project and officially deliver the project to the operations and/or business teams.

q) **CMS**: Federal Centers for Medicare and Medicaid Services.

r) **COMPOUND**: A prescription drug which would require the dispensing pharmacist to produce an extemporaneously produced mixture containing at least one (1) federal legend drug, the end product of which is not available in an equivalent commercial form.

s) **CONDITIONAL SERVICE**: Those services the Vendor is offering as an Optional Service if awarded multiple modules.

t) **CONFLICT OF INTEREST**: Situations or circumstances through which Vendor, or entities or individuals closely affiliated with Vendor, will derive, or reasonably may be perceived as deriving, direct financial or other pecuniary benefit from its performance of this Contract other than through the compensation received according to the Contract for performance of the Contract, or that might impair, or reasonably be perceived as impairing, Vendor's ability to perform this Contract in the best interests of the State**.**

u) **CONTRACT ADMINISTRATOR:** Representative of the Plan who will administer this Contract for the State.

v) **CONTRACTING AGENT:** Representative of the Plan who corresponds with potential Vendors regarding this RFP.

w) **COST PROPOSAL:** Vendor's pricing submitted in response to the RFP by completing Attachment A: Cost Proposal.

x) **COVERED RETIREE LIST (CRL)**: A list of a plan sponsor's qualifying covered retirees.

y) **CUSTOMER**: For the purposes of this RFP, any Entity for which a service is provided such as providers, Plan Members, and Plan staff.

z) **DATA CENTER:** A facility that performs one (1) or more of the following functions: Physically houses various equipment, such as computers, servers (e.g., web servers, application servers, and database servers), switches routers, data storage devices, load balances, wire cages or closets, vaults, racks, and related equipment; Stores, manages, processes, and exchanges digital data and information; Provides application services or management for various data processing, such as web hosting internet, intranet, or tele-communication and information technology.

aa) **DATA WAREHOUSE:** A central repository of integrated current and historical data from one or more disparate sources and is used for reporting and data analysis. Data in the Data Warehouse has been cleansed to ensure reporting and analytical quality.

bb) **DATA FILE**: An electronic file containing data.

cc) **DELIVERABLE**: Refers to any service, duty, performance, or other contractual obligation of Vendor.

dd) **DEPENDENT**: An eligible Plan Member other than the Subscriber.

ee) **DEPLOYMENT PLAN**: A document developed by Vendor to outline the sequence of operations or steps that must be carried out to deploy new functionality or processes.

ff) **DISPENSING FEE**: The fixed, per-prescription fee paid by the Plan (or its designated Claims Adjudicator) to the dispensing pharmacy solely to reimburse the actual costs associated with dispensing a prescription drug to a Member. This fee shall reflect the documented, verifiable average cost per prescription for professional services, including but not limited to pharmacist review, labeling, packaging, shipping (for Mail Order prescriptions), and any required counseling or verification, but excludes the Ingredient Cost of the drug, administrative fees, taxes, or any other compensation, markups, spreads, rebates, or financial incentives.

gg) **DRUG THERAPY MANAGEMENT**: The overall management of medication therapy by pharmacists or other trained healthcare professionals following clinical protocols to maximize therapeutic outcomes and value.

hh) **DRUG UTILIZATION REVIEW (DUR)**: A system of drug use review that can detect potential adverse drug interactions, drug-pregnancy conflicts, therapeutic duplication, drug-age conflicts, etc. There are three (3) forms of DUR: prospective (before dispensing), concurrent (at the time of prescription dispensing), and retrospective (after the therapy has been completed).

ii) **ELECTRONIC DATA INTERFACE (EDI):** Standard format for exchanging business data.

jj) **EMPLOYEE OR STATE EMPLOYEE:** Any individual eligible for coverage pursuant to their employment with a qualifying Employing Unit as described in Article 3B of Chapter 135 of the North Carolina General Statutes, as may be amended from time to time**.**

kk) **EMPLOYING UNIT:** A North Carolina local education agency; community college; State department, agency or institution; or association or examining board or commission, whose Employees are eligible for membership in a State of North Carolina-supported retirement system as defined in Article 3B of Chapter 135 of the North Carolina General Statutes as may be amended from time to time. An Employing Unit also shall mean a charter school in accordance with Part 6A of Chapter 115C of the General Statues whose board of directors elects to become a participating employer in the Plan under NCGS 135-39.17. Bona fide fire departments, rescue or emergency medical service squads and National Guard units are deemed to be Employing Units for the purpose of providing benefits under this Article. An Employing Unit shall also mean an employer, as defined for local government employers by NCGS 128-21(11) who has received legislative authority to and has elected to participate in the Plan.

ll) **END-TO-END TESTING:** Testing that begins at the first step of the process and concludes with the last step. In this Contract, End-to-End Testing includes testing the process from the beginning step to the last step which includes testing with every Plan Vendor involved in the item to be tested.

mm) **ENROLLMENT FILE:** An EDI file containing enrollment data.

nn) **ENTITY**: For the purposes of this Contract, Entity refers to a distinct grouping of Employing Units. Entities include, but are not limited to:

- BEACON Groups – Employing Units utilizing the BEACON payroll system;
- Universities – Employing Units that are part of the North Carolina University System;
- Community Colleges – Employing Units that are part of the North Carolina Community College System;
- Public Schools – Employing Units that are part of the North Carolina Public Schools or Local Education Associations (LEAs);
- Charter Schools – North Carolina Charter Schools that have elected to participate in the Plan; and
- Local Governments – Local Governments that have elected to participate in the Plan.

oo) **EQUITABLE ADJUSTMENT:** An adjustment to a Rebate Guarantee that is the minimum revision necessary to offset a Significant Rebate Impact directly resulting from a Qualifying Plan Action or Qualifying Market Event, limited solely to the extent that such an adjustment is necessary to maintain the relative economic positions of the Plan and Vendor prior to the Qualifying Plan Action or Qualifying Market Event.

pp) **FORMULARY**: The list of federal legend drugs that may be covered as a Prescription Drug benefit whereby each drug is reviewed for Formulary placement which determines a Member's financial obligation.

qq) **FULL FILE**: EDI file that provides all records/transactions between a date range or a complete historical dump of data. Full Files can also contain termination and future transactions based on the requirements. Full Files are larger in size and take longer to process. With Full Files, successive files will contain more and take longer to process. For example, if Full Files are created each month, every Full File created will contain all records/transactions from the previous Full File and any additional records/transactions created during the current month.

rr) **GENERIC**: A drug that is therapeutically equivalent (identical in strength, concentration, and dosage form) to a Brand name drug and that generally is made available when patent protection expires on the Brand name drug.

ss) **GO-LIVE**: The first time a system or service can be used after all tests have been completed and the functionality has been implemented. There shall be a Go-Live date in every Implementation Plan.

tt) **GROUP**: The Entity through which Members are "grouped" to enroll and be invoiced (i.e. Employing Units, Retirement Systems, Direct Bill, and COBRA.)

uu) **HIPAA**: The Health Insurance Portability and Accountability Act of 1996, 42 U.S.C.A. 1301 et seq. The law provides uniform federal privacy protection standards for consumers across the country. The standards protect patients' medical records and other health information provided to health plans, doctors, hospitals and other health care providers. Developed by the Federal Department of Health and Human Services, these standards provide patients with access to their medical records and more control over how their personal health information is used and disclosed. The term HIPAA also includes all amendments and implementing regulations including specifically the HITECH Act of 2009, Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009 (ARRA), Pub. L. No. 11-5.

vv) **IMPLEMENTATION PLAN:** Documentation of the agreed upon target dates for meeting milestones and Deliverables that must be completed for the provision of services to "Go-Live". Implementation Plans shall be utilized for the initial implementation and "Go-Live" of the Contract and for any subsequent Amendments or activities that require Vendor system development or Plan Vendor integration. Implementation Plans shall include a description of the co-dependencies and tasks, identification of business and/or Deliverable owner(s). The Implementation Plan must be signed by the Plan's Contract Administrator regarding day-to-day activities or designee and Vendor's Contract Administrator regarding day-to-day activities or designee.

ww) **INGREDIENT COST**: The negotiated, base price of the medication itself, excluding Dispensing Fees, taxes, or administrative charges.

xx) **INTERACTIVE VOICE RESPONSE (IVR):** A technology that allows a computer to interact with humans through the use of voice and keypad inputs.

yy) **LIMITED DISTRIBUTION DRUG:** Specialty Drugs only available through either one (1) or a very limited number (less than 5) of Specialty Pharmacies as determined by the drug manufacturer.

zz) **MAIL ORDER OR MAIL ORDER SERVICE**: A service designed for maintenance drugs taken by Members on a regular basis, such as medication to reduce blood pressure or treat asthma, diabetes, or a chronic heart condition.

aaa) **MARKET CHECK:** Annual review of the market to compare current financial arrangements against the prevailing market conditions and prices. If the review determines the current pricing is not competitive, new financial guarantees and/or price concessions may be negotiated and incorporated into the Contract via an Amendment.

bbb) **MAXIMUM ALLOWABLE COST (MAC):** A cost management program that sets upper limits on the payment for equivalent drugs available from multiple manufacturers. MAC is the highest unit price that will be paid for a drug and is designed to increase Generic dispensing, ensure the pharmacy dispenses economically, and control future cost increases.

ccc) **MAXIMUM ALLOWABLE COST LIST (MAC LIST):** A list of Multi-Source drugs that are reimbursed at an upper limit per unit price. Considerations for inclusion on the MAC List include availability of the Generic drug from multiple manufacturers; clinical implications of Generic substitution; national availability of Generic versions; price differences between the Brand and Generic; therapeutic equivalence; and volume of claims.

ddd) **MEMBER**: Any Subscriber or Dependent currently enrolled in the North Carolina State Health Plan for Teachers and State Employees for which a premium is paid.

eee) **MULTI-SOURCE**: Prescription drug produced by more than one (1) manufacturer.

fff) **NATIONAL DRUG CODE**: A universal product identifier. The National Drug Code (NDC) Number is a unique, eleven-digit, three-segment number that identifies the labeler/vendor, product, and trade package size.

ggg) **N.C.G.S. OR G.S.**: North Carolina General Statutes.

hhh) **NON-ACTIVE GROUP**: One of the Plan Groups for which Members who are no longer eligible through an Active Group can enroll. The current Non-Active Groups include the NC Retirement Systems Group, the Direct Bill Group, the COBRA Group, and the Sponsored Dependent Group.

iii) **NON-ACTIVE MEMBER**: A Subscriber, and his or her eligible Dependents, that are no longer enrolled through an Active Group and is eligible through a Non-Active Group. Certain Members enrolled through an Employing Unit are also Non-Active Members such as Members in their first month of retirement before they are enrolled under the Retirement System and Members enrolled in 12-Month RIF coverage. Non-Active Members can be Medicare Primary or Non-Medicare Primary.

jjj) **OPTIONAL SERVICE**: Additional services the Vendor can provide in addition to the requirements of the RFP if chosen by the Plan.

kkk) **OVER-THE-COUNTER DRUG (OTC)**: A non-prescription drug.

lll) **PAID CLAIM**: All transactions made on eligible Members that result in payment to pharmacies or Members from the Plan or the Plan Members' cost share which excludes reversals, rejected claims, and adjustments. Each unique prescription that results in payment shall be calculated separately as a Paid Claim.

mmm) **PARTICIPATING PHARMACY**: A licensed pharmacy that has entered into a pharmacy service agreement with Vendor, pursuant to which the pharmacy agrees to provide pharmacy services to Members at a price agreed upon in advance by the pharmacy and Vendor.

nnn) **PARTIES TO THE CONTRACT**: The Parties to this Contract are the Plan and Vendor(s) selected through the RFP process (Parties).

ooo) **PERFORMANCE GUARANTEE**: A contractual obligation or performance standard Vendor must comply with or be subject to contractual fee reductions, payments to the Plan, or legal remedies.

ppp) **PHANTOM B PROCESSING**: Plan Members must enroll in Medicare Parts A & B in order to receive full benefit coverage when Medicare is primary. If a Member chooses not to enroll in Medicare Part B, pursuant to statute their benefits under the Plan will be paid as if they are enrolled under Medicare Part B, regardless of whether they have actually enrolled for such coverage.

qqq) **PHARMACY & THERAPEUTICS COMMITTEE (P&T):** The P&T Committee serves as an advisory panel, with a majority representation by practicing physicians and pharmacists independent of the Plan. The primary purpose of the P&T Committee is to develop and review the Formulary by reviewing drug products and clinical programs related to each Member's Specialty. The P&T Committee makes recommendations regarding Tier placement of drugs on the Formulary, reviews and approves pharmacy utilization management clinical criteria, and provides input on other pharmacy issues including deletion of drugs from the Formulary.

rrr) **PLAN DATA:** Any information used, created, received, maintained, or transmitted by Vendor for the purpose of providing the Services under this Contract. Plan Data does not include information owned by Vendor as described in Paragraph b) of Section 26. "Performance" of Attachment C: General Contract Terms and Conditions.

sss) **PLAN DESIGN:** The Plan Design refers to each version of the health benefit plan offered by the Plan and that health benefit plan's corresponding terms, such as co-payments, coinsurance, deductibles, out-of-pocket maximums, etc., that defines the Plan Member cost-shares under each health benefit plan. For example, the Plan currently has two (2) copay-based PPO Plan Designs for Active Members: 1) the Plus PPO which has the lowest Member cost-shares, and 2) the Standard PPO which has higher Member cost-shares. The third option is a High-Deductible Health Plan (HDHP) which has no copays.

ttt) **PLAN YEAR:** A twelve-month period which runs from January 1 – December 31.

uuu) **PLAN'S AUDITORS:** Includes external audit vendors engaged by the Plan, internal auditors employed by the State, and Certified Public Accountants.

vvv) **PRIOR AUTHORIZATION (PA):** The process of obtaining certification or authorization from the PBM Services Vendor or TPA for specified medications or specified quantities of medications or certain medical claims. The process involves clinical appropriateness review against pre-established criteria.

www) **PROTECTED HEALTH INFORMATION (PHI)**: Shall have the same meaning as the term "Protected Health Information" in 45 C.F.R. § 160.103, limited to the information created or received by the Business Associate from or on behalf of the Covered Entity.

xxx) **QUALIFYING MARKET EVENT:** The unexpected movement of a branded product to off-patent status, or the availability of Generic Drugs, authorized Generic Drugs, low-priced Brand Drugs, or over-the-counter substitutes, resulting in a Significant Rebate Impact. Qualifying Market Events may also include changes in law or industry-wide changes due to a change in law that result in a Significant Rebate Impact.

yyy) **QUALIFYING PLAN ACTION:** Each individual, drug-specific change to the Formulary (including Tier or copay changes), utilization management criteria, or pharmacy benefit exclusions that directly results in a Significant Rebate Impact (e.g., impacting Rebates paid or available, or otherwise positively or negatively impacting Vendor's ability to meet Rebate guarantees). For the avoidance of doubt, if the Plan makes a change to the Formulary, utilization management, or pharmacy benefit exclusions that involves more than one drug, a Plan Action shall refer to each individual, drug-specific change without regard to any other drug change, whether individually or in the aggregate.

zzz) **REBATES:** All amounts paid, credited, or owing to, collected and/or received by the Vendor (including its affiliates, subsidiaries, parent companies, group purchasing organizations, rebate aggregators, or other related or unaffiliated third parties that the Vendor contracts with, utilizes, or engages in connection with services under this Contract), from pharmaceutical manufacturers, wholesalers, distributors, or other pharmaceutical supply chain entities, which are related to, or allocable in proportion to the Plan's utilization, dispensing, purchasing, or coverage of drugs (including claims processing, formulary management, or networks). This includes, without limitation, all rebates (base, market share, formulary,

performance), fees (administrative, service, access, data, portal, educational, promotional), inflation/price protection payments or reimbursements, manufacturer administrative fees (MAFs), group purchasing or aggregator fees, data sales or analytics compensation, and any other direct or indirect remuneration (e.g., bonuses, credits, refunds, chargebacks, value-based arrangements).

aaaa) **REDACTED**: For purposes of the RFP, to edit a document by obscuring, in black, information that is considered confidential or proprietary as defined by N.C.G.S. § 132-1.2.

bbbb) **REDUCTION IN FORCE (RIF)**: The act of suspending or dismissing an Employee, for lack of work or because of corporate reorganization.

cccc) **REQUEST FOR PROPOSAL (RFP)**: The document which establishes the bidding and contract requirements and solicits bid proposals to meet the purchase needs of the State as identified herein.

dddd) **RETIREE DRUG SUBSIDY (RDS)**: A tax-free subsidy payment of twenty-eight (28) percent, or as subject to the mandatory reductions in Federal spending in accordance with the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, of allowable retiree prescription drug costs attributable to gross prescription drug costs between the cost threshold and the cost limit per Qualifying Covered Retiree (QCR).

eeee) **SECURE FILE TRANSFER PROTOCOL (SFTP):** Secure File Transfer Protocol in which a standard network protocol is used to exchange files over a Transmission Control Protocol/Internet Protocol (TCP/IP) based network.

ffff) **SERVICES:** The tasks and duties undertaken by Vendor(s) to fulfill the requirements and specifications of this RFP.

gggg) **SIGNIFICANT REBATE IMPACT:** An increase or decrease in Rebates directly and solely attributable to a single Qualifying Plan Action or Qualifying Market Event affecting a single drug that equals or exceeds two percent (2%) of total invoiced Rebates during a Plan Year.

hhhh) **SINGLE SOURCE**: Prescription drug produced by only one (1) manufacturer.

iiii) **SOLUTIONS DOCUMENTS**: Documents provided by the Vendor that outlines the technical solution to be provided to the Plan to meet the Business Requirements outlined in the BRD or ADM.

jjjj) **SPECIALTY MEDICATION or SPECIALTY DRUG**: Defined by the Plan, at its sole discretion, as certain pharmaceuticals, biotech, or biological drugs used in the management of complex or genetic diseases. The Plan may designate drugs as Specialty Drugs based on criteria such as, but not limited to:

a) Being produced through DNA technology or biological processes;

b) Targeting a complex disease caused by a combination of genetic, environmental, and lifestyle factors;

c) Having unique handling, distribution, and/or administration requirements such that the drug cannot be safely dispensed except by a very limited number of Specialty Pharmacies.

d) Requiring a customized medication management program that includes medication use review, patient training, coordination of care, and adherence management for successful use, necessitating more frequent monitoring and training;

e) Being high cost; and

f) Being Indicated for a small group of patients.

The Plan reserves the right to establish and maintain one or more Specialty Drug lists for different purposes (e.g., cost-sharing, requirement to fill at Specialty Pharmacy, utilization management, financial guarantees) and to modify such lists or designations at any time.

kkkk) **SPECIALTY PHARMACY**: Defined by the Plan, at its sole discretion, as certain pharmacies that are, at a minimum, accredited as a Specialty Pharmacy by a nationally recognized, independent accrediting organization that evaluates a pharmacy's compliance with quality, safety, and service standards for handling, dispensing, and managing medications that (1) are subject to restricted distribution by the United States Food and Drug Administration; (2) are used to treat complex or chronic conditions; or (3) requires special handling, provider coordination, or patient education. The accreditation may be issued by the

Utilization Review Accreditation Commission (URAC), the Accreditation Commission for Health Care (ACHC), the National Association of Boards of Pharmacy (NABP), the Joint Commission, or their successors.

llll) **SPLIT CONTRACT**: Retiree who is Medicare Primary with one (1) or more Dependents that are Non-Medicare Primary or vice versa.

mmmm) **STANDARD AUDITS**: Audits performed on an ongoing quarterly basis by the Plan's Auditors and/or the North Carolina Office of the State Auditor. Standard Audits are used to measure claims accuracy and Contract performance.

nnnn) **STANDARD REPORTS**: Reports that are provided on a routine, scheduled basis. These reports will be defined in a BRD or ADM and can be updated throughout the lifetime of the Contract.

oooo) **STATE BUSINESS DAY**: Monday through Friday 8:00am through 5:00pm, Eastern Time, except for North Carolina state holidays as defined by the Office of State Human Resources https://oshr.nc.gov/state-employee- resources/benefits/leave/holidays.

pppp) **STEP THERAPY:** The practice of beginning drug therapy for a medical condition with the most cost-effective and clinically effective drug and stepping up through a sequence of alternative drug therapies as a preceding treatment option fails. Step Therapy programs apply coverage rules at the point of service when a claim is adjudicated. If a claim is submitted for a second-line drug and the Step Therapy rule was not met, the claim is rejected, and a message is transmitted to the pharmacy indicating that the patient should be treated with the first-line drug before coverage of the second-line drug can be authorized.

qqqq) **SUBCONTRACTOR**: An entity having an arrangement with a Plan Vendor, where the Plan Vendor uses the products and/or services of that entity to fulfill some of the Plan Vendor's obligations under the Plan Vendor's contract with the Plan, while retaining full responsibility for the performance of all of the Plan Vendor's obligations under the contract, including payment to the Subcontractor. The Subcontractor has no contractual relationship with the Plan, only with the Plan Vendor. Subcontractor includes any group purchasing organizations, rebate aggregators, or other third-party entities utilized by Vendor to obtain Rebates from pharmaceutical manufacturers.

rrrr) **SUBSCRIBER**: The primary health benefit plan contract holder.

ssss) **THIRD PARTY ADMINISTRATOR**: A firm that provides administrative services and assumes responsibility for administering health benefit plans including claims processing without assuming financial risk for claims payments.

tttt) **TIERS/TIER STRUCTURE:** Tiers are established to determine the Member cost share for all drugs in a particular Tier. The Tier Structure outlines the Member cost-share associated with each Tier. The Formulary determines which drugs go into each Tier.

uuuu) **UNIT TESTING**: Testing performed in isolation of interdependencies.

vvvv) **USUAL AND CUSTOMARY:** The lowest retail price actually made available to and paid by a cash-paying customer at the dispensing pharmacy for the drug dispensed, inclusive of all pharmacy-sponsored discounts, loyalty programs, or price-matching policies that do not require third-party reimbursement, regardless of whether such price is advertised, and determined without regard to the source of payment. Dispensing Fees shall not be added separately to the Usual and Customary price.

wwww) **VENDOR**: Supplier, bidder, proposer, company, firm, corporation, partnership, individual, or other entity submitting a response to this RFP.

xxxx) **ZERO BALANCE CLAIM**: A claim whose total cost is equal to or less than the Member's cost share and for which no payment is due on the claim transaction from the Plan.

3.0 METHOD OF AWARD AND PROPOSAL EVALUATION PROCESS

3.1 METHOD OF AWARD

All Qualified Proposals will be evaluated, and awards will be made to the Vendor(s) meeting the specifications of this RFP and achieving the highest and best final evaluation, based on the criteria described below.

This multi-module RFP may result in separate Contract awards to a single Vendor for each module or awards to a single Vendor for multiple modules. The Plan reserves the right to make separate awards to different Vendors for one or more Services per module, to not award one or more Services or to cancel this RFP in its entirety without awarding a Contract if it is considered to be most advantageous to the Plan to do so.

The Plan reserves the right to waive any minor informality or technicality in Proposals received.

3.2 CONFIDENTIALITY AND PROHIBITED COMMUNICATIONS DURING EVALUATION

While this RFP is under evaluation, the responding Vendor, including any Subcontractors and suppliers, is prohibited from engaging in conversations intended to influence the outcome of the evaluation. For more specific information on prohibited communications, see Section V, Paragraph 25 “Communications by Vendors” of Attachment B: Instructions to Vendors.

3.3 PROPOSAL EVALUATION PROCESS

The Plan shall review all Vendor responses to this RFP to confirm that they meet the specifications and requirements of the RFP. Only Responsive submissions will be evaluated.

a) The Plan will conduct a One-Step evaluation of Proposals:

Proposals will be received according to the method stated in Section 2.6 Proposal Submittal above.

All Proposals must be received by the issuing agency not later than the date and time specified in Section 2.4 RFP Schedule above, unless modified by an Addendum. Vendors are cautioned that this is a request for offers, not an offer or request to contract, and the Plan reserves the unqualified right to reject any and all offers at any time if such rejection is deemed to be in the best interest of the Plan, as described in, among others, Section V, Paragraph 11 “Acceptance and Rejection” of Attachment B: Instructions to Vendors.

b) Best Value Procurement

A trade-off/ranking method of source selection will be utilized in this procurement to allow the Plan to award this RFP to the Vendor providing the Best Value to the Plan, recognizing that Best Value may result in award other than to the lowest price or highest technically qualified offer. By using this method, the overall ranking may be adjusted up or down when price is considered with or traded-off against non-price factors.

Evaluation Process Explanation: The Plan will establish an evaluation committee to review each Vendor’s response to this RFP and make award recommendations. The State will designate employees, independent contractors, or other individuals to serve on the evaluation committee or assist the evaluation committee as a subject matter expert during the evaluation process. The Plan reserves the right to alter the composition of the evaluation committee and to designate individuals and subject matter experts to assist in the evaluation process.

To be eligible for consideration, Vendor’s offer must conform to all requirements and must substantially conform to specifications provided in this RFP. Compliance with requirements and specifications will be determined by the Plan. Offers that do not meet all requirements listed in this RFP may be deemed deficient and precluded from award.

The evaluation committee may request Clarifications or presentations from any Vendor. However, the Plan may refuse to accept, fully or partially, the response to a Clarification response given by any Vendor. Vendors are cautioned that the evaluators are not required to request Clarifications; therefore, all offers should be complete, clear, and reflect the most favorable terms. Vendors should be prepared to send qualified personnel to Raleigh, North Carolina to discuss technical and contractual aspects of the offer as part of the negotiation process, if applicable.

The Plan shall conduct a comprehensive, fair, and impartial evaluation of the Proposals received in response to this request. Specific evaluation criteria are listed in Section 3.4 "Evaluation Criteria" below.

Upon completion of the evaluation process, including all necessary approvals, the Plan will make award(s) based on the evaluation and post the award(s) to eVP under the RFP number for this solicitation. Award of a Contract to one Vendor does not mean that the other Proposals lacked merit, but that, all factors considered, the selected Proposal was deemed most advantageous and represented the best value to the Plan.

The Plan may establish a competitive range based upon evaluation of offers, and request BAFOs from the Vendor(s) within this range; e.g., "Finalist Vendor(s)". If negotiations or subsequent offers are solicited, the Vendor(s) shall provide BAFO(s) in response. Failure to deliver a BAFO when requested shall disqualify the non-responsive Vendor from further consideration. The State will evaluate BAFO(s), oral presentations, and product demonstrations as part of the Vendor's respective offers consistent with the stated evaluation criteria to determine the final rankings.

c) Evaluation Committee

An Evaluation Committee ("Committee") will be established to review each Proposal and recommend to the Executive Administrator a Vendor to be awarded the Contract. The Plan may engage the professional services of a different Plan vendor(s) to assist in the evaluation process. The Plan reserves the right to alter the composition of the Committee or to designate other staff to assist in the process. Other designated staff and senior management from the Department of State Treasurer may attend any oral presentations that may occur during the evaluation process. However, all decisions regarding ratings and the final award recommendation will be made solely by Committee members.

The Committee will review and evaluate all Proposals that were submitted by the deadline(s) specified in this RFP. This Committee will be responsible for the entire evaluation process and the evaluation will be conducted in accordance with the steps outlined below. Committee participants are obligated to keep information identified as trade secret and proprietary confidential.

Proposals for each Module meeting the Minimum Requirements described in Sections 5.2, 6.2, and 7.2 will be considered and evaluated as follows**:**

1: Evaluation of Technical Proposal
- Written Technical Proposals for each selected Module(s)
- Oral Presentations for each selected Module(s)

2: Evaluation of Cost Proposal for each Module
- Completed Cost Proposals for each selected Module(s)

3: Determination of Successful Proposal Based on the final ranking following evaluation of Technical & Cost

4: Adjustment of ranking after BAFO, if Applicable

d) Approval for Contract Award

After approval by the Board, if applicable, and the Attorney General's Office, if applicable, the Plan's Executive Administrator will award the Contract to the bidder with the highest ranking. A Contract is not binding until the Plan's Executive Administrator has signed the Acceptance of Proposal.

3.4 EVALUATION CRITERIA AND METHODOLOGY

Proposals meeting the Minimum Requirements described in Sections 5.2, 6.2, and 7.2 will be evaluated using a Best Value Evaluation methodology with Vendors ranked, based on responses relative to the criteria described, to result in an award that represents the Best Value to the Plan. The Evaluation Criteria for each Module and the relative order of importance of each criterion are set forth in the tables below.

Evaluation Criteria – Module 1 Technical Response (Evaluation Questions 1, 45, 46, and 47, not evaluated for ranking purposes)		
Functional Area Criteria	*Corresponding Technical Response Questions*	*Order of Importance*
Program Support and Experience- The resources proposed, and the Vendor's experience demonstrate the Vendor has the ability to successfully implement the contract and support Plan programs and initiatives.	*Account Management – Questions 4, 5, 6, 7; Member Experience, 31; Project Management and Integrated Testing – Questions 37, 38*	*3*
Transparency, Flexibility, and Control – Vendor has acknowledged, agreed, and demonstrated its understanding of the Plan's objectives and contract requirements for insight into Vendor's finances and operations as it relates to the Plan, ability to implement customized programs for the Plan, and the Plan's authority to control administration of the Plan's pharmacy benefit.	*Corporate Background and Conflicts of Interest – 2, 3; Account Management – 8, 9, 10, 11; Claims Operations and Appeals – Questions 16; Financial Terms – Question 18, ; Data and Reporting – Questions 39, 40, 42, 44*	*1*
Operations – The ability to meet program administration contract requirements related to organizational, operational, technical and administrative functions and capabilities.	*Claims Operations and Appeals – Questions 12, 13, 14,15 17; Enrollment, Group Set UP and EDI – Questions 19, 20, 21, 22, 23, 24, 25, 26, 27, 28,; Data and Reporting Questions 41, 43; Transition of Services 48*	*2*
Member Experience and Access- Ability to meet contract requirements related to the Member experience regarding access to providers, information, and benefits.	*Network Questions – 30, 31; Member Experience Questions – 33, 34, 35, 36; TPA and Other Vendor Integration 37*	*4*
Oral Presentations- Ability to communicate and clarify approach to successfully meeting contract requirements. A confidence rating will be determined based on Vendor's oral presentation	*Questions will be determined by the Evaluation Committee based on Vendor's Technical responses and provided to Vendor prior to the date for the oral presentation.*	*5*

Evaluation Criteria – Module 1 Technical Response (Evaluation Questions 1, 45, 46, and 47, not evaluated for ranking purposes) [Continued]		
Functional Area Criteria	*Corresponding Technical Response Questions*	*Order of Importance*
Multiple module efficiencies: Ability to provide improved efficiency and effectiveness in awarding multiple modules to Vendor.	*Multiple Module Efficiencies - 49*	*6*
Total Cost: Includes the total estimated administrative fees and programmatic costs.	*Attachment A-1: Module 1 Cost Proposal Response*	*Approximately equal to all other functional areas combined.*

Evaluation Criteria – Module 2 Technical Response (Evaluation Questions 1 and 36 not evaluated for ranking purposes.)		
Functional Area Criteria	*Corresponding Technical Response Questions*	*Order of Importance*
Program Support and Experience- The resources proposed, and the Vendor's experience demonstrate the Vendor has the ability to successfully implement the contract and support Plan programs and initiatives.	*Account Management – Questions 4, 5, 6; Pharmacy and Therapeutic Committee 16, Vendor Integration 26, Project Manager and Integrated Testing 27, 28; Transition of Services - 37*	*3*
Transparency, Flexibility, and Control- Vendor has acknowledged, agreed, and demonstrated its understanding of the Plan's objectives and contract requirements for insight into Vendor's finances and operations as it relates to the Plan, ability to implement customized programs for the Plan, and the Plan's authority to control administration of the Plan's pharmacy benefit.	*Corporate Background and Conflicts of Interest – 2, 3; Account Management – 7, 8, 9; Audits – 20, 21, 22;Data and Reporting – 29, 30, 31, 32, 33, 34, 35; Financial Transparency Requirements- 23; ; Rebates and Financial Guarantees – 24, 25*	*1*
Formulary Management and Utilization Management	*Formulary Management – 10, 11, 12, 13, 14, 15; Utilization Management- 17, 18, 19*	*2*

Evaluation Criteria – Module 2 Technical Response (Evaluation Questions 1 and 36 not evaluated for ranking purposes.) – [Continued]		
Functional Area Criteria	*Corresponding Technical Response Questions*	*Order of Importance*
Oral Presentations- Ability to communicate and clarify approach to successfully meeting contract requirements. A confidence rating will be determined based on Vendor's oral presentation	*Questions will be determined by the Evaluation Committee based on Vendor's Technical responses and provided to Vendor prior to the date for the oral presentation.*	*4*
Multiple module efficiencies: Ability to provide improved efficiency and effectiveness in awarding multiple modules to Vendor.	*Multiple Module Efficiencies – 38*	*5*
Total Cost; Includes the total estimated administrative fees and programmatic costs.	*Attachment A-2: Module 2 Cost Proposal Response*	*Approximately equal to all other functional areas combined.*

Evaluation Criteria – Module 3 (Evaluation Questions 1 and 33 not evaluated for ranking purposes.)		
Functional Area Criteria	*Corresponding Technical Response Questions*	*Order of Importance*
Program Support and Experience - The resources proposed, and the Vendor's experience demonstrate the Vendor has the ability to successfully implement the contract and support Plan programs and initiatives.	*Account Management – Questions 4, 5, 6, 7, 9, 10; Member Experience – 20;; Project Management and Integrated Testing – Questions 24, 25*	*3*
Transparency, Flexibility, and Control - Vendor has acknowledged, agreed, and demonstrated its understanding of the Plan's objectives and contract requirements for insight into Vendor's finances and operations as it relates to the Plan, ability to implement customized programs for the Plan, and the Plan's authority to control administration of the Plan's pharmacy benefit.	*Corporate Background and Conflicts of Interest – 2, 3; Account Management 8, 11, 12, 13; Financial Requirements – 14; Mail and Specialty Pharmacy Services– 17, 18, 19; Data and Reporting – Questions 26, 27, 30, 32; Transition of Services 34*	*1*

Evaluation Criteria – Module 3 (Evaluation Questions 1 and 33 not evaluated for ranking purposes.) [Continued]		
Functional Area Criteria	*Corresponding Technical Response Questions*	*Order of Importance*
Operations - The ability to meet program administration contract requirements related to organizational, operational, technical and administrative functions and capabilities.	*Mail and Specialty Pharmacy Services – Question 16; Other Vendor Integration 23; Data and Reporting Questions 28, 29, 31*	*2*
Member Experience and Access - Ability to meet contract requirements related to the Member experience regarding access to providers, information, and benefits.	*Member Experience Questions – 21, 22; Mail and Specialty Pharmacy Services – Question 15*	*4*
Oral Presentations- Ability to communicate and clarify approach to successfully meeting contract requirements. A confidence rating will be determined based on Vendor's oral presentation	*Questions will be determined by the Evaluation Committee based on Vendor's Technical responses and provided to Vendor prior to the date for the oral presentation.*	*5*
Multiple module efficiencies: Ability to provide improved efficiency and effectiveness in awarding multiple modules to Vendor.	*Multiple Module Efficiencies - 35*	*6*
Total Cost: Includes the total estimated administrative fees and programmatic costs.	*Attachment A-3: Module 3 Cost Proposal Response*	*Approximately equal to all other functional areas combined.*

The State will evaluate Cost Proposals submitted for each Module for the Total Cost to the Plan based on administrative fees and programmatic cost in the formatted cost tables provided in this RFP. See Attachment A: Cost Proposal for additional information. A rating will not be assigned for Total Cost.

The Evaluation Committee will conduct a Best Value analysis of the Vendors' proposals, comparing the ratings of each response and the Total Cost provided in the Vendor's Cost Proposal to determine which response provides the best trade-off between price and performance, if a trade-off is indicated. The Committee will use a narrative of relative strengths and weaknesses to support this ranking. Vendors will be ranked from most advantageous to least advantageous using the evaluation factors stated in this RFP and their relative importance. The overall ranking of any offer may be adjusted up or down during this Best Value process. See Attachment Q: Evaluation Methodology for more detailed information on the evaluation process.
Vendor(s) will be recommended for Contract award if the Committee determines, based on its review of the proposal(s), considering the evaluation criteria and consensus ratings, that: 1) The proposal(s) is responsive to RFP requirements; and 2) The Vendor(s) can demonstrate responsibility and adherence to the requirements and specifications of the RFP and will be able to perform the functions under the Contract; and 3) The Proposal(s) represent the Best Value to the Plan considering the evaluation criteria, including technical and cost factors, resulting in a Contract that is most advantageous to the Plan.

Vendors are cautioned that this is a request for offers, not a request to contract, and the State reserves the unqualified right to reject any and all offers when such rejection is deemed to be in the best interest of the State.

3.5 PERFORMANCE OUTSIDE THE UNITED STATES

Vendor shall complete ATTACHMENT E: LOCATION OF WORKERS UTILIZED BY VENDOR. In addition to any other evaluation criteria identified in this RFP, the Plan may also consider, for purposes of evaluating proposed or actual contract performance outside of the United States, how that performance may affect the following factors to ensure that any award will be in the best interest of the Plan:

a) Total Cost to the Plan;
b) Level of quality provided by the Vendor;
c) Process and performance capability across multiple jurisdictions;
d) Protection of the Plan's information and intellectual property;
e) Availability of pertinent skills;
f) Ability to understand the Plan's Business Requirements and internal operational culture;
g) Particular risk factors such as the security of the Plan's information technology;
h) Relations with citizens and employees; and
i) Contract enforcement jurisdictional issues.

4.0 REQUIREMENTS

This Section lists the requirements related to this RFP and any resulting Contract. By submitting a proposal, the Vendor agrees to meet all stated requirements in this Section as well as any other specifications, requirements, and terms and conditions stated in this RFP. If a Vendor is unclear about a requirement or specification or believes a change to a requirement would result in a better Proposal for the Plan to consider, the Vendor is urged to submit these items in the form of a question during the question-and-answer period in accordance with Section 2.5 Proposal Questions above.

4.1 PRICING

The proposal price shall constitute the Total Cost to the Plan for complete performance in accordance with the requirements and specifications herein. Vendor shall not invoice for any amounts that are not specifically permitted by this RFP. Vendor shall be responsible for all travel expenses, including travel mileage, meals, lodging, and other travel expenses incurred in the performance of this Contract.

The pricing provided in ATTACHMENT A, or resulting from any negotiations, is incorporated herein and shall become part of any resulting Contract.

Except as directed in the technical and Cost Proposal response documents, the Vendor(s) shall not include any cost information in the Technical Proposal and shall not include any technical information in the Cost Proposal. Failure to adhere to this requirement may result in the information not being considered, or the entire Proposal being rejected.

4.2 INVOICES

4.2.1 Administrative Fees Applicable to Modules 1, 2 and 3.

a) Vendor shall submit a completed and signed "STATE OF NORTH CAROLINA SUBSTITUTE W-9 FORM, Request for Taxpayer Identification Number" to the Plan's Contracting Section within fifteen (15) days of execution of the Contract. This form can be accessed at the following link: https://www.ncosc.gov/sites/default/files/2024-11/Substitute%20W-9%20Form.pdf'

b) Vendor shall invoice the Plan for administrative fees for Services rendered in accordance with the Scope of Work and provisions of this Contract, and in compliance with the cost proposed in Attachment A. Invoices containing any charges other than those identified in the Cost Proposal will be rejected.

c) All invoices shall be submitted electronically to: SHPNCFinance@nctreasurer.com to ensure timely receipt and payment.

d) All invoices shall include an authorized signature and a certification stating, "As an authorized representative of the Vendor, I hereby certify that the units and amounts billed to the North Carolina State Health Plan ("Plan") on this invoice are accurate and true and comply with all laws, regulations, and contractual provisions that are conditions of payment pursuant to the relationship between the Vendor and the Plan."

e) Any Services invoiced on a Per Member Per Month (PMPM) or Per Subscriber Per Month (PSPM) basis shall reflect the number of Members or Subscribers for the applicable month reported in accordance with the monthly membership report submitted by the Plan's EES vendor, unless another membership report is mutually agreed to by the Parties.

f) Vendor shall submit the invoice for administrative fees within thirty (30) days after the end of the previous month. The invoice should be accompanied by a detailed document supporting the charges.

g) The Plan, at its sole discretion, will determine if the Services on each invoice have been satisfactorily completed. The Plan may withhold payment for incomplete, unsatisfactory, or untimely Deliverables.

Payment of administrative fees will be made within thirty (30) days of receipt of the invoice, provided that the Plan has determined satisfactory completion of a particular Deliverable/Service in accordance with the time schedule established by the Plan. If the Plan determines an invoice contains an error, Vendor shall be required to submit a corrected invoice, in which case payment shall be made within thirty (30) days of receipt of the corrected invoice.

h) The Plan reserves the right to validate any invoice submitted for payment and shall have access to Vendor's or Subcontractor's supporting documentation necessary to validate the invoice.

i) Vendor is responsible for any and all payments to Subcontractors.

j) Payment of an invoice by the Plan does not constitute a waiver or otherwise prejudice the Plan's right to object to or question any invoice or matter in relation thereto. Such payment shall not be construed as acceptance of any part of the work or service provided or as an approval of any of the amount invoiced therein.

k) Pursuant to N.C.G.S. § 135-48.32, Vendor shall provide the following to the Plan:

i. Detailed billing showing itemized cost information, including individual administrative service categories provided;
ii. Transactional data; and
iii. The cost to the Plan for each administrative function category performed by Vendor.

4.2.2 Claims Invoices Applicable to Module 1 Only

a) Vendor shall submit separate invoices for reimbursement of eligible prescription drug claims, including medications dispensed by the Plan's designated Specialty and Mail Order Pharmacy Services Vendor(s), once per week. The invoice must be accompanied by a detailed document supporting the charges.

b) Vendor shall electronically invoice the Plan for all eligible prescription drug claims rendered in accordance with the Scope of Work and provisions of this Contract, and in compliance with the cost proposed in Attachment A. Invoices containing any charges other than those identified in the Cost Proposal will be rejected.

c) All invoices shall be submitted electronically to: SHPNCFinance@nctreasurer.com to ensure timely receipt and payment.

d) All invoices shall include an authorized signature and a certification stating "As an authorized representative of Vendor, I hereby certify that the claims payments billed to the North Carolina State Health Plan (Plan) on this invoice are an accurate

reflection of the claims paid by Vendor on the Plan's behalf and comply with all laws, regulations, and contractual provisions that are conditions of payment pursuant to the relationship between Vendor and the Plan."

e) Reimbursement of prescription drug claims will be made within ten (10) days of receipt of the invoice and supporting documentation, provided that the Plan has determined satisfactory completion of a particular Deliverable/Service in accordance with the time schedule established by the Plan. If the Plan determines an invoice contains an error, Vendor shall be required to submit a corrected invoice, in which case payment shall be made within ten (10) days of receipt of the corrected invoice.

f) The Plan reserves the right to validate any invoice submitted for payment and shall have access to Vendor's or Subcontractor's supporting documentation necessary to validate the invoice.

g) Vendor is responsible for any and all payments to Subcontractors.

h) Payment of an invoice by the Plan does not constitute a waiver or otherwise prejudice the Plan's right to object to or question any invoice or matter in relation thereto. Such payment shall not be construed as acceptance of any part of the work or service provided or as an approval of any of the amount invoiced therein.

4.3 FINANCIAL STABILITY

As a condition of contract award, the Vendor must certify that it has the financial capacity to perform and to continue to perform its obligations under the Contract; that the Vendor has no constructive or actual knowledge of an actual or potential legal proceeding being brought against the Vendor that could materially and adversely affect performance of this Contract; and that entering into this Contract is not prohibited by any contract, or order by any court of competent jurisdiction.

Each Vendor shall certify it is financially stable by completing Attachment F: Certification of Financial Condition and responding to the financial stability Minimum Requirement(s). The Plan is requiring this certification to minimize potential issues from contracting with a Vendor that is financially unstable. From the date of the Certification to the expiration of the Contract, the Vendor shall notify the Plan within thirty days of any occurrence or condition that materially alters the truth of any statement made in this Certification. The Contract Manager may require annual recertification of the Vendor's financial stability.

4.4 HUB PARTICIPATION – RESERVED

4.5 VENDOR EXPERIENCE - RESERVED

4.6 REFERENCES

Vendor shall provide at least three references, using Attachment D: Customer Reference Template, for which it has provided Services of similar size and scope to those proposed herein. The Plan may contact these references to determine whether the Services provided are substantially similar in scope to those proposed herein and whether the Vendor's performance has been satisfactory. The information obtained may be considered in the evaluation of the Proposal.

4.7 BACKGROUND CHECKS

The Vendor and its personnel are required to provide or undergo background checks at the Vendor's expense prior to beginning work with the State. As part of the Vendor background, the following details must be provided to the State:

a) Any **criminal felony conviction,** or conviction of any crime involving moral turpitude, including, but not limited to, fraud, misappropriation, or deception by the Vendor, its officers, or directors, or any of its employees or other personnel to provide Services on this project, of which the Vendor has knowledge, or provide a statement that the Vendor is aware of none;

b) Any **criminal investigation** for any offense involving moral turpitude, including, but not limited to fraud, misappropriation, falsification or deception pending against the Vendor of which it has knowledge, or provide a statement the Vendor is aware of none;

c) Any **regulatory sanctions** levied against the Vendor or any of its officers, directors or its professional employees expected to provide Services on this project by any state or federal regulatory agencies within the past three years or a statement that there are none. As used herein, the term "regulatory sanctions" includes the revocation or suspension of any license or certification, the levying of any monetary penalties or fines, and the issuance of any written warnings;

d) Any **regulatory investigations** pending against the Vendor or any of its officers, directors, or its professional employees expected to provide Services on this project by any state or federal regulatory agencies of which the Vendor has knowledge or a statement that there are none.

e) Any **civil litigation**, arbitration, proceeding, or judgments pending against the Vendor during the three years preceding submission of its proposal herein or a statement that there are none.

Vendor's response to these requests shall be considered a continuing representation, and Vendor's failure to notify the State within thirty days of any criminal litigation, other investigation, or proceeding involving the Vendor or its then current officers, directors, or persons providing Services under this Contract during its term shall constitute a material breach of contract. The provisions of this paragraph shall also apply to any Subcontractor utilized by the Vendor to perform Services under this Contract.

4.8 PERSONNEL

Vendor warrants that qualified personnel shall provide Services under this Contract in a professional manner. "Professional manner" means that the personnel performing the Services will possess the skill and competence consistent with the prevailing business standards in the industry. Vendor will serve as the prime contractor under this Contract and shall be responsible for the performance and payment of all Subcontractor(s) that may be approved by the Plan. Names of any third-party Vendors or Subcontractors of the Vendor may appear for purposes of convenience in Contract documents; and shall not limit Vendor's obligations hereunder. Vendor will retain executive representation for functional and technical expertise as needed to incorporate any work by third party Subcontractor(s).

Should Vendor's Proposal result in an award, Vendor shall be required to agree that it will not substitute key personnel assigned to the performance of the Contract without prior written approval by the Contract Administrator. Vendor shall further agree that it will notify the Contract Administrator of any desired substitution, including the name(s) and references of Vendor's recommended substitute personnel. The Plan will approve or disapprove the requested substitution in a timely manner. The Plan may, in its sole discretion, require the removal and replacement of any person assigned by the Vendor to provide Services under this Contract. Upon such removal and replacement, the Plan may request acceptable substitute personnel or terminate the contract Services provided by such personnel.

4.9 VENDOR'S REPRESENTATIONS

If Vendor's Proposal results in an award, Vendor agrees that it will not enter any agreement with a third party that may abridge any rights of the Plan under the Contract. If any Services, Deliverables, functions, or responsibilities not specifically described in this solicitation are required for Vendor's proper performance, provision, and delivery of the Services and Deliverables under a resulting Contract, or are an inherent part of or necessary sub-Task included within such Service, they will be deemed to be implied by and included within the scope of the Contract to the same extent and in the same manner as if specifically described in the Contract. Unless otherwise expressly provided herein, Vendor will furnish all of its own necessary management, supervision, labor, facilities, furniture, computer and telecommunications equipment, software, supplies and materials necessary for Vendor to provide and deliver the Services and/or other Deliverables.

4.10 QUESTIONS TO VENDORS - RESERVED

4.11 AGENCY INSURANCE REQUIREMENTS MODIFICATION

A. Default Insurance Coverage from the General Terms and Conditions applicable to this Solicitation:

☐ Small Purchases

☐ Contract value in excess of the Small Purchase threshold, but up to $1,000,000.00

☒ Contract value in excess of $1,000,000.00

4.12 ADMINISTRATORS FOR THE CONTRACT

Vendor shall complete and submit Attachment J: Administrators for the Contract, HIPAA Compliance Officer, and Information Security Officer. Either Party may change its Contract Administrator or his or her address and telephone number by written notice to the other Party.

4.13 CONFIDENTIALITY AND PROTECTION OF PROPRIETARY INFORMATION

Pursuant to N.C.G.S. §§ 135-48.10, 132-1.2, 132-1.10, and 75-65 and in accordance with other applicable state and federal law, including HIPAA and HITECH, Vendor shall maintain the confidentiality of all Plan Member information, in whatever form, and however it is obtained. The Vendor further agrees that if it receives, stores, processes, has access to, maintains, or otherwise deals with "patient identifying information" or "records" as defined in 42 C.F.R. § 2.11 from a substance use disorder "program," as defined in 42 C.F.R. § 2.11, that is federally assisted in a manner described in 42 C.F.R. § 2.12(b), then it is fully bound by the federal regulations governing Confidentiality of Substance Use Disorder Patient Records, 42 C.F.R. Part 2, with respect to such information and records, including but not limited to the provisions related to use, disclosure and re-disclosure thereof. For any Security Breach by Vendor or its Subcontractors or agents, the Plan has a right to require Vendor to provide notice and to offer credit monitoring for affected Members, all at Vendor's sole expense.

a) **Confidentiality Agreements**

Within ten (10) days of the Contract execution date, Vendor must begin the process of executing Confidentiality Agreements with Plan vendors as determined by the Plan. Vendor must complete the execution of Confidentiality Agreements within forty-five (45) days of the Contract execution date. The Plan will provide Vendor with contact information for these Plan Vendors upon announcement of the winning Vendor

4.14 CONTRACT DOCUMENTS AND ORDER OF PRECEDENCE

The Contract consists of the following documents, incorporated herein by reference. These documents constitute the entire agreement between the Parties and supersede all prior oral or written statements or agreements:

a) Amendments;
b) The Addenda to this RFP, if any;
c) This RFP, which includes all Exhibits, Attachments, and Appendices;
d) Clarifications, BAFOs and Negotiation Documents;
e) Vendor's Minimum Requirements Proposals;
f) Vendor's Cost Proposal;
g) Vendor's Technical Proposal; and
h) Any ADM, Business Requirements Document (BRD), or Implementation Plans (developed or modified as described in Attachment C. 3. Amendments).

In the event of a conflict between the Contract Documents, the term in the Contract with the highest precedence shall prevail. The order of precedence shall be (high to low), each in reverse chronological order, as follows: (1) Any Amendments, ADMs and Implementation Plans, (2) Clarifications, BAFOs and Negotiation Documents, (3) The Addenda to this RFP, if any, (4) RFP, (5) Vendor's Minimum Requirements Proposals, (6) Vendor's Cost Proposal, (7) Vendor's Technical Proposal; and (8) Business Requirements Document (BRD).

4.15 DATA OWNERSHIP

The Vendor understands and agrees that all data and documents provided by the Plan or by Plan vendors are and shall be owned by the Plan or its vendors, respectively, and shall be used by the Vendor solely for the purposes described in this Contract. Under no circumstances shall the Vendor share the data with any other entity without the Plan's prior written authorization except as otherwise authorized by this Contract.

4.16 CONFLICT OF INTEREST

By signing the Execution Page, the Vendor certifies that it shall not take any action or acquire any interest, either directly or indirectly, that will conflict in any manner or degree with the performance of its Services during the term of the Contract.

Vendor shall:

a) Disclose any relationship to any business or entity with whom Vendor is currently doing business that creates or may give the appearance of a Conflict of Interest related to this RFP.

b) Disclose prior to employment or engagement by the Vendor, any firm principal, staff member, or Subcontractor, known by Vendor to have a Conflict of Interest or potential Conflict of Interest related to this RFP.

c) Disclose any affiliation, business relationship, or other association with any other Plan vendor. A list of Plan vendors is available at https://www.shpnc.org/documents/shp-documents/plan-contracted-vendors.

d) Provide written notice to the Plan of any actual or imminent legal matters or regulatory compliance actions involving Vendor and federal, state, or local government entities. Without limitation, notice shall be provided for investigations and legal actions or matters subject to arbitration involving Vendor and/or its Subcontractors, including key management or executive staff, or any major stakeholder (five percent or more), brought by a government agency (federal or state) on matters relating to payments from government entities. In providing the notice, Vendor shall provide the date of initiation, the subject matter, and the parties to the matter, and the resolution if resolved at the time of the notice. Notice must include settlement agreements or corporate integrity agreements, unless otherwise confidential.

e) Specify any lawsuits or regulatory compliance actions with which Vendor has been involved within the past five (5) years. If any, please provide a detailed explanation.

f) Notify the Plan in writing within fifteen days of any material changes in disclosures or certifications made under this section for the duration of the Contract.

4.17 VENDOR'S REPRESENTATIVE

Vendor shall:

a) Provide to the Plan in Attachment G: Proposal Submission Information a list of individuals with authority to bind the firm in connection with this Contract, including answering questions, providing Clarifications concerning the Vendor's Proposal, and executing future contractual documents.

b) Notify the Plan in writing within fifteen days of any changes in those individuals identified as having authority to bind the firm by submitting an amended Attachment G: Proposal Submission Information.

4.18 DEBARRED, SUSPENDED OR EXCLUDED VENDORS

Vendor shall:

a) Notify the Plan in writing within fifteen (15) days if any of its principals, Subcontractors, or Subcontractors' principals become debarred, suspended, or in any way excluded from state or federal procurements as reported to the System for Award Management or appears as an excluded provider on the Office of Inspector General List of Excluded Individuals/Entities.

b) If information contrary to this certification or notification subsequently becomes available, such evidence may be grounds for non-award, or breach of contract should Vendor be a recipient of the Contract award.

4.19 REGISTRATION AND CERTIFICATION

Vendor shall comply with the following:

a) As a condition of Contract award, any Vendor that is a corporation, limited-liability company, or limited-liability partnership shall have received, and shall maintain throughout the term of the Contract, a Certificate of Authority to Transact Business in North Carolina from the North Carolina Secretary of State, as required by North Carolina law.

b) Vendor shall notify the Plan in writing within fifteen (15) days of any changes in certifications made in response to this RFP for the duration of the Contract.

4.20 PERFORMANCE GUARANTEES

By signing the Execution Page, the Vendor certifies its agreement to adhere to the Performance Guarantees in Section 8.0 "Deliverables, Performance Guarantees, and Reduction in Fees".

5.0 MODULE 1 MINIMUM REQUIREMENTS AND SCOPE OF WORK

5.1 OVERVIEW OF MODULE 1: CLAIMS PROCESSING, CUSTOMER SERVICE, AND RETAIL NETWORK

Module 1 serves as the cornerstone of the Plan's pharmacy benefit operations. It is designed to deliver reliable, efficient, and Member-focused claims adjudication and retail network management services. Through robust systems and broad retail pharmacy partnerships, this Module ensures Members have seamless access to prescription benefits and pharmacy services statewide.

The Plan seeks a Vendor that has best in class systems and operational staff to support Plan Members. This includes the ability to process claims at retail, Mail Order, and Specialty Pharmacy point of sale. Because the Mail Order, specialty and utilization management (UM) may be managed by different vendors, Vendor must be able to configure UM that is provided by another entity. Similarly, the pricing for Specialty and Mail Order may be supplied by a separate vendor; therefore, the Vendor must be able to load and maintain pricing from another vendor at an interval to be determined during the implementation. Vendor's systems must also have the online tools required to interface with providers and pharmacies. All should be interactive, secure, and with a commitment to a best-in-class user experience that can be customized by the Plan.

Before there is a claim, there is enrollment; therefore, the Plan also seeks a Vendor with robust and flexible Electronic Data Interface (EDI) capabilities. The Plan has both Non-Medicare primary and Medicare-Primary Members. These Members are not segregated by Group. Vendor shall have to determine Medicare primacy based on the data included in the EDI from the Plan's eligibility and enrollment services (EES) vendor.
Audit is a key component of operations. Vendor shall engage with the Plan and the Plan's EES vendor on monthly enrollment audits. There shall also be ongoing claims and financial audits to ensure claims are paid based on the Plan Design and Formulary in place at the time the claim was incurred.

Vendor shall also provide data to the Plan both on a routine basis, and an ad hoc basis. The requirements shall be provided during the implementation.

In addition to its core functions, Module 1 is responsible for facilitating effective coordination and integration with other Modules, supporting a unified and streamlined experience.

5.2 MODULE 1: CLAIMS PROCESSING, CUSTOMER SERVICE, AND RETAIL NETWORK MINIMUM REQUIREMENTS

This procurement is open to qualifying companies that satisfy the Minimum Requirements described in this section.

If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the Plan to receive a better Proposal, the Vendor is urged and cautioned to submit these items in the form of a question during the question-and-answer period in accordance with Section 2.5 Proposal Questions.

When completing Attachment N-0 "All Modules Minium Requirements Response" and Attachment N-1 "Module 1: Minimum Requirements Response," Vendors shall respond to all questions and confirmation/certification/description requests. Vendors are cautioned to provide sufficient detail for the Plan to validate their responses. Only those Vendors that meet 100% of the Minimum Requirements will be provided the necessary Data Files needed to submit technical and Cost Proposals for consideration and possible Contract award.

	MODULE 1: CLAIMS PROCESSING, CUSTOMER SERVICE, AND RETAIL NETWORK MINIMUM REQUIREMENTS
1	Vendor has provided claims processing and retail network management services comparable in scope to those described in this Module for at least one (1) public service or private client with more than fifty thousand (50,000) lives. Include in the confirmation the name of the client/group, a description of the services provided, and the contact information for the Plan to contact for a reference.
2	Vendor acknowledges that Module 1 is for stand-alone claims processing, Customer service and retail network services. If the Plan awards Module 2 and/or Module 3 of this RFP to a different vendor(s), Module 1 Vendor must agree to integrate with the selected vendor(s) to administer all the requirements outlined in Module 1.
3	Vendor must reimburse pharmacies for Plan claims, prior to seeking reimbursing from the Plan as outlined in Section 4.2 "Invoices." For reference, the Plan's average weekly claims expense is approximately $35,000,000.00. Vendors must demonstrate financial capacity to make advance payments by referencing financial statements provided in response to Section 4.3 "Financial Stability" or providing evidence of alternative financing mechanisms. If the Vendor intends to rely on a line of credit, it must submit either (a) an executed credit agreement, or (b) a binding commitment letter from a financial institution confirming approval of the credit facility, subject only to contract award. Vendors may choose to fund claims through an alternative claims funding option as outlined in Section 5.3.13 "Claims Invoice – Module 1 Alternative Claims Funding Option." This model must meet all North Carolina State Banking laws and regulations and would require extensive technical and ongoing financial reporting staff.
4	Vendor must be able to accept and load Medicare information from the EDI file provided by the Plan's Eligibility and Enrollment Services vendor as outlined in Section 5.3.4.2 "Enrollment Group Set-Up & EDI Requirements."
5	Vendor must agree that all data related to any Services provided under this Contract ultimately belongs to the Plan and will be provided to the Plan no less regularly than monthly.
6	Vendor must be willing to collaborate with, provide data to, and respond promptly to other vendors supporting the Plan.
7	Vendor must agree to prohibition on use of any Plan Member information to offer, solicit, sell, or provide any services or products to Plan Members without Plan approval.
8	Vendor shall not use, or otherwise disseminate, sell, copy, or make available to any person or entity, data relating to any aspect of performance of the Contract, for any purpose other than what is necessary in order to perform the Services. If Vendor licenses aggregate, de-identified claims data to various entities, Vendor shall not include or provide the Plan's data to these entities. Therefore, Vendor shall receive no such fees for the Plan's data services, and no such fees are included as Rebates passed to the Department. This requirement shall survive the termination of the Contract.

	MODULE 1: CLAIMS PROCESSING, CUSTOMER SERVICE, AND RETAIL NETWORK MINIMUM REQUIREMENTS – [CONTINUED]
9.	Vendor must demonstrate financial stability. Vendor shall provide audited or reviewed financial statements prepared by an independent Certified Public Accountant (CPA) for the two (2) most recent fiscal years that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement), and cash flow statement and, if the most recent audited or reviewed financial statement was prepared more than six (6) months prior to the issuance of this RFP. Vendor shall also submit its most recent internal financial statements (balance sheet, income statement, and cash flow statement or budget), with entries reflecting revenues and expenditures from the date of the audited or reviewed financial statement to the end of the most recent financial reporting period (i.e., the quarter or month preceding the issuance date of this RFP). Vendor is encouraged to explain any negative financial information in its financial statement and is encouraged to provide documentation supporting those explanations. Consolidated financial statements of Vendor's parent or related corporation/business entity shall not be considered, unless: 1) Vendor's actual financial performance for the designated period is separately identified in and/or attached to the consolidated statements; 2) the parent or related corporation/business entity provides the State with a document wherein the parent or related corporation/business entity shall be financially responsible for Vendor's performance of the Contract and the consolidated statement demonstrates the parent or related corporation's/business entity's financial ability to perform the Contract, financial stability, and/or such other financial considerations identified in the evaluation criteria; and/or 3) Vendor provides its own internally prepared financial statements and such other evidence of its own financial stability identified above.
10	Vendor shall confirm it agrees to Attachment B: Instructions to Vendors without exception.
11	Vendor shall confirm it agrees to Attachment C: General Terms and Conditions without exception.
12	Vendor shall complete and submit Attachment D: Customer Reference Template.
13	Vendor shall complete and submit, without exception, Attachment E: Location of Workers Utilized by Vendor.
14	Vendor shall be financially stable; and complete, sign and submit without exception, Attachment F: Certification of Financial Condition.
15	Vendor shall complete, sign and submit Attachment G: Proposal Submission Information form.
16	Vendor shall be HIPAA compliant; and shall complete, sign, and submit Attachment H: HIPAA Compliance Questionnaire and supply copies of the Vendor's HIPAA privacy and security policies. If the Vendor maintains that any information contained in the HIPAA privacy and security policies is proprietary or otherwise confidential, the Vendor may Redact these portions in **BLACK** and in accordance with the instructions in Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to the Vendors and supply the un-Redacted portions for review.
17	Vendor shall complete, sign, and submit Attachment I: Business Associate Agreement (BAA).
18	Vendor shall complete, sign, and submit, Attachment K, Data Use Agreement (DUA).

	MODULE 1: CLAIMS PROCESSING, CUSTOMER SERVICE, AND RETAIL NETWORK MINIMUM REQUIREMENTS – [CONTINUED]
19	Vendor must confirm it agrees to Attachment L: Minimum Information Security Requirements without exception and the following additional requirements Vendor shall confirm without exception the sufficiency of its security standards, tools, technologies, and procedures in providing service under the Contract. All Vendor and/or third-party Data Centers, Business Applications or Systems used under this Contract for the purpose of collecting, storing, processing, transmitting, or exchanging Plan Data shall have, and maintain, valid, favorable third-party security certifications or assessment reports on all related security controls that are consistent with, and can be cross-walked to, the data classification level and security controls appropriate for moderate information system(s) per the National Institute of Standards and Technology ("NIST") SP 800-53 Rev. 5 or the most recent revision. To satisfy this requirement, such reports must have been issued within twelve months prior to the anticipated Contract award date or be supplemented by bridge letters covering no more than three months subsequent to the report expiration date. Vendor shall provide a crosswalk document along with full un-Redacted copies of the third-party security certification or assessment reports, and any necessary bridge letters. Vendor shall also identify which specific Data Centers, Business Applications or Systems are covered by the third-party opinions or attestations will be used to provide the Services under this Contract. Opinion letters or security certification attestation letters will not be submitted in lieu of full report(s). Vendor agrees that the Plan has the right to independently evaluate, audit, and verify such requirements as part of its evaluation and during the life of the Contract, including requesting the performance of a penetration test with satisfactory results. The Plan will verify any such third-party security opinions or attestations annually during the life of the Contract, and the Vendor will be required to provide an updated report or bridge letter verifying that the rave been no material changes in the controls reported since the issuance of the last report. Bridge letters will only be accepted for three months after the report expiration date to satisfy this requirement. Vendor agrees that the Plan has the right to, based upon its evaluation, require that the Vendor maintain cyber breach liability insurance coverage in an amount specified by the Plan and/or commit to obtaining a favorable third-party opinion or attestation within a time period specified by the Plan as a condition of Contract award. Vendor shall provide documentation of the amount of cyber breach liability insurance that it currently carries for all Vendor and/or third-party Data Centers and systems to be used to provide the Services under this Contact that will contain Plan Data. If Vendor is currently undergoing a third-party security assessment of such Data Centers or information technology systems that complies with NIST SP 800-53REV. 5 (or most recent revision), Vendor shall provide proof of purchase or a copy of its contract with the third party retained to perform the audit and the expected date for completion. The Plan understands that security assessment reports and security information provided to the Plan for the purpose of this Contract may contain confidential information and/or trade secrets. Refer to Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to Vendors for information regarding the treatment of Confidential Information.
20	Vendor must complete Attachment M: IT Services Inventory Worksheet.

5.3 MODULE 1: CLAIMS PROCESSING, CUSTOMER SERVICE, AND RETAIL NETWORK TECHNICAL REQUIREMENTS

Instructions: Vendor must respond to all questions and each part and subpart to each question in Attachment O-1: Module 1 Technical Requirements Response. Vendor's response to each question must follow the corresponding RFP section, as applicable. The Vendor must confirm adherence to and describe its approach to meet the requirements as indicated. This includes providing a detailed narrative, diagrams, exhibits, examples, sketches, descriptive literature and/or detailed information responsive to the questions. The Vendor's Response to Technical Evaluation Questions should clearly indicate the citation and/or location of exhibits, attachments, flows, etc., and demonstrate understanding and the ability to meet each specification. The Plan is not required to look for or consider information outside of the response for individual questions where the Vendor fails to clearly indicate the location of exhibits, attachments, flows, etc. Further, where indicated and applicable, Vendor must describe any limitations or issues it has with meeting the requirements of the question. While the Plan has not set page limits for responding to each question, Vendor should be mindful to avoid providing superfluous information that unnecessarily lengthens the response. The Plan reserves the right to validate information provided within Vendor's response.

By submitting a Proposal, Vendor agrees to meet all stated requirements in these Sections as well as any other specifications, requirements, and terms and conditions stated in this RFP. If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the Plan to receive a better Proposal, Vendor is urged and cautioned to submit these items in the form of a question during the question-and-answer period in accordance with Section 2.5 Proposal Questions. Questions or objections that were evident to a reasonable Vendor but were not raised during the question-and-answer period shall be deemed waived.

5.3.1 Account Management

5.3.1.1 Overview and Expectations:

The Plan seeks to partner with a Vendor(s) that shares the Plan's vision of providing best in class programs and services. Vendor(s) should demonstrate transparency in all aspects of the relationship which includes disclosing all contractual relationships that will or may impact the Plan and providing internal documentation, processes, data, or other information, as requested by the Plan. Vendor must develop custom programs to meet the Plan's unique and evolving needs. The Plan strongly prefers a Vendor with robust resources located in North Carolina. In this section, the Plan seeks to determine the level of experience, expertise, transparency, and in some cases, the specific resources and location of these resources that shall support this Contract.

Given the potential for both multiple Vendors and novel approaches to delivering PBM services, the primary Project Manager shall be housed within the Module 1 Vendor and serve as the quarterback and ensure seamless integration. The complex nature of the proposed offering requires every member of the Account Management team to have excellent project management skills and ensure all processes and status updates are embedded in the Plan's project management tool.

5.3.1.2 Account Management Requirements

1. The Plan requires a Vendor that supports the Plan's priorities and will partner with the Plan to achieve its goals which require certain resources such as account management, project management, EDI/Enrollment, and clinical to be fully dedicated to the Plan. Whether resources are fully or partially dedicated to the Plan, it is important that they work with the Plan during the implementation and once the Contract goes live.

a. Vendor shall provide a dedicated team to support the Plan during the implementation and throughout the life of the Contract. Dedicated team resources provided by the Vendor must be 100% dedicated to the Plan and work solely on the Plan's account. At a minimum, this includes each of the following:

   1) Account Manager – Responsible for coordinating the day-to-day operations for all Services within this Contract. This includes identifying potential risks, proposing potential solutions, and updating the Plan on performance in a data driven way. The Account Manager shall be accountable for ensuring all projects are tracking and all definitions are owned by the Plan, as well as owning socializing those definitions between all partners of the Plan. If each module of the Contract is awarded to a different Vendor, the Account Managers from each module will work together to ensure the successful initial implementation and integration as well as the ongoing services outlined in this RFP;

   2) Enrollment Data/EDI Lead – Responsible for providing expertise in enrollment, Enrollment Files, and reconciliation Services. The Enrollment Data/EDI Lead shall also take the lead in data testing and data exchanges, including any Data Files to Plan Vendors, and the Plan. If multiple resources are required, name all resources; and

   3) Project Manager(s) - Responsible for development and execution of the initial Implementation Plans by coordinating with the Plan and internal and external resources. The Project Manager shall remain dedicated to the Plan post Go-Live to track ongoing Deliverables, oversee open enrollment testing and any other initiatives implemented by the Plan.

b. Vendor shall provide other resources as needed to support the Contract and program. Vendor shall provide each of the following resources to the Plan on an as needed basis, up to 50% FTE as requested by the Plan:

   1) Account Executive – Responsible for overall account relationship, including strategic planning in relation to plan performance, consultative Services, recommendations for benefit design and cost containment opportunities, and contract oversight. This role will work directly with the Plan's Executive Administrator and other Plan leadership on strategic and operational items. In addition, the Account Executive will be responsible for coordinating any direct purchasing between the Plan and drug manufactures. The Account Executive must be able to drive cross functional projects within the organization with direct access to executive leadership;

   2) Part D Manager or Lead (If Optional Part Services are elected) – Provides oversight of Plan RDS or EGWP operations;

   3) Privacy Officer – Responsible for ensuring compliance with all applicable laws and regulations, including, but not limited to, HIPAA, Patient Protection and Affordable Care Act (ACA), and ERISA. Responsible for maintaining internal controls to protect PHI and ensuring that adequate and timely steps are taken in the event of a breach;

   4) Attorney – Must be well versed in the Plan's Contract with Vendor. Responsible for promptly reviewing materials for Vendor and providing appropriate, legally justifiable, feedback to the Plan. The Attorney must be well-versed in Chapter 135 of the North Carolina General Statutes and the extent to which North Carolina Department of Insurance (DOI) regulations apply to the Plan. The Attorney should also understand all the federal regulations and requirements that impact the Plan. The Attorney must attest to all definitions being owned by the Plan and confirm those definitions prior to the contract being awarded. The Attorney is also responsible for communicating program and policy updates to the Plan and coordinating as necessary with the Plan's internal counsel and staff; and

5) Dedicated resources with subject matter expertise in data analytics, reporting, and modeling to support the Plan's needs during implementation and throughout the life of the Contract. The primary resource must have a deep understanding of the Vendor's data and industry trends to support complex analysis.

2. Vendor shall have systems and the technical expertise to support custom programs and initiatives. Vendor shall:

   a. Provide resources to meet with the Plan on a routine basis. The Plan will establish routine, operational, data and project meetings, and other meetings as needed;

   b. Mobilize a group of subject matter experts within one week of a Plan request so that the concept or project can be scoped and sized for implementation. For example, the Plan's requests to explore external programs of vendors that could be leveraged to manage a particular drug or class of drugs such as GLP-1s for weight loss; and

   c. Once a project or initiative is confirmed, assemble a project team and be ready to launch the project within two weeks.

3. The Plan may determine after the award of the Contract that some Services should be carved out of this Module 1. The Plan will give a minimum of one hundred eighty (180) days' notice to Vendor if a particular Service or Services is to be carved out. Upon such carve-out, Vendor shall cease providing the affected Services.

4. Vendor shall maintain compliance with and provide information to the Plan about laws and regulations that impact the Plan, specifically with reporting and documentation on fiduciary duty. This includes federal funding and NIH research.

   Vendor shall:

   a. Be fully compliant with all federal and state requirements, including but not limited to, Section 204 reporting, the No Surprises Act and the Price Transparency Rules;

   b. Not have contracts with a provision prohibiting disclosure of a pricing term(s) (i.e. "gag clause"); and

   c. Notify the Plan of any pending legislation or requirements that impact the Plan or Plan Members within ten (10) State Business Days of becoming aware of such legislation or requirements.

5. Vendor shall be transparent in all aspects of the Contract.

6. The Plan has final authority to determine each of the following which Vendor shall implement in accordance with Plan directions and documents including the Benefit Booklet, Administrative Rules, and Statute:
   a. Plan Design;
   b. Drug exclusions;
   c. Formulary drug positioning;
   d. Conditions under which Mail Order fulfillment is mandatory;
   e. Conditions under which drugs must be filled at a Specialty Pharmacy;.
   f. Conditions for accessing extended days' supply or Mail Order fills;
   g. Clinical rules and protocols;
   h. Network status for contracted pharmacies;
   i. Variable per-claim payments to contracted pharmacies; and
   j. Eligibility rules.

5.3.2 Claims Operations & Appeals

5.3.2.1 Overview and Expectations:

Point of sales claims adjudication is at the heart of this component of the RFP. The Plan requires a Vendor that can process prescription drug claims and assist Members in obtaining medications through retail, mail, and specialty channels. The Vendor's systems must accommodate integration with other rule sets from other Plan vendors for any Services that the Plan may choose to carve out. The Vendor must also be able to comply with and support the Plan's compliance with all state and federal laws and regulations that impact the Plan.

5.3.2.2 Claims Operations & Appeals Requirements:

1. The Plan requires a Vendor with an efficient and flexible business rules-based claims system with strong internal controls to ensure claims are paid correctly, and in accordance with all state and federal laws. Vendor must also be able to customize payment rules based on the type of pharmacy (i.e. Independent, Chain, etc.) and to allow the Plan to audit claims payment accuracy.

    a. Vendor shall have a state-of-the-art claims payment systems to interface with retail, specialty, and mail-order pharmacies.
    b. Vendor's systems must be configurable to receive and administer formularies, prior authorizations, Step Therapy, custom pharmacy override messaging, and quantity limit programs developed by the Plan or another Plan vendor.

    c. Vendor's claim adjudication systems shall accept real-time eligibility and accumulator records at a rate of 50 transactions per second or faster.

    d. Vendor shall maintain an Affordable Care Act preventive drug list that can be configured in Vendor's system(s) to ensure Plan Members have access to these medications at no cost.

    e. Vendor shall adjudicate claims using "lower of" logic (Ingredient Cost plus Dispensing Fee or MAC or the pharmacy's Usual and Customary amount). There will not be a minimum charge.

    f. Vendor shall not adjudicate claims based on Brand/Generic algorithm.

    g. Vendor shall provide retrospective DUR Services for any or all Members designated by the Plan. Upon request from the Plan, Vendor shall review the utilization and propose retrospective DUR Services and other interventions to the Plan.

    h. Vendor shall provide a secure portal for prescribing physicians to complete PAs.

    i. Vendor shall adjudicate over the counter ("OTC") claims per Plan's coverage requirements.

    j. Vendor shall adjudicate all claims submitted regardless of the amount of such claim, including zero ($0) dollar pay claims.

    k. Vendor shall pay Vendor(s) responsible for Specialty and Mail Order Pharmacy Services no later than ten (10) days after receipt of electronic claims submission.

    l. Vendor shall support a twenty-four (24) hour turnaround time for all PAs and as required, have a process in place to immediately remove PA.

m. Vendor shall allow customization of refill-too-soon thresholds at retail and mail and provide documentation on emerging best practices.

n. Vendor can administer "Dispense as Written" (DAW) rules.

o. Vendor shall update NDC-11 AWP prices at least weekly with data from Medi-Span, or similar data source, to adjudicate all claims.

p. Vendor shall allow providers to process Compound claims electronically at an individual NDC-level for each component's NDC, and price the claim accordingly.

q. Vendor shall monitor and deny claims from debarred prescribers and other prescribers deemed not eligible to prescribe.

r. Vendor shall accept and adjudicate paper claims, including foreign claims.

s. Vendor shall adjudicate paper claims based on the pharmacy submitted rate less the applicable copay or coinsurance/deductible.

t. Vendor shall ensure all state and federal licensure, record-keeping, access, provider payments, and consumer protection requirements are adhered to and that there shall be no fees, pass through or otherwise, to the Plan for implementing any new federal or state mandated requirement.

u. If the Plan includes a cash pay benefit outside of the benefit, the Vendor shall track the non-financial portions of the claim.

v. Vendor shall process any federal and state (e.g., Medicaid, Military, or Veteran Affairs) reimbursement claims without additional fees to the Plan.

w. Vendor shall have robust internal audit processes to ensure Plan Designs are accurately configured and formularies are updated appropriately prior to claims adjudication.

x. Vendor shall support the Plan's right to use an auditor(s) of the Plan's choice to perform an Annual Plan Design Audit to ensure the appropriate copays, deductible and coinsurance were applied based on the Formulary, Tier Structure, and Plan Design in place at the time the claim was incurred.

y. Vendor has or shall implement a quality improvement program that, at a minimum, ensures compliance with applicable law and supports Healthcare Effectiveness Data and Information Set ("HEDIS"), National Committee for Quality Assurance ("NCQA"), Pharmacy Quality Alliance (PQA), URAC, and other external review program expectations to the extent they are applicable to the Plan. In addition, Vendor shall offer additional quality improvement programs to the Plan to support attainment of quality targets, as requested by Plan.

2. The Plan's pharmacy benefits may be administered by multiple Vendors; therefore, Vendor must be able to integrate with separate UM and/or Specialty and Mail Order Vendor(s) as well as load pricing from another vendor. The level of integration and specific Member and provider workflows will be designed during the implementation. Vendor shall have the following capabilities:

   a. Vendor's systems can be configured to administer PA, Step Therapy, and quantity limit programs developed by the Plan or another Plan vendor. These programs will be updated throughout the lifetime of the Contract;

b. Vendor's systems can be configured to adjudicate claims based on another vendor's pricing, such as a Specialty Pharmacy vendor, contracted by the Plan. This pricing would be updated on an interval to be determined during the implementation of the Contract; and

c. Vendor shall initiate and receive warm transfers to and from other Plan Vendors.

3. Vendor shall monitor network pharmacy operations and perform routine and focused audits as indicated by outlier claims or prescriber or pharmacy behavior.

   a. Vendor shall credit the Plan one hundred percent (100%) of desk and field audit recoveries within thirty (30) days of receipt by Vendor. Additionally, Vendor will bear sole liability for any overpayments or erroneous payments resulting from Vendor's failure to accurately configure and process claims in accordance with the Plan's benefit plan, eligibility, Formulary, and utilization management specifications.

   b. Vendor shall have contract monitoring policies in place to ensure pharmacies are operating accurately and appropriately.

4. The Plan has a large Medicare population; therefore, the Plan requires a Vendor that can coordinate benefits with CMS for qualifying Part B claims. That includes coordinating benefits for a Member that is Medicare primary and has chosen not to enroll in Medicare Part B. Per the Plan's "Phantom Part B" requirements:

   Members must enroll in Medicare Parts A & B in order to receive full benefit coverage when Medicare is primary. If Members are covered under the State Health Plan as a Member or a Dependent of a Member, and they are eligible for Medicare Parts A & B, their benefits under the State Health Plan shall be paid as if they are enrolled for coverage under Medicare Parts A & B, regardless of whether they have actually enrolled for such coverage. In other words, even if they have not enrolled in Medicare Parts A and/or B coverage, their health benefit plan shall reduce their claim by the benefit that would have been available to them under Medicare Part A and/or B and then pay the remaining claim amount under the terms of their health benefit plan. As a result, they are responsible for the amount that would have been paid by Medicare Parts A and/or B if they do not enroll in Medicare Parts A and/or B.

   Vendor shall coordinate benefits with Medicare for Medicare Part B Specialty claims when the Plan Member is Medicare Primary or the Plan Member is Medicare Primary and has not elected Medicare Part B, Vendor shall coordinate with Medicare as if Medicare had paid the Part B portion of the claim. Vendor may be required to estimate the Part B payment. Vendor shall not invoice the Plan Member until the claim has completely gone through the coordination of benefits process. The Member is only responsible for the secondary amount owed.

   a. Vendor shall coordinate benefits with Medicare for Medicare Part B Specialty claims when the Plan Member is Medicare Primary or the Plan Member is Medicare Primary and has not elected Medicare Part B, Vendor shall coordinate with Medicare as if Medicare had paid the Part B portion of the claim. Vendor may be required to estimate the Part B payment. Vendor shall not invoice the Plan Member until the claim has completely gone through the coordination of benefits process. The Member is only responsible for the secondary amount owed.

   b. Vendor shall utilize the Medicare information provided by the Plan's EES vendor to determine Medicare primacy; and

   c. Vendor shall identify any Subcontractors that may be needed to support this requirement.

5. As noted, numerous times throughout this RFP, the Plan values transparency in all aspects of its vendor relationships and contracts; therefore, the Plan prefers a Vendor that provides the Plan with system access to see all aspects of the processed or pending claims. This includes Members' specific PA and/or UM requirements applied to the claims and the financial

components of the claim. Vendor(s) should provide the Plan the highest level of transparency and, to that end, Vendor should document all areas it will and will not collaborate on data-sharing, logic-sharing, and program information sharing, so that the Plan can accurately assess the proposal's likelihood of success. Any areas where the Vendor does not explicitly articulate the lack of willingness to share data shall be taken as the Vendor's commitment to fully share.

Vendor shall:

a. Provide system access to the Plan and Plan vendors. At a minimum, access shall include only access to view all aspects of a Member's claim which includes, but is not limited to, the financial and UM components of the claims and any notes; and

b. Provide initial and ongoing training to Plan and Plan vendor staff for all claims and associated systems and reporting tools available to the Plan and Plan vendor staff. A timeline for training must be addressed during implementation.

6. The Plan's TPA is responsible for administering all claims appeals, including pharmacy appeals, as required in Chapters 58 and 135 of the North Carolina General Statutes. These appeals include Formulary exceptions. Refer to the Plan's Benefits Booklets and N.C.G.S. § 135-48.24.

Vendor shall:

a. Work with the Plan's TPA to ensure a smooth and seamless appeal process for Members; and

b. Provide system access as needed to the Plan's TPA to facilitate pharmacy claims appeals.

5.3.3 Financial Terms

5.3.3.1 Overview and Expectations

In its desire for transparency, the Plan will partner with a Vendor that will ensure consistent, transparent pricing. Vendor will operate on a full pass-through basis, provide quarterly performance reports, and collaborate with other module vendors for seamless integration and pricing parity.

During the course of the Contract, Vendor will work with the Plan to ensure that it has favorable pricing relative to the marketplace. This includes cooperating with Market Checks and renegotiating terms as appropriate as specifically set forth below.

5.3.3.2 Financial Requirements

Vendor shall:

1. Reject all claims for repackaged NDCs, regardless of dispensing pharmacy. All claims will be paid based on the original manufacturer NDC.

2. Apply MAC pricing consistently across all applicable distribution channels, including retail, 90-day retail, and mail-order/specialty channels (if applicable). The composition of generic product identifiers (GPIs) included on the MAC Lists will be the same across all distribution channels. If Vendor is also selected for Module 3, the MAC pricing that applies to products distributed by mail (including specialty) shall be equal to or better (e.g., deeper discounts) than the MAC pricing that applies at retail pharmacies. Variation of MAC pricing among retail Participating Pharmacies shall be minimized to limit Member disruption.

3. Review and adjust MAC pricing at least monthly, report all MAC prices to the Plan, and notify the Plan prior to materially changing any MAC methodology and will not make changes greater than 3% per month on total Ingredient Cost charges for the overall MAC. In the event the prices for any individual drug on the MAC List increases by greater than 5%, Vendor will identify the drug and cost increase and provide to the Plan the rationale for the increase no less than 45 days in advance of the proposed change date. No changes above these thresholds will be made unless mutually agreed to.

4. Pass through 100% of negotiated Discounts, fees, and payments (including, but not limited to, Dispensing Fees, click fees, access fees, or market share payments) with retail and 90-day retail network pharmacies (i.e., Vendor shall not retain spread or any other pharmacy payments as a revenue source).

5. Provide quarterly reporting within ten (10) State Business Days on year-to-date performance compared to the guarantees for Minimum Brand Effective Rate Guarantees, Minimum Generic Effective Rate Guarantees, Maximum Brand Aggregate Dispensing Fee Guarantees, and Generic Aggregate Dispensing Fee Guarantees.

6. Allow the Plan, or designated third-party, to conduct annual market assessments, otherwise known as Market Checks, prior to and during the Contract term to determine the continued competitiveness of administrative service fees, pricing terms, financial guarantees, and Dispensing Fees to ensure that the Plan is receiving best-in-class pricing, taking into account factors such as plan size, utilization patterns, population mix, plan design, and service scope. If the Plan determines that pricing is less favorable than what is available in the competitive market, Vendor shall adjust the Plan's pricing to maintain best-in-class guarantees within ninety (90) days of the completion of the annual Market Check, retroactive to the beginning of the Contract year. Such adjustments may include, but are not limited to: (a) matching pricing terms offered to comparable clients in Vendor's book of business; or (b) providing pricing based on actual cost of goods (e.g., acquisition cost plus a fixed fee), if such terms are more favorable than current rates.

7. Provide comments on any Market Check analysis within ten (10) State Business Days of receipt of the Report from the Plan or its designee.

8. Support the Plan's ability to conduct a Market Check as outlined in Section 5.3.3.2.6. above and agree to amend the Contract as needed to implement new pricing terms as agreed by the Parties.

9. Collaborate and coordinate with Vendors selected for Modules 2 and 3 to ensure seamless integration and compliance with all financial requirements. This includes, but is not limited to, maintaining consistent pricing structures (e.g., MAC) pricing parity across channels.

5.3.4 Enrollment, Group Set-Up, and EDI

5.3.4.1 Overview and Expectations

The Plan has a unique Group Structure comprised of over 400 Groups. While the Plan is not a Multiple Employer Welfare Arrangement, it is structurally similar. Some Groups are Active Groups, also known as Employing Units. Others are Non-Active Groups that include former Subscribers and Dependents such as those enrolled through the North Carolina Retirement Systems or via the Consolidated Omnibus Budget Reconciliation Act (COBRA). While most of the Medicare primary Members enroll via Non-Active Groups, there are anywhere between 500 – 2,500 Medicare Primary Members scattered throughout the Active Groups at any given time. Therefore, the Plan must partner with a Vendor that has a sophisticated EDI team that can utilize the data received via the Enrollment Files from the Plan's EES vendor to determine a Member's Medicare status.

A significant portion of the implementation of this Contract will be focused on the custom EDI requirements; therefore, as outlined in the Account Management Section of this RFP, the Vendor must have a dedicated Enrollment/Data EDI Lead

that shall work with the Plan during the implementation and post Go-Live. Successful enrollment forms the basis of a successful implementation.

If the Vendor intends to utilize a subcontractor for any Services outlined in the Contract, it shall be the Vendor's responsibility to send the appropriate enrollment to the Subcontractor. The Plan shall only send Enrollment Files to the Vendor for which it is contracted.

5.3.4.2 Enrollment Group Set-Up & EDI Requirements

1. The Plan requires a Vendor that can accept and load Plan Member enrollment from EDI received from the Plan's EES vendor and load enrollment manually when requested by the Plan and the Plan's EES vendor. Vendor shall have view-only access into the Plan's EES vendor's system to validate enrollment information.

   Vendor shall:

   a. Automatically load Plan Member enrollment from the industry standard, custom 834 HIPAA X12 5010 file received from the Plan's EES vendor. The custom EDI requirements will be similar to those outlined in Attachment 1: PBM - ESS Business Requirements BRD.

   b. Have a pass-through rate of at least ninety-nine percent (99%) on accurate transactions received electronically from the Plan's EES vendor.

   c. Load daily Enrollment Files received from the Plan's EES vendor within twelve (12) hours of receipt. An EDI schedule for daily files will be developed as part of the implementation and incorporated into the Contract via an ADM which can be updated as needed during the life of the Contract.

   d. Process enrollment updates manually for Plan Members requiring immediate enrollment and benefits changes. The request to load manually may come from the Plan or a Plan Vendor.

   e. Notify the Plan immediately when any event or condition is discovered that adversely affects Member enrollment.

2. The Plan requires a Vendor that can accept, load, utilize and transmit multiple Plan Member ID numbers. An ID number provided by the Plan shall be utilized on the Member's combined Medical and Pharmacy ID card produced by the Plan's TPA.

   Vendor shall:

   a. Accept and store multiple Member identification numbers from the Plan's EES vendor such as a unique Member identification number created by the Plan's EES vendor, the Member SSN, and the Medicare Beneficiary Identifier (MBI).

   b. Send the unique Member identification number provided by the Plan's EES vendor to other Plan Vendors, as requested by the Plan.

   c. Use the unique Member identification number provided by the Plan's EES vendor for all operational purposes, including claims adjudication and Plan reporting. This unique ID number will be included on the combined medical and pharmacy Member ID card provided to Members by the Plan's TPA.

3. The Plan requires a Vendor that can accept and load Plan Member enrollment with retroactive enrollment or termination dates as well as retroactive Medicare effective or termination dates that may cross multiple Plan Years. Vendor shall not be required to load enrollment with a pharmacy benefit effective date that is prior to the commencement of Services for this Contract.

   Example: In June 2029, Vendor receives enrollment with a July 1, 2029, benefit effective date and a February 1, 2028, Medicare primary effective date. Vendor updates Member with appropriate 2028 Medicare primacy effective date and 2029 pharmacy benefit effective date.

Vendor shall:

a. Accept and load new Plan Member enrollment with retroactive effective and/or termination dates that may cross multiple Plan Years;

b. Accept and load updated Medicare eligibility and primacy information that may cross multiple Plan Year; and

c. Accept and load updated enrollment retroactive effective or termination dates that may cross multiple Plan Years.

4. The Plan requires a Vendor that shall work with other Plan vendors to complete a monthly enrollment audit with the Plan and the Plan's EES vendor. Vendor shall identify discrepancies, provide root cause analysis for the discrepancies, and update the Vendor's systems to make any correction. This may require manual updates by the Vendor. The schedule for the monthly audit will be determined during implementation and re-evaluated annually as part of open enrollment planning. A copy of the Plan's current Audit Schedule can be found in Attachment 2: Sample Enrollment Audit Schedule.

   Vendor shall:

   a. Complete a monthly audit of the Plan's membership with the Plan's EES vendor that includes reporting on metrics of any mismatches and automated correction of those identified mismatches to align with the Plan's EES vendor's records within two (2) days of receipt of the audit file.

   b. Manually update any enrollments that cannot be enrolled automatically via the EDI or Audit files.

   c. Participate in multi-vendor calls on an as needed basis to determine and track root-causes of enrollment errors and implement process or technical changes to address Vendor deficiencies.

   d. Confirm an audit schedule during the implementation that will be incorporated into the Contract via an ADM and updated at a minimum, on an annual basis.

   e. Implement other audits with the Plan or other Plan Vendors, as requested by the Plan.

5. The Plan requires a Vendor that will provide the Plan and Plan Vendors with real-time, on-line eligibility update access.

   Vendor shall:

   a. Provide real time access to its system(s) to designated Plan and EES vendor staff to view and update enrollments manually.

6. The Plan requires a Vendor that can support the Plan's Group set-up structure that includes more than four hundred (400) Groups. On average two to four new Groups are added every year; therefore, Vendor must set up new Groups as requested by the Plan. Vendor shall also report on each Group individually and aggregate certain Employing Units. A list of the Plan's current Group set-up structure, which includes Groups and Entities, can be found in Attachment 3: State Health Plan Group Structure.

   Vendor shall:

   a. Support the Plan's Group set-up structure which includes more than four hundred (400) Groups.

   b. Set up new Groups throughout the year within five (5) days of the Plan's request.

   c. Provide enrollment and claims reporting at the individual Group level and at the aggregate level. The information required to aggregate the Groups is documented in Attachment 3: State Health Plan Group Structure and shall be provided with notification of new Groups joining the Plan and will be addressed during implementation.

7. The Plan requires a Vendor with extensive Medicare enrollment experience as there are Medicare Primary Members and Non-Medicare Primary Members within the same Groups. Therefore, the Vendor must be able to interpret Medicare information from the Plan's EES vendor to determine a Member's Medicare primacy.

   Vendor shall:

   a. Accept and maintain Medicare primacy based on data included in the EDI from the Plan's EES vendor.
   b. Maintain multiple spans of Medicare primacy effective dates and termination dates as well as independent Medicare Part B eligibility dates, effective dates, termination dates and Phantom B dates.
   c. Maintain multiple Medicare primacy effective and termination dates.

8. Vendor must be able to enroll Split-Contracts.

   Vendor shall:

   a. Support enrollments where family Members are split between Vendor and another carrier (i.e., Medicare primary Subscriber enrolled in a Medicare Advantage plan with another carrier and non-Medicare primary Dependents enrolled in a PPO plan with pharmacy benefits provided by Vendor); and
   b. Support enrollments where one or more family Members are enrolled in one Plan Design as Medicare primary and other family Member(s) are enrolled in another Plan Design as Non-Medicare primary.

9. The Plan requires a Vendor that understands the importance of a successful open enrollment and has the resources required to support the Plan's open enrollment period. While it is the Plan's goal to offer only one (1) open enrollment period per year, multiple open enrollments may be required.

   Vendor shall:

   a. Participate in End-to-End Testing with Plan Vendors prior to open enrollment. Testing will include production and test data;
   b. Support an open enrollment period that generally lasts about three (3) weeks, but may be longer, during a time period chosen by the Plan;
   c. Support multiple open enrollments in one (1) Plan Year, if requested by the Plan; and
   d. Receive and process Plan Member elections from the Plan's EES vendor either during the open enrollment period via the daily Change Files or after open enrollment using a Full File. The type of file shall be determined by the Plan during the initial implementation and shall be re-evaluated annually as part of open enrollment planning.

10. Vendor shall pay claims only for eligible Plan Members.

    Vendor shall:

    a. Reimburse the Plan for any claims that were paid for Members whose termination was sent to the Vendor prior to the termination date but not applied until after the termination date;
    b. Have a process to find and recover claims that are paid for Members that are terminated retroactively by the Plan; and
    c. Apply established fraud, waste and abuse programs to all claims, including paper claims.

5.3.5 Network

5.3.5.1 Overview and Expectations

This Contract is intended to provide the Plan with the flexibility needed to adjust network offerings as the market and the Plan's needs change. The focus will always be improving Member health, reducing costs, and sustaining access points to care throughout the State. While the "Go-Live" network strategy for both retail and Specialty Pharmacies will not be determined until sometime during the implementation of the Contract, the Plan recognizes that there is a distinct difference between the services provided by an independent, community pharmacy, a compounding pharmacy, a regional chain, and a national chain pharmacy and hopes to utilize independent pharmacies and pharmacies residing in healthcare deserts to support other services such as vaccinations and disease management. Additionally, the Plan may explore direct relationships with health systems with 340(b) programs to improve Plan savings opportunities and Member access. Similarly, given the rising costs of Specialty Medications, the Plan is looking to partner in managing infusion and other medical prescription costs that are driving plan spend. And finally, the Plan acknowledges that not all specialty or other pharmacies are created equal; therefore, the rollout of any of these initiatives will take time to ensure the initiatives are done properly.

5.3.5.2 Network Requirements

1. Vendor shall provide network support as follows:

    a. Currently have and must maintain a statewide retail pharmacy network that fully supports Plan Members;

    b. Currently have and must maintain a national network that fully supports Plan Members that live and travel throughout the United States and US territories;

    c. Ensure, through its contract with pharmacies, that Plan Members are charged the lesser of the cost of the drug or the copay when the cost of the drug is less than the copay;

    d. Provide at least sixty (60) days advance written notification to the Plan of the removal of any pharmacy from the network. Vendor shall notify impacted Plan Members within thirty (30) days of termination;

    e. Provide the Plan a quarterly directory of pharmacies within the network, including pharmacy name, address, telephone number, NCPDP ID, and National Provider Identification number;

    f. Meet an overall network accessibility requirement of a minimum of ninety-eight percent (98%) of all participating Plan Members having a participating retail pharmacy located within a ten (10) mile radius of their residence zip code on the first day of the Contract and maintain that level through the duration of the Contract;

    g. Meet an metropolitan network accessibility requirement of a minimum of ninety-eight percent (98%) of all participating Plan Members residing in a metropolitan zip code having a participating retail pharmacy located within one mile of their residence zip code on the first day of the Contract and maintain that level through the duration of the Contract;

    h. Meet a rural network accessibility requirement of a minimum of ninety-five percent (95%) of all participating Plan Members residing in a rural zip code having a participating retail pharmacy located within fifteen (15) miles of their residence zip code on the first day of the Contract and maintain that level through the duration of the Contract; and

    i. Provide retail and all contracted pharmacies/pharmacists with clinical tools to track and document Plan Member education, case management, and outcome studies.

2. Additional requirements as requested by the Plan.

    Vendor shall:

    a. Support a preferred network that includes and/or excludes certain pharmacies such as retail pharmacy chains;

b. Support a network strategy where pharmacies that meet certain criteria as defined by the Plan are offered higher Dispensing Fees or other per-claim payments;

c. Support a preferred and non-preferred pharmacy network, including retail pharmacies and alternative vendors as directed by the Plan;

d. Integrate with other Plan vendors who may manage and/or provide specific drugs, or classes of drugs for Plan Members as directed by the Plan; and

e. Collaborate with the Plan to implement a community pharmacy program to invest in care and sustain access for underserved communities.

5.3.6 Member Experience

5.3.6.1 Overview and Expectations

A top priority for the Plan is ensuring a superior Member Experience with all Member-facing resources and tools. The Plan seeks a Vendor who has similar priorities and can excel in this area. Every process, procedure, and Member touch point shall be designed to provide the best Member Experience possible, which not only includes Plan Members, but providers and Plan staff. All Member facing communications shall be written in a clear and concise manner and reviewed regularly with the Plan.

There must be a variety of options, including robust web tools and mobile apps to engage Members and adequate call centers to ensure timely and accurate responses to Member inquiries. Vendor must show a dedication to constant Member Experience improvements and be an innovator in Plan Member engagement. Plan Members shall be able to view their claims and out-of-pocket accumulators as well as find in-network pharmacies. Plan Members also need access to Plan specific Formulary information. The Vendor must also commit to supporting and assisting in the success of any third-party patient navigation tools selected by the Plan.

5.3.6.2 Member Experience Requirements

1. The Plan requires a Vendor with a Plan Member call center that has hours of operation from at least 8:00 a.m. ET to 5:00 p.m. ET each State Business Day to respond to all Plan Member inquiries. The call center shall be dedicated to the Plan with a Plan-specific phone number and customizable greeting.

   Vendor shall:

   a. Provide a dedicated Plan Member call center with hours of operation from at least 8:00 a.m. ET to 5:00 p.m. ET., each State Business Day, to respond to Plan Member inquiries;

   b. Add resources to the call center as required to meet increased demand during peak call periods, such as during Open Enrollment;

   c. Have and maintain a dedicated toll-free number for Plan Members;

   d. Have a 24/7/365 IVR systems with basic eligibility, benefit, and claim status information for Plan Members;

   e. Answer the phones with a greeting and closing that is mutually agreed to by the Plan which identifies the call center agent as a representative for the Plan;

   f. Customize the IVR script with a Plan-specific greeting and prompts, and transfers to other Plan Vendors;

   g. Make and receive warm and cold transfers to/from other Plan Vendors who may be required to resolve the Plan Members' issues;

   h. Respond to emails, and other forms of communication received from Plan Members in accordance with Performance Guarantees;

i. Provide non-English speaking services for callers who may need assistance in other languages; and

j. Offer Telecommunication Device for the Deaf (TTY) Services, for Plan Members that need them.

2. Vendor shall have an integrated call tracking and recording system(s) that enables Vendor or the Plan to easily track, pull, audit, and report on Plan Member calls.

   Vendor shall:

   a. Record and track all Plan Member calls, including date of initial call, date inquiry closed, representative who handled the call, if and where the call was referred for handling, reason for call (issue), and what was communicated to the Plan Member;

   b. Provide copies of recorded calls to the Plan within two (2) State Business Days of the request;

   c. Provide detailed copies of all call notes to the Plan within two (2) State Business Days of the request;

   d. Provide reports, based on call reason type, to the Plan upon request;

   e. Provide the Plan with a copy of its Customer service professionals' call process(s) and quality guidelines that shall be reviewed and used as a part of the Plan's audit procedure prior to the implementation of call audits;

   f. Support ongoing call audits by the Plan as outlined in Attachment 4: PBM Call Audit Expectations which can be amended by the Plan via an ADM;

   g. Have and maintain a call audit program to measure the accuracy of the information provided to Plan Members who call Vendor.

3. The Plan requires a Vendor with an Escalation Team and single point of contact to work with the Plan to resolve any escalated issues.

   Vendor shall provide:

   a. An escalation team to respond to and resolve inquiries from Plan staff; and

   b. A single point of contact, and a back-up contact for Plan leaders to contact to resolve any escalated Plan Member issues that may arise. Both the escalation team and the single point of contact must be able to make "emergency" enrollment updates for Plan Members who need immediate access at the pharmacy but are not properly loaded in Vendor's system(s).

4. The Plan requires a Vendor that offers a robust, secure Member portal and mobile application for Plan Members which can be customized to meet the Plan's needs. Plan Members shall have access to view and print their claims and benefit information. The portal must also include Plan-specific Formulary information and other support tools.

   Vendor shall:

   a. Provide a secure Member web portal that is available 24/7/365, excluding periodic scheduled maintenance, for Plan Members to access their claims and other pharmacy information;

   b. Customize the Member portal with the Plan's branding and messaging;

   c. Customize the materials available to Plan Members via the secure Member portal;

   d. Support single sign-on to and from the Plan's TPA's Member portal and the Plan's EES vendor, and any other Plan Vendor, as requested by the Plan;

   e. Allow Subscriber access to his/her own data as well as his/her Dependents' data via the Member portal to the extent allowed by law;

f. Allow Dependents, age 18 or older, online access to his/her own data through the Member portal;

g. Upon request, segregate and provide secure Member portal access to a Dependent, or a Dependent's designee, in a court-ordered scenario such as a Medical Support Notice;

h. Allow Plan Members, through Vendor's Member portal, to:

   1) View and print claims information;

   2) View the Plan's custom Formulary;

   3) View their Plan Design information (i.e. copays, deductibles, and OOP);

   4) View their current deductible & OOP accumulation;

   5) Locate network pharmacies and compare drug costs, including retail Usual and Customary pricing; and

   6) Provide tools for Plan Members to determine appropriate therapeutic substitutions.

i. Offer a secure, mobile application that Plan Members can download and use to shop for pharmacy Services.

5. The Plan requires a Vendor that can support the Plan's custom benefits and work with the Plan to customize Plan Member communication materials. Vendor must also be able to develop and implement new communication materials to support any programs implemented for the Plan.

   Vendor shall:

   a. Develop, print, and mail customized pharmacy welcome packets, annual Preferred drug lists, and other materials, as requested by the Plan;

   b. Co-brand letters or other materials Vendor sends to Plan Members with the Plan's logo;

   c. Customize the content of any letters or other materials Vendor sends and/or displays to Plan Members per the Plan's request;

   d. Notify Plan Members in writing of any process or other changes no less than thirty (30) days prior to implementation of the change(s);

   e. Develop and implement new communication materials for Plan Members to support any programs implemented for the Plan;

   f. Suppress specific Plan Member communications, upon request by the Plan; and

   g. Conduct customized annual Plan Member satisfaction surveys and present the results to the Plan within forty-five (45) days of the close of the reporting period.

5.3.7 TPA and Other Vendor Integration

5.3.7.1 Overview and Expectations

To ensure a seamless Member experience, Vendor must be willing to integrate with other Plan vendors and partners to share Member out-of-pocket accumulations or implement UM, PA or other information required to process a claim. The Vendor will also have to load pricing or integrate directly with the Specialty and Mail Order vendor to obtain pricing for those drugs. The Plan may also request a single-sign-on with another vendor or partner. The specific vendors and partner integrations shall be determined during the implementation and may change throughout the lifetime of the Contract. The Plan expects the Vendor to work in good faith to execute whatever agreements are required to support the integration.

5.3.7.2 TPA and Other Vendor Integration Requirements

1. Vendor shall provide vendor integration support as follows:

    a. Integrate with other Plan vendors and partners such as, but not limited to, the TPA to share Member out-of-pocket accumulations;

    b. Integrate with the Module 2 and/or Module 3 Vendor as needed to support claims processing. This includes, but is not limited to loading pricing, UM and any other data required to process pharmacy claims. This will require Vendor to enter into one or more agreements with Module 2 and/or Module 3 Vendor. The integration requirements will be defined and deployed during the implementation window of July 15, 2026, and January 1, 2028; and

    c. Cooperate and coordinate with Module 3 Vendor to establish mutually acceptable invoicing, reconciliation, and payment processes prior to the contract implementation date which includes each of the following:

        1) After the Contract goes live, form a transition and implementation team to assist in the transfer of any Services that are later carved out from this Contract. Such team shall be operational within fifteen (15) State Business Days of written notification from the Plan that a Service is being carved out of the Contract;

        2) Integrate with other Plan partners who may be responsible for managing or providing a certain class of drugs, such as, but not limited to, GLP-1s for weight loss; managing certain conditions such as, but not limited to, diabetes; or providing other programs to be determined by the Plan ; and

        3) Accept single-sign-on from any vendor or single-sign-on to any vendor, as requested by the Plan.

5.3.8 Project Management and Integrated Testing

5.3.8.1 Overview and Expectations of Initial Implementation

The Plan seeks a Vendor with the systems and technical resources to support on-time, implementation of all programs and Services included in this Contract. In addition to the dedicated Project Manager, Vendor must provide dedicated resources and expertise to support simultaneous implementation of multiple work streams. Those work streams include, but are not limited to:

1. Plan Designs and clinical services;
2. Group set-up, enrollment, and EDI;
3. Operations;
4. Member Experience;
5. Part D Administration (if elected); and
6. Integration with Module 2 and Module 3 Vendors, if awarded to separate Vendors.

During the initial implementation, Vendor shall work with the Plan to document which programs will be implemented when all Services commence on January 1, 2028, how the programs will be rolled out to Plan Members, and what customizations may be required by the Plan. Vendor shall also work with any Plan Vendors identified by the Plan to implement customized programs, EDI files and any application programming interfaces (API) that may be required. While the Plan's project manager shall coordinate and track all project Deliverables via the Plan's project management tool, Vendor shall also be expected to provide status and other types of project reports.

To meet the Plan's expectations of providing superior Member Experience, Vendor must have the dedicated resources available to assist with review and customization of all Plan Member-facing materials, including, but not limited to, communications provided to Plan Members via the Vendor's secure Member portal and any letters provided to Plan Members and/or providers. Vendor must also work with other Plan Vendors to set up the appropriate call transfer protocols and build any new workflow schematics that may be required. The Plan will work with the Vendor to ensure Vendor's staff is appropriately trained and understands all Plan policies and requirements.

5.3.8.2 Initial Implementation Requirements

1. The Plan requires a Vendor that has the resources, technology and technical resources to implement this Contract. As the Contract may be awarded to multiple Vendors, or a Vendor with Subcontractors, the full level of complexity is unknown at this time. Each vendor involved must be ready to begin the implementation within two weeks of the Contract award.

   Vendor shall:

   a. Have a fully assembled implementation team ready to begin work within two (2) weeks of Contract execution. The team shall include the Vendor's primary Project Manager who shall oversee the entire implementation, any other project managers needed for the individual workstreams, and the dedicated resources outlined in the Account Management Section of this RFP and separate implementation resources for, at a minimum, each of the following work streams:

      1) Plan Designs and clinical services;
      2) Group Set-Up, Enrollment and EDI;
      3) Vendor integration for Module 2 and Module 3, if needed;
      4) Operations;
      5) Member Experience; and
      6) Part D Administration (if elected).

   b. Develop Solutions Documents, Implementation Plans, Test Plans, Deployment Plans, and Close-Out Documentation for each workstream derived from the Plan's Business Requirements. These documents must be mutually agreed upon by Vendor, the Plan, and any impacted Plan Vendor. The Plan's Contract Administrator regarding day-to-day activities is authorized to sign these documents for the Plan;

   c. Support both Unit Testing and End-to-End Testing prior to Go-Live. To support testing, Vendor shall have the resources and the test environments necessary to support multiple work streams at one time. As mentioned above, the Test Plan shall be mutually agreed upon by Vendor, the Plan, and impacted Plan vendors;

   d. Provide the Plan and Plan vendors such as the EES Vendor access to view enrollment in Vendor(s)' test systems to confirm enrollment test results.;

   e. Accept historical claims files, open refill files, Prior Authorizations, and any other data or Member information required to ensure a seamless transition at least sixty (60) days prior to the implementation date of January 1, 2028, and update files at least one additional time prior to Go-Live. The frequency of the data exchanges shall be determined by the Plan and Vendor during the implementation;

   f. Load all current Prior Authorizations, open Mail Order refills, and accumulator files that exist for current Members from the incumbent PBM(s) at no additional charge;

   g. If requested, support a readiness audit prior to Go-Live to ensure all systems are set up appropriately;

   h. Provide a Customer service center for the 2028 open enrollment period in October of 2027. This includes a dedicated, toll-free number for Plan Members;

   i. Allow Plan Members access to Vendor's secure Member portal, which has been customized with the Plan's information, after receipt of the Enrollment Files and prior to Go-Live on January 1, 2028. The Enrollment File delivery schedule will be confirmed during the implementation;

   j. Produce and mail any welcome kits and/or Member transition letters, either of which may be customized by the Plan, at least thirty (30) days prior to January 1, 2028;

k. Support a readiness review and/or implementation audit at least sixty (60) days prior to January 1, 2028, if requested by the Plan; and

l. Complete a full transition of Services and be fully operational on January 1, 2028.

5.3.8.3 Overview and Expectations of Ongoing Vendor Testing and Project Implementations

Throughout the life of the Contract, the Plan will implement new benefits, Services, and Plan Vendors that will require Vendor to be nimble and efficient in terms of implementing new processes and/or integrating with new Plan vendors or support changes to existing Plan vendors' requirements. In all instances, the Plan will work with Vendor to develop an Implementation Plan that is mutually agreeable to Vendor, the Plan, and the other Plan vendors involved. Depending on the scope of the project, the Plan will work with all parties to let the implementation schedule dictate the Go-Live date, but in some instances, such as the annual benefit changes or Plan vendor changes, the Go-Live date shall be predetermined. The Plan will notify Vendor as soon as reasonably possible about all proposed changes.

5.3.8.4 Ongoing Vendor Testing and Project Implementations Requirements

1. The Plan requires a Vendor that can partner with the Plan throughout the life of the Contract to ensure a successful open enrollment and deliver new programs and initiatives for Plan. Projects other than open enrollment often have short delivery windows and must be coordinated with other Plan vendors; therefore, the Vendor must be able to work with other Plan vendors to implement whatever technical enhancements are required to integrate with other Plan vendors and support the Plan.

   At a minimum, Vendor shall:

   a. Oversee any initiatives requested by the Plan including annual open enrollment testing through its dedicated project manager;

   b. Develop Solutions Documents, Implementation Plans, Test Plans, Deployment Plans, and Close Out Documentation for each work stream derived from the Plan's Business Requirements on an ongoing basis and as requested by the Plan. These documents shall be mutually agreed upon by Vendor, the Plan, and any impacted Plan Vendor. The Plan's Contract Administrator regarding day-to-day activities is authorized to sign these documents for the Plan;

   c. Support both Unit Testing and End-to-End Testing for new initiatives, Plan Design changes, and Vendor changes, prior to deployment. To support testing, Vendor shall not only have the technical and business resources, but also the appropriate test environments with access for the Plan. As mentioned above, the Test Plan shall be mutually agreed upon by Vendor, the Plan, and impacted Plan Vendors;

   d. Allow the Plan and the Plan's EES vendor access to view enrollment in Vendor(s)' test systems to confirm test results; and

   e. Support and participate in End-to-End Testing that may be required to support enhancements developed by other Plan Vendors.

5.3.9 Data and Reporting

5.3.9.1 Overview and Expectations

Aligned with the Plan's vision and mission to be an innovative, data driven organization, the Plan seeks a Vendor that has the tools, technologies, strategies, and thought leadership that will allow for cutting-edge, advanced level reporting, data analytics, and modeling that provides valuable insights for better decision making in support of the operational and strategic priorities of the Plan. This also requires complete transparency and a Vendor that can dedicate resources with the appropriate subject matter expertise.

5.3.9.2 Data Access and Transparency Requirements

1. Vendor shall demonstrate complete transparency when providing data and reporting to the Plan; and

2. Vendor shall provide:

    a. Uncompromising visibility into all financial and operational relationships, including complete disclosure of all revenue streams and granular revenue reporting; and

    b. Full, un-Redacted access to all claims, financial, and operational data, including but not limited to claims files, financial records, pharmacy contracts, MAC Lists, remittance data, and utilization data.

5.3.9.3 Data Files Requirements

1. The Plan requires a Vendor that will provide custom claims file to the Plan on intervals to be determined during the implementation period. The delivery of the claims file(s) should coincide with the Vendor's claim reimbursement request to the Plan. While the specific format for the claims file shall be determined during implementation, the Plan would expect the Vendor to include all elements of the claim in the file.

    The Vendor shall:

    a. Provide a custom claims file to the Plan, or Plan vendor and partners, on an interval to be determined during the implementation. While the file shall be based on the Vendor's standard file format, additional custom items, such as, but not limited to, Tier codes, may be required. Custom identifiers will be required as detailed below. The details of the file shall be documented in a Business Requirement Documents (BRD) similar to Attachment 5: Pharmacy Benefit Manager Data File Requirements BRD;

    b. Provide complete claims-level data for all dispensing channels, including retail, Mail Order, and Specialty Pharmacy, with all fields for financial, clinical, and operational analysis;

    c. Include fields indicating which claims are included and excluded from financial guarantees (including those provided by other vendors) and the reason for inclusion/exclusion in the Claims data;

    d. Include reference files and data dictionaries with thorough field descriptions;

    e. Include a control file with each Data File, utilizing a SHA512 Hash Checksum algorithm to verify data integrity; and

    f. Deliver files encrypted to the Plan's secure SFTP server.

5.3.9.4 Data Matching and Identifier Requirements

1. Vendor must work with the Plan to ensure it has all the tools and resources necessary to utilize the data and reports provided by the Vendor.

    Vendor shall:

    a. Include consistent and complete identifiers in all Data Files that enable accurate matching of Plan Members and transactions across systems and data sources, including but not limited to the Plan's TPA, EES vendor, and other Plan vendors;

    b. Use the unique Member identifier provided by the Plan's EES vendor as the primary key for all Member-level data and shall not substitute or overwrite this identifier with a vendor-generated ID;

    c. Ensure that all identifiers are consistently formatted and populated across all Data Files, including claims, eligibility, rebate, utilization management, and Specialty Pharmacy files;

    d. Provide a crosswalk or mapping file upon request to support reconciliation between vendor-specific identifiers and Plan-standard identifiers; and

    e. Include in all Data Files and systems the following identifiers to support cross-vendor and cross-file matching:

        1) Unique Member identifier: The unique ID assigned by the Plan's EES vendor (not a vendor-generated ID);

2) Member SSN (if available and permitted): For matching legacy records and supporting audits;
3) Medicare Beneficiary Identifier (MBI): For Medicare primary Members;
4) Group ID: To support Group-level reporting and aggregation;
5) Plan Design ID: To distinguish between benefit structures;
6) Claim Number: Unique identifier for each claim, consistent across all files referencing the same transaction;
7) Transaction Control Number (TCN): If used, to support reconciliation across systems;
8) Date of Birth and Gender: For validation and matching where needed;
9) Enrollment Span ID or Effective Date: To align claims and eligibility records; and
10) File Source and File Type Identifiers: To distinguish between file types and support audit trails.

5.3.9.5 Data Accuracy and Validation Requirements

1. Vendor must perform data validation before providing data or reports to the Plan.

    a. Vendor shall perform and document accuracy testing for every Data File and report delivered, including:
        1) Reconciling claims totals against corresponding invoices (total paid amounts must match within 0.5% variance; explanations required for deviations);
        2) Reconciling claims totals against each financial guarantee; and
        3) Cross-checking enrollment data against source files for accuracy.

5.3.9.6 Retention and Access Requirements

1. Vendor shall provide retention and access services as follows:

    a. Retain records for ten years from the date that services were provided; and
    b. Provide access to such records and its facilities at any time during reasonable business hours during the ten-year holding period referred to above and agree to assist the Plan in the examination and assessment of such records.

5.3.9.7 Reporting Requirements

1. Vendor shall provide reports on a standard and ad hoc basis as follows:

    a. Vendor shall provide monthly, quarterly, annual, and ad hoc reports in formats compatible with Plan systems and analytics tools. These will be custom reports. The report formats, delivery dates, and layouts will be developed during implementation. The on-going Standard Reports and corresponding delivery schedule will be documented in Attachment 6: Standard Reports: Claims Processing and Customer Service Module and incorporated into the Contract via an ADM. The report formats will be memorialized via a BRD(s). The types, frequency and formats of the reports can be modified throughout the lifetime of the Contract to support changing business needs.

        The types of Standard Reports include, but are not limited to the types of reports outlined below:

        1) UM reports;
        2) Safety Monitoring reports;
        3) Medicare COB Reports;
        4) Monthly claims triangles, retail pricing model by line of business, eligibility and accumulator services, pharmacy network utilization, and Member engagement metrics;

5) Reports on Discount guarantee performance no less than quarterly, as well as annual reporting with Discount guarantee performance and reconciliation of any amounts owed to the Plan due to underperformance; and

6) Monthly MAC Lists.

b. Vendor shall provide a weekly membership report that includes, but is not limited to, the information below. The specific data elements will be determined during implementation. Due to size, this report will be delivered by the Vendor to the Plan's SharePoint.

1) Group Number;

2) All internal and external Member Identification numbers;

3) Member number;

4) Coverage effective date;

5) Coverage expiration date;

6) Current benefit effective date;

7) Current benefit expiration date;

8) Member First Name;

9) Member Last Name;

10) Member SSN;

11) Member date of birth;

12) Member Tier;

13) Member benefit identifier code(s);

14) Member date of birth;

15) Medicare primary flag;

16) Medicare Coverage;

a) Medicare A

b) Medicare B

17) Medicare effective date;

18) Medicare expiration date; and

19) RDS Indicator (if applicable).

c. Vendor will add or modify reports during the contract term as requested by the Plan;

d. Vendor will provide the methodology and data logic used to produce all standard and custom reports and how that logic corresponds to the Data Files that Vendor shall provide to the Plan on an ongoing basis;

e. Vendor will work collaboratively with Plan staff, consultants, and auditors to ensure reporting meets evolving needs and supports strategic decision-making; and.

f. Vendor shall produce non-complex ad hoc reports [Can be compiled within four (4) hours] within two (2) State Business Days of request and more complex ad hoc report request within five (5) State Business Days to support the Plan's responsibilities to the Board of Trustees and/or North Carolina General Assembly.

5.3.10 Optional Services

5.3.10.1 Overview and Expectations

The Plan has several services that it may choose to exercise over the lifetime of the Contract. Vendor may also have value-added services that the Plan may choose to elect. This section outlines the Plan's possible needs and provides Vendor the opportunity to outline potential programs or services.

5.3.10.2 Part D Administration Requirements

1. The Plan has a large Medicare primary population. While the majority are enrolled in one of the Plan's fully insured Medicare Advantage plans, there are generally between 20,000 – 35,000 Medicare-primary Members enrolled in the Plan's self-funded health benefit plans. Because the Medicare Part D landscape changes over time, the Plan needs flexibility when determining the best option to manage this population's pharmacy spend which means the Plan's Part D strategy may change from year to year. That is why the Plan seeks to partner with a Vendor that has a proven track record of maximizing potential revenue received from the Centers for Medicare and Medicaid Services (CMS). While the Plan currently participates in the Retiree Drug Subsidy (RDS) Program, Vendor must have expertise in both the RDS and Employer Group Waiver Plan (EGWP) programs. The Plan is also interested in both a fully insured and self-funded approach. To support either program, Vendor must also have the eligibility and Electronic Data Interface (EDI) expertise required to identify eligible Plan Members as the Plan does not segregate its Medicare primary population into a single Group.

   Vendor shall:

   a. Have the ability and expertise required to administer RDS for the Plan;
   b. Have experience administering RDS for a Group that does not segregate its Medicare-primary population into a single Group;
   c. Prepare and submit to CMS, on behalf of the Plan, an Initial Retiree List prior to the RDS application deadline. After the application is approved, Vendor shall continue to send Medicare Primary files to CMS's RDS Center on a schedule requested by the Plan to ensure accurate reporting;
   d. Prepare and submit, on behalf of the Plan, a Covered Retiree List and final cost reporting data for reconciliation to CMS or CMS's designee. This shall include providing cost reports and support after the expiration of the Contract. Vendor shall pay the total amount assessed by CMS for Vendor's failure to complete a component of the reconciliation that Vendor is contractually responsible for, such as any amount assessed by CMS for the submission of inaccurate data;
   e. Prepare the required data, interim requests, and final reports for all calendar years for which the Contract is in effect, including reports and supporting documentation due after the termination of the Contract; and
   f. Support any RDS Auditors the Plan may utilize to maximize RDS revenue.

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5.3.10.3 Worksite Vaccination Clinics Requirements

1. The Plan prefers a Vendor that offers additional Services like worksite vaccination clinics, where individual worksites can schedule onsite vaccination or flu-shot clinics for their local Employees and sometimes their covered Dependents.

   Vendor shall:

   a. Host onsite flu-shot or other vaccination clinics for individual worksites across North Carolina, as requested by the Plan. Include in the description how the clinics shall be scheduled and resourced and whether or not sub-contractors are utilized for this service; and

   b. Submit either medical or pharmacy claims for each vaccine administered with no additional charges or fees associated with these clinics.

5.3.10.4 Vendor's Optional Services Requirements

Optional Service are additional services the Vendor can provide. The Plan may exercise the option to implement any of the Optional Services described in Vendor's technical response and included in the Cost Proposal via the procurement process or later by Amendment to the Contract. Vendor must identify Optional Services in the technical response by completing the table provided in the Technical Response Document and including Pricing in the Cost Proposal. Optional services include Conditional Services as described below.

5.3.11 Conditional Services

5.3.11.1 Overview and Expectations

Conditional Services are those services the Vendor is offering as an Optional Service if awarded multiple modules. The Plan may exercise the option to implement any of the Conditional Services described in Vendor's technical response and included in the Cost Proposal via the procurement process or later by Amendment to the Contract.

5.3.12 Transition of Services

5.3.12.1 Overview and Expectations

The Plan requires a Vendor that can work with the Plan to ensure a smooth transition of Services at the beginning and end of the Contract.

5.3.12.2 Transition of Services Requirements

1. If a Contract results from this solicitation, the Vendor shall cooperate fully with the incumbent, as required by the Plan, in the transition of contract-related activities;

2. If the Contract is not renewed at the end of the last active term or is canceled prior to its expiration for any reason, the Vendor shall cooperate fully in the transition of Contract-related activities to the successor vendor and Plan for a period of up to eighteen months if requested by the Plan to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Services to the Plan or its designees; and

3. The Plan requires a Vendor that can work with the Plan to ensure a smooth transition of Services at the end of the Contract or if Services are carved out of the Contract.

   Vendor shall:

   a. Support the Plan's eighteen-month claims runout;

   b. Work with the Plan and the new PBM Services vendor to develop a transition schedule that causes minimal disruption to Plan Members;

   c. Work with the Plan and the new PBM Services vendor to transfer utilization management, refill information, and any other data as requested during the new contract implementation period;

   d. Continue to send claims Data Files to the Plan during the runout period. The file delivery schedule shall be determined during the implementation of the new contract; and

   e. Send the final quarterly and annual Standard Reports per the Contract schedule.

5.3.13 Claims Invoices – Module 1 Alternative Claims Funding Option

1. Vendors interested in a Module 1 Alternative Claims Funding Model, can view the requirements in Attachment 7: Module 1 Alternative Claims Funding Option and Response.

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6.0 MODULE 2 MINIMUM REQUIREMENTS AND SCOPE OF WORK

6.1 OVERVIEW OF MODULE 2: FORMULARY STRATEGY, UTILIZATION MANAGEMENT AND REBATE ADMINISTRATION

The Plan's mission is to improve the health and healthcare of teachers and State Employees in North Carolina, and to provide high-quality care at an affordable cost, both to Plan Members and to the taxpayers who fund this important benefit. As the cost of providing pharmacy benefits continues to outpace expected funding increases, the Plan is looking to identify innovative ways of containing costs without compromising the richness of its benefits. Therefore, it is critical that the Plan partner with a Vendor that shares the Plan's values and adheres to the Plan's requirements for transparency, Plan flexibility, and Plan control of its pharmacy benefits and programs.

Module 2 defines the Plan's approach to strategic Formulary design, utilization management, and rebate administration. It is designed to ensure that the Plan retains full control over benefit design and clinical policy decisions while leveraging a cost-effective Formulary and the utilization management tools needed to manage pharmacy trend and promote high-value care. Vendors must demonstrate the ability to negotiate flexible and competitive rebate terms, provide full transparency into revenue streams, and prioritize clinical outcomes and Member experience.

The Plan will only partner with a Vendor that commits to a full pass-through model for all Rebates, as defined in Section 2.10 Definitions, Acronyms, and Abbreviations. As noted throughout this RFP, Vendor must be transparent with its financial reporting data.

6.2 MODULE 2: FORMULARY STRATEGY, UTILIZATION MANAGEMENT AND REBATE ADMINISTRATION MINIMUM REQUIREMENTS

This procurement is open to qualifying companies that satisfy the Minimum Requirements described in this section.

If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the Plan to receive a better Proposal, the Vendor is urged and cautioned to submit these items in the form of a question during the question-and-answer period in accordance with Section 2.5 Proposal Questions.

When completing Attachment N-0 "All Modules Minium Requirements Response" and Attachment N-2 "Module 2: Minimum Requirements Response," Vendors shall respond to all questions and confirmation/certification/description requests. Vendors are cautioned to provide sufficient detail for the Plan to validate their responses. Only those Vendors that meet 100% of the Minimum Requirements will be provided the necessary Data Files needed to submit technical and Cost Proposals for consideration and possible Contract award.

	MODULE 2: FORMULARY STRATEGY, UTILIZATION MANAGEMENT AND REBATE ADMINISTRATION MINIMUM REQUIREMENTS
1	Vendor must agree that the Plan has ultimate control of the Formulary and the utilization management (UM) programs.
2	Vendor has provided Formulary strategy, utilization management and rebate administration services comparable in scope to those described in this Module for at least one (1) public service or private client with more than fifty thousand (50,000) lives. Include in the confirmation the name of the client/group, a description of the services provided, and the contact information for the Plan to contact for a reference.
3	Vendor must agree to pass through the greater of (1) the guaranteed minimum Rebate amount; or (2) one hundred percent (100%) of all Rebates received by Vendor payable to the Plan.
4	Vendor agrees that the Plan may negotiate and contract directly with pharmaceutical manufacturers regarding the purchase, administration, or provision of any drug or drug class to the Plan's Members, and Vendor shall reasonably support the Plan in the Plan's negotiations and contracting efforts with such manufacturers. Vendor shall not take legal or any other enforcement action against the Plan or any manufacturer to prevent such negotiations, contracts, or other matters arising therefrom, nor engage in any business practice, negotiation, or contract intended to hamper or influence such negotiations, contracts, or other matters arising therefrom.
5	Vendor must agree that all data related to any services provided under this Contract ultimately belongs to the Plan.
6	The Vendor shall not use, or otherwise disseminate, sell, copy, or make available to any person or entity, data relating to any aspect of performance of the Contract, for any purpose other than what is necessary in order to perform the services. If Vendor licenses aggregate, de-identified claims data to various entities, Vendor shall not include or provide the Plan's data to these entities. Therefore, Vendor shall receive no such fees for the Plan's data, and no such fees are included as Rebates passed to the Department. This requirement shall survive the termination of the Contract.

	MODULE 2: FORMULARY STRATEGY, UTILIZATION MANAGEMENT AND REBATE ADMINISTRATION MINIMUM REQUIREMENTS [CONTINUED]
7	Vendor must demonstrate financial stability. Vendor shall provide audited or reviewed financial statements prepared by an independent Certified Public Accountant (CPA) for the two (2) most recent fiscal years that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement), and cash flow statement and, if the most recent audited or reviewed financial statement was prepared more than six (6) months prior to the issuance of this RFP. Vendor shall also submit its most recent internal financial statements (balance sheet, income statement, and cash flow statement or budget), with entries reflecting revenues and expenditures from the date of the audited or reviewed financial statement to the end of the most recent financial reporting period (i.e., the quarter or month preceding the issuance date of this RFP). Vendor is encouraged to explain any negative financial information in its financial statement and is encouraged to provide documentation supporting those explanations. Consolidated financial statements of Vendor's parent or related corporation/business entity shall not be considered, unless: 1) Vendor's actual financial performance for the designated period is separately identified in and/or attached to the consolidated statements; 2) the parent or related corporation/business entity provides the State with a document wherein the parent or related corporation/business entity shall be financially responsible for Vendor's performance of the Contract and the consolidated statement demonstrates the parent or related corporation's/business entity's financial ability to perform the Contract, financial stability, and/or such other financial considerations identified in the evaluation criteria; and/or 3) Vendor provides its own internally prepared financial statements and such other evidence of its own financial stability identified above.
8	The Vendor shall confirm it agrees to Attachment B: Instructions to Vendors without exception.
9	The Vendor shall confirm it agrees to Attachment C: General Terms and Conditions without exception.
10	The Vendor shall complete and submit Attachment D: Customer Reference Template.
11	The Vendor shall complete and submit, without exception, Attachment E: Location of Workers Utilized by Vendor.
12	The Vendor shall be financially stable; and complete, sign and submit without exception, Attachment F: Certification of Financial Condition.
13	The Vendor shall complete, sign and submit Attachment G: Proposal Submission Information form.
14	The Vendor shall be HIPAA compliant; and shall complete, sign, and submit Attachment H: HIPAA Compliance Questionnaire and supply copies of the Vendor's HIPAA privacy and security policies. If the Vendor maintains that any information contained in the HIPAA privacy and security policies is proprietary or otherwise confidential, the Vendor may Redact these portions in **BLACK** and in accordance with the instructions in Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to the Vendors and supply the un-Redacted portions for review.
15	The Vendor shall complete, sign, and submit Attachment I: Business Associate Agreement (BAA).

	MODULE 2: FORMULARY STRATEGY, UTILIZATION MANAGEMENT AND REBATE ADMINISTRATION MINIMUM REQUIREMENTS [CONTINUED]
16	The Vendor shall complete, sign, and submit, Attachment K, Data Use Agreement (DUA).
17	Vendor must confirm it agrees to Attachment L: Minimum Information Security Requirements without exception and the following additional requirements Vendor shall confirm without exception the sufficiency of its security standards, tools, technologies, and procedures in providing service under the Contract. All Vendor and/or third-party Data Centers, Business Applications or Systems used under this Contract for the purpose of collecting, storing, processing, transmitting, or exchanging Plan Data shall have, and maintain, valid, favorable third-party security certifications or assessment reports on all related security controls that are consistent with, and can be cross-walked to, the data classification level and security controls appropriate for moderate information system(s) per the National Institute of Standards and Technology ("NIST") SP 800-53 Rev. 5 or the most recent revision. To satisfy this requirement, such reports must have been issued within twelve months prior to the anticipated Contract award date or be supplemented by bridge letters covering no more than three months subsequent to the report expiration date. The Vendor shall provide a crosswalk document along with full un-Redacted copies of the third-party security certification or assessment reports, and any necessary bridge letters. Vendor shall also identify which specific Data Centers, Business Applications or Systems are covered by the third-party opinions or attestations will be used to provide the Services under this Contract. Opinion letters or security certification attestation letters will not be submitted in lieu of full report(s). Vendor agrees that the Plan has the right to independently evaluate, audit, and verify such requirements as part of its evaluation and during the life of the Contract, including requesting the performance of a penetration test with satisfactory results. The Plan will verify any such third-party security opinions or attestations annually during the life of the Contract, and the Vendor will be required to provide an updated report or bridge letter verifying that the rave been no material changes in the controls reported since the issuance of the last report. Bridge letters will only be accepted for three months after the report expiration date to satisfy this requirement. Vendor agrees that the Plan has the right to, based upon its evaluation, require that the Vendor maintain cyber breach liability insurance coverage in an amount specified by the Plan and/or commit to obtaining a favorable third-party opinion or attestation within a time period specified by the Plan as a condition of Contract award. Vendor shall provide documentation of the amount of cyber breach liability insurance that it currently carries for all Vendor and/or third-party Data Centers and systems to be used to provide the Services under this Contact that will contain Plan Data. If Vendor is currently undergoing a third-party security assessment of such Data Centers or information technology systems that complies with NIST SP 800-53REV. 5 (Or most recent revision), Vendor shall provide proof of purchase or a copy of its contract with the third party retained to perform the audit and the expected date for completion. The Plan understands that security assessment reports and security information provided to the Plan for the purpose of this Contract may contain confidential information and/or trade secrets. Refer to Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to Vendors for information regarding the treatment of Confidential Information.
18	Vendor must complete Attachment M: IT Services Inventory Worksheet.

6.3 MODULE 2: FORMULARY STRATEGY, UTILIZATION MANAGEMENT AND REBATE ADMINISTRATION TECHNICAL REQUIREMENTS

Instructions: Vendor must respond to all questions and each part and subpart to each question in Attachment O-2: Module 2 Technical Requirements Response. Vendor's response to each question must follow the corresponding RFP section, as applicable. Vendor must confirm adherence to and describe its approach to meet the requirements as indicated. This includes providing a detailed narrative, diagrams, exhibits, examples, sketches, descriptive literature and/or detailed information responsive to the questions. Vendor's Response to Technical Evaluation Questions should clearly indicate the citation and/or location of exhibits, attachments, flows, etc., and demonstrate understanding and the ability to meet each specification. The Plan is not required to look for or consider information outside of the response for individual questions where Vendor fails to clearly indicate the location of exhibits, attachments, flows, etc. Further, where indicated and applicable, Vendor must describe any limitations or issues it has with meeting the requirements of the question. While the Plan has not set page limits for responding to each question, Vendor should be mindful to avoid providing superfluous information that unnecessarily lengthens the response. The Plan reserves the right to validate information provided within Vendor's response.

By submitting a Proposal, Vendor agrees to meet all stated requirements in these Sections as well as any other specifications, requirements, and terms and conditions stated in this RFP. If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the Plan to receive a better Proposal, the Vendor is urged and cautioned to submit these items in the form of a question during the question-and-answer period in accordance with Section 2.5 Proposal Questions. Questions or objections that were evident to a reasonable Vendor but were not raised during the question-and-answer period shall be deemed waived.

6.3.1 Account Management

6.3.1.1 Overview and Expectations:

The Plan seeks to partner with a Vendor(s) that shares the Plan's vision of providing best in class programs and services. Vendor(s) should demonstrate transparency in all aspects of the relationship which includes disclosing all contractual relationships that will impact the Plan and providing internal documentation, processes, data, or other information, as requested by the Plan. Vendor must also show a willingness to develop custom programs to meet the Plan's unique needs. The Plan strongly prefers a Vendor with resources in North Carolina. In this section, the Plan seeks to determine the level of experience, expertise, transparency, and in some cases, the specific resources and location of these resources that shall support this Contract.

Given the potential for both multiple vendors and novel approaches to delivering PBM services, having the right Project Manager is essential. The complex nature of the proposed offering requires every member of the Account Management team to have excellent project management skills.

6.3.1.2. Account Management Requirements

1. The Plan requires a Vendor that supports the Plan's priorities and will partner with the Plan to achieve its goals which requires certain resources such as account management, project management and clinical to be fully dedicated to the Plan. Vendor resources that are 100% dedicated to the Plan work solely on the Plan's account. Whether the resources are 100% dedicated or partially dedicated, these resources should work with the Plan during both the implementation and on an ongoing basis.

    a. Vendor shall provide a dedicated team to the support the Plan during the implementation and throughout the life of the Contract. Dedicated team resources provided by the Vendor must be 100% dedicated to the Plan and work solely on the Plan's account. At a minimum, this includes each of the following:

        1) Account Manager – Responsible for coordinating the day-to-day operations for all Services within this Contract. This includes identifying potential risks, proposing potential solutions, and updating the Plan on

performance in a data driven way. The Account Manager shall be accountable for ensuring all projects are tracking and all definitions are owned by the Plan, as well as owning socializing those definitions between all partners of the Plan. If each module of the Contract is awarded to a different vendor, the Account Managers from each module will work together to ensure the successful initial implementation and integration as well as the ongoing Services outlined in this RFP;

2) Project Manager(s) - Responsible for development and execution of the initial Implementation Plans by coordinating with the Plan and internal and external resources. This project manager shall remain dedicated to the Plan post Go-Live to track ongoing Deliverables, oversee open enrollment testing and any other initiatives implemented by the Plan; and

3) Clinical Advisor – A North Carolina licensed pharmacist to provide clinical leadership for the Plan, and when necessary, to provide support for individual Plan Member concerns.

b. Vendor shall provide the following resources on an as needed basis. These resources may be up to 50% FTE, as requested by the Plan:

1) Account Executive – Responsible for overall account relationship, including strategic planning in relation to plan performance, consultative Services, recommendations for benefit design and cost containment opportunities, and contract oversight. The Account Executive must be able to drive cross functional projects within the organization with direct access to executive leadership and shall be accountable for ensuring all projects are tracking and all definitions are owned by the Plan. The Account Executive shall have a dedicated point of connect with each partner but are ultimately responsible for the successful implementation and integration of the PBM program;

2) Data Manager - Responsible for providing expertise in data analytics and modeling as well as coordinating data requests, data testing, and data exchanges, including any Data Files to Plan vendors, Plan partners, and the Plan. The Data Manager must have dedicated resources with subject matter expertise in data analytics, reporting, and modeling to support the Plan's needs during implementation and throughout the life of the Contract;

3) Attorney – Must be well versed in the Plan's Contract with Vendor. Responsible for promptly reviewing materials for Vendor and providing appropriate, legally justifiable, feedback to the Plan. The Attorney must be well-versed in Chapter 135 of the North Carolina General Statutes and the extent to which North Carolina Department of Insurance (DOI) regulations apply to the Plan. The Attorney should also understand all the federal regulations and requirements that impact the Plan. The Attorney must attest to all definitions being owned by the Plan and confirm those definitions prior to the contract being awarded. Responsible for communicating program and policy updates to the Plan and coordinating as necessary with the Plan's internal counsel and staff;

4) Privacy Officer – Responsible for ensuring compliance with all applicable laws and regulations, including, but not limited to, HIPAA, Patient Protection and Affordable Care Act (ACA), and ERISA. Responsible for maintaining internal controls to protect PHI and ensuring that adequate and timely steps are taken in the event of a breach; and

5) Trade Representative – Responsible for collaborating with the Plan on rebate strategies, Formulary optimization, direct negotiations, and related initiatives. The Trade Representative should be a qualified resource from the trade relations team, who is responsible for negotiating Rebates and other financial arrangements with pharmaceutical manufacturers. If the Vendor partners with a Subcontractor or third-party PBM for rebate management, the resource shall include a senior member from the Subcontractor's trade relations team.

2. Vendor shall maintain compliance with and provide information to the Plan about laws and regulations that impact the Plan; specifically, with reporting, documentation, or fiduciary duty.

   Vendor shall:

   a. Have no contracts with a provision prohibiting disclosure of pricing terms (i.e. “gag clause”); and
   b. Notify the Plan of any pending legislation or requirements that impact the Plan or Plan Members.

3. The Plan requires a Vendor who provides complete transparency and respects the Plan’s ability to work with other Vendors and Partners to manage the Pharmacy benefit.

   Vendor shall:

   a. Disclose all sources of revenue earned based on the Plan’s utilization, including Formulary rebates, market share rebates, administrative fees, educational/clinical program revenue, and data sale revenue. This is an ongoing requirement. Any changes in sources must be reported to the Plan within 30 days of a change or addition of a revenue source.

4. The Plan has final authority to determine each of the following which Vendor shall implement in accordance with Plan directions and documents including the Benefit Booklet, Administrative Rules, and Statute:
   a. Plan Design;
   b. Drug exclusions;
   c. Formulary drug positioning;
   d. Conditions under which Mail Order fulfillment is mandatory;
   e. Conditions under which drugs must be filled at a Specialty Pharmacy;
   f. Conditions for accessing extended days' supply or Mail Order fills;
   g. Clinical rules and protocols;
   h. Network status for contracted pharmacies; and
   i. Eligibility rules.

6.3.2 Formulary Management

6.3.2.1 Overview and Expectations:

Formulary placement drives the utilization of preferred products within therapeutic categories. Vendor must support a custom Formulary which align with the Plan’s Core Clinical Values including, but not limited to utilization of high-quality, low-cost drugs via preferred Formulary placement of products within therapeutic categories, exclusive use of Biosimilars, and the use of Generics over Brands. When Generic or Biosimilar Drugs are unavailable, the Vendor shall recommend strategies that leverage lower-cost Brands over higher-cost Brands of comparable safety and efficacy. While the Plan currently utilizes a closed Formulary with an open network, the Plan may choose other options in the future; therefore, the Plan requires a Vendor that offers both closed and open formularies and can customize those formularies to meet the Plan’s needs.

6.3.2.2 Formulary Management Requirements:

1. Vendor shall provide Formulary Management support as follows :

   a. Report on the status of the Plan’s custom Formulary relative to clinical guidelines, collaborate with the Plan to develop a fully custom Formulary, and provide quarterly reporting;

   b. Provide recommendations to manage rising pharmacy costs through pharmacy cost containment strategies, Formulary changes, or modifications to utilization management tools and criteria no less than quarterly. Such recommendations must reduce net pharmacy costs by at least one percent (1%) of Plan net spend annually in total if implemented;

c. Assess and report to the Plan the cost-effectiveness and clinical value of drugs prior to proposing additions to the Plan's Formulary. Disclose to the Plan the research sources your organization consulted, and the methodology used to determine inclusion on the Formulary as well as the individuals involved in the review and their respective roles including their research, clinical, and financial qualifications;

d. Integrate an evidence-based clinical value framework into its Formulary recommendations and utilization management criteria to ensure Member health outcomes are maintained or improved while managing costs;

e. Allow the Plan to attend and participate in Vendor's Pharmacy and Therapeutics Committee meetings, as requested by the Plan;

f. Disclose to the Plan details about the individuals involved in evaluating drugs that are proposed for inclusion on the Formulary, including their qualifications, areas of expertise, and their specific roles in supporting the Formulary and utilization management development process. As resources change, Vendor must continue to disclose information about new individuals involved with drug evaluation;

g. Support the customization of any Vendor standard Formulary, including the addition of custom exclusions and utilization management tools This includes both open and closed formularies;

h. Be responsible for the ongoing maintenance of such customizations of Vendor's formularies to ensure continued access, adequacy, and clinical appropriateness of the Plan's customized Formulary;

i. If requested, support maintaining, evaluating, and providing recommendation for different custom formularies for different Plan Designs. For example, if the Plan offers a Generic-only Formulary on one Plan Design, such as the Standard PPO Plan, and an open Formulary on another Plan Design, such as the Plus PPO Plan;

j. Provide a pipeline report delivered quarterly that highlights anticipated drugs, costs, class, Tier recommendations, and anticipated uptake;

k. Propose Formulary customizations that utilize high-quality, low-cost drugs via preferred Formulary placement of products within therapeutic categories and encourage the use of Generics and Biosimilars over Brands whenever possible. When Generic or Biosimilar Drugs are unavailable, the Vendor shall recommend lower-cost Brands over higher-cost Brands of comparable safety and efficacy;

l. Monitor new medications as they come on the market and evaluate their appropriate placement on the Formulary aligning with the Plan's core clinical values. Only medications approved by the U.S. Food and Drug Administration (FDA) are covered by the Plan;

m. Accurately implement all changes to the Formulary with associated utilization management criteria within 14 days of request by the Plan; and

n. Perform Formulary and UM audits quarterly after P&T Committee approved changes to ensure integrity of clinical services.

6.3.3 Pharmacy and Therapeutics

6.3.3.1 Overview and Expectations:

Pursuant to N.C.G.S. §§ 135-48.51(2) and 58-3-221(a)(1) the Plan, by maintaining a closed Formulary, must develop the Formulary and any restrictions on access to covered prescription drugs or devices in consultation with and with the approval of a Pharmacy and Therapeutics Committee (P&T Committee), which shall include participating physicians who are licensed to practice medicine in North Carolina. For more information on the Plan's P&T Committee, see the Plan's website: https://www.shpnc.org/about-us/pharmacy- therapeutics.

To facilitate the orderly management of the Formulary, as well as to provide some consistency for Plan Members, the Formulary is reviewed at a minimum three (3) times annually but generally not more than quarterly.

Below is the current P&T Committee meeting schedule, which is subject to change:

1. Meet in mid-October for January 1 effective date changes;

2. Meet in mid-February for April 1 effective date changes;
3. Meet in mid-May for July 1 effective date changes; and
4. Meet in mid-August for October 1 effective date changes.

To support the P&T Committee meeting schedule, the Plan requires a Vendor that can provide thorough and detailed clinical, utilization management, and financial Formulary change information at least sixty (60) days in advance of the scheduled P&T meeting date for review by the Plan and the Plan's P&T Committee. The information must be easily consumable and reviewed with the Plan's pharmacist before being disseminated to the appropriate P&T Committee members for review prior to the P&T Committee meetings. The Plan also requires Vendor's Clinical Advisor to present the changes to the P&T Committee.

6.3.3.2 Pharmacy and Therapeutics Requirements

1. Vendor shall provide Pharmacy and Therapeutics support as follows:

    a. Automatically block new drugs entering the market from inclusion on the Plan's Formulary. Vendor shall notify the Plan of new drugs entering the market in a timely manner and provide all necessary clinical and financial information to evaluate them for Formulary inclusion/exclusion and placement;

    b. Through its Clinical Advisor, present changes and respond to questions at the Plan's P&T Committee meetings;

    c. Support the Plan in gathering the information required to present to the P&T Committee and have the Formulary updated as requested for new to market drugs that the Plan determines should be moved to the Formulary off cycle;

    d. Provide the Plan's Clinical Pharmacist with all UM programs applied to medications deferred or rejected by the Plan or the Plan's P&T Committee;

    e. Provide the necessary clinical information required to inform the P&T Committee of the proposed changes approximately one quarter prior to the scheduled P&T meeting. This information includes but is not limited to, Formulary change type, therapeutic category, FDA approved indication(s), rationale, proposed Tier, current utilizers, clinical alternatives (available on/off the Formulary), current utilizers of clinical alternatives, drug monographs, manufacturer package inserts, and proposed UM programs. Provide the Plan with the list of individuals involved in this review and their respective roles including their research and clinical qualifications. The final process with corresponding timeline will be developed during the implementation and memorialized via an ADM; and

    f. As roles change over time, continue to provide the Plan with the list of individuals involved in this review and their respective roles including their qualifications.

6.3.4 Utilization Management

6.3.4.1 Overview and Expectations:

The Plan requires a Vendor that can recommend and customize targeted, evidence-based utilization management (UM) programs. To Support transparency for Plan Members, the Plan maintains detailed pharmacy information on the Plan's website. The Plan requires Vendor to provide copies of any approved programs and policies for posting prior to implementation of those programs or policies. See https://www.shpnc.gov/employee-benefits/standard-ppo-plan-employees/pharmacy-benefits-active-employees-standard-ppo-plan for the types of online information available to Plan Members.

When necessary, the Plan also communicates directly with Plan Members to advise them of upcoming changes; therefore, the Plan requires a Vendor that can mail letters to any Plan Members that are negatively impacted by the Plan's decisions on the Formulary or its utilization management programs.

6.3.4.2 Utilization Management Requirements

1. Vendor shall provide Utilization Management support as follows:

    a. Accept transfers at the time of Contract transition of all existing, approved utilization management for any utilization management that continues under the new Contract. All UM expiration dates obtained from the existing contract shall be honored. Vendor shall utilize historical claims files obtained by the previous PBM Services vendor during the transition for application of utilization management programs;

    b. Customize any UM programs;

    c. Not implement Vendor UM programs without Plan approval;

    d. Integrate claims data from the Plan's TPA and other sources, such as lab vendors, to develop UM programs, identify gaps in care, develop risk scores and monitor trends;.

    e. Review medical management Services for medical specialty claims management, UM and reporting, site of care management, oncology management, and provider reimbursement;

    f. Allow customization of refill-too-soon thresholds at retail and mail;

    g. Establish dispensing limits on any medication based on FDA recommendations and medical appropriateness;

    h. Limit authorization to a 30-day supply of all Specialty Medications and any other medications as determined by the Plan;

    i. Identify therapeutic alternative and savings opportunities for Plan Members when attempting to fill a medication with associated UM or for products not covered on the Formulary. Preferred therapeutic alternatives shall be provided to the pharmacy and provider via custom reject and listed in ascending Tier order with Generic and Biosimilar Drugs listed in bold font;

    j. Provide Drug Therapy Management programs that prevent waste and stockpiling, provide improved care and better adherence, and manage trend that can be customized by the Plan on a drug-by-drug basis;

    k. Customize, without additional cost to the Plan, any standard UM programs, including the suppression of Vendor standard UM programs not adopted by the Plan;

    l. Collaborate with the Plan on custom UM programs based on the Plan's specific utilization;

    m. Integrate medical and prescription claims data to enhance Drug Utilization Review and disease management initiatives;

    n. Have automated logic UM programs that could be administered by another Plan Vendor;

    o. Develop or update each of the following, based upon approval by the Plan's P&T Committee, and provide to the Plan at least two weeks prior to the effective date for posting to the Plan's website by the effective date:

        1) A comprehensive Formulary list for the Plan to post on its website, as shown here: https://www.shpnc.gov/documents/pharmacy-documents/ncshp-comprehensive-formulary/open;

        2) Copies of all utilization and PA policies;

        3) A Preferred drug list; and

        4) Other content, as requested by the Plan.

    p. Maintain and provide to the Plan a preventive medication list that can be posted to the Plan's website, as shown here: https://www.shpnc.gov/documents/pharmacy-documents/ncshp-preventive-drug-list/download?attachmentwww.shpnc.gov/documents/pharmacy-documents/ncshp-preventive-drug-list/download?attachment;

    q. Mail letters to all Plan Members negatively impacted by upcoming Formulary or utilization management

changes at least 30 days prior to the effective date of the change. The letters shall advise the impacted Plan Members of the changes and provide any other information required for the Plan Members to successfully transition once the change is implemented. Vendor shall provide draft letters to the Plan for review and edits. Upon agreement between the Plan and Vendor, Vendor shall mail the letters to the impacted Plan Members; and

r. Print and mail the Formulary booklet to Plan Members upon Plan Members' requests.

6.3.5 Audits

6.3.5.1 Overview and Expectations

To ensure the Vendor is meeting its contractual and financial obligations to the Plan, the Plan requires a Vendor that supports the Plan's right to conduct audits and reviews of the various aspects of the Contract including Rebates. Vendor shall provide access to all of Vendor's financial records including manufacturer contracts, claims data, MAC List used to adjudicate the Plan's claims, remittance data, reports, and other information required to verify transparency and meet contractual terms. The Plan intends to institute both Standard Audits that will be conducted on a routine basis throughout the lifetime of the Contract, ongoing reviews and ad hoc audits as needed. The Plan also intends to conduct a readiness review prior to Go-Live. The Vendor shall support the Plan with all audits requested by the Plan.

6.3.5.2 Audit and Other Review Requirements

1. The Plan requires a Vendor that supports the Plan's rights to audit all aspects of the Contract.

   The Vendor shall:

   a. Support and enable the Plan's right to and use of the Plan's Audit Vendor to conduct audits for the Plan at the Plan's expense and reviews of Rebates and Equitable Adjustments. This includes providing the audit vendor access to all of Vendor's financial records including manufacturer contracts, claims data, MAC List used to adjudicate the Plan's claims, remittance data, reports, and other information required to verify transparency and meet contractual terms. The Plan's Auditors will also have access to Vendor's rebate invoicing, administration, and dispute resolution systems, processes, procedures, or other components of the rebate invoicing process;

   b. Not limit the size of the claims sample reviewed by the Plan's Auditor which may include a review of one hundred percent (100%) of all claims for the period under review;

   c. Support any audits that may be requested by the State's Auditors;

   d. Support multiple audits at one time. In the event the Plan requests additional audits outside of the Standard Audit and reviews, a notification of the audit will be directed to Vendor by either the Plan or the Plan's Auditor;

   e. Deploy the appropriate resources to ensure there is no delay in any audit requested by the Plan. If Vendor causes any delays, upon escalation by the Plan, Vendor shall immediately deploy additional resources to get the audit back on the timeline;

   f. Initiate claim data transmission to the Plan's Auditor in a format and frequency mutually agreed upon by the Plan and the Plan's Auditor that shall support the audits;

   g. Submit a reply to quarterly audits within fourteen (14) days after the final report/audit issued by the Plan's Auditor;

   h. Submit a reply to annual audits within forty-five (45) days of the final report/audit being issued by the Plan's Auditor;

   i. Make any adjustments, payments, and/or reimbursements determined to be necessary within thirty (30) days of audit close-out;

j. Not limit the size of the claims sample reviewed by the Plan's Auditor which may include a review of one hundred percent (100%) of all claims for the period under review;

k. Comply with quarterly audits of such systems, processes, and procedures, to be determined during implementation, in order to ensure timely, accurate, and appropriate invoicing of Rebates associated with Plan utilization, as well as reasonable and appropriate resolution of any manufacturer disputes of invoiced rebates;

l. Reimburse the Plan any amount overpaid to retail pharmacies;

m. Remit to the Plan any adjustments, payments, and/or reimbursements determined to be necessary as a result of any review or audit within thirty (30) days of execution of an appropriate release document covering said period;

n. Annually as part of the audit process as requested by the Plan, represent to the Plan that Vendor, group purchasing organization, aggregator or other third party has not collected any Rebates, fees, payments, grants, or other revenue from pharmaceutical manufacturers pursuant to this Contract other than that to which the Plan is entitled and which Vendor has passed-through to the Plan pursuant to the Contract;

o. Support review by the Plan, and the Plan's Auditor, of all relevant records for verification of Rebates and Equitable Adjustments, including contracts involving Subcontractors, group purchasing organizations, aggregators, or pharmaceutical manufacturers or other third parties, consistent with the terms of the Contract. All items listed in the definition of Rebate are fully auditable by the Plan and the Plan's Auditor;

p. Shall not redact information applicable to the audit from contracts selected for review or otherwise limit the scope of the review in any way;

q. Upon the Plan's request, Vendor shall provide a general description of any Redacted information and the reasons for the redactions; and

r. If an audit or review determines and the Parties agree that the impact of an Equitable Adjustment exceeds the actual Significant Rebate Loss caused by the Qualifying Plan Action or Qualifying Market Event, then Vendor shall repay the amount by which the impact of the Equitable Adjustment exceeded the actual Significant Rebate Loss to the Plan within thirty (30) days of the Plan's written notice sent after the audit.

2. The Plan will conduct Standard Quarterly and Annual Audits and other reviews.

   Vendor shall:

   a. Work with the Plan during the Contract implementation to develop the audit schedule and claims files transmissions for the Standard Audits, which will include rebate and pricing guarantee audits. These Audits will be conducted on an ongoing basis, with an interim quarterly report and a final annual report; and

   b. Support quarterly audits without interruption for the duration of the Contract. The first one will commence in the second quarter of 2028 for clams processed between January 1, 2028, through March 31, 2028. The ongoing process will be documented in an ADM and the file requirements will be captured in a Business Requirement Document.

3. In addition to providing quarterly Standard Audits, the Plan may conduct quarterly reviews such as the Net Cost Review outlined below and any other review that may become necessary, as determined by the Plan, during the lifetime of the Contract:

   a. Net Cost Review that reports the net cost of the top 25 rebate-eligible drugs by Plan net spend against appropriate benchmarks, as requested by the Plan. Such benchmarks may include drug-class or condition-specific average treatment costs, Generic or Biosimilar costs, peer Plan average costs, or others. The review would:

1) Calculate Plan net costs for top 25 rebate-eligible drugs, including Brand-name, specialty, biologic, Biosimilar, and any other rebate-eligible drug using claims data, actual earned rebates, and guaranteed minimum rebates. Plan net costs must be separately reported as net of guaranteed minimum Rebates and net of actual Rebates earned independent of guarantees;

2) Compare top 25 rebate-eligible drugs by Plan net spend against drug-class or condition-specific averages, Generic or Biosimilar therapeutic equivalents, NADAC, WAC, ASP, or other benchmarks, as appropriate, using Plan pharmacy claims and rebates; and

3) Identify opportunities to promote utilization of clinically appropriate, cost-effective therapeutic alternatives, including Generics and Biosimilars, in place of any high-cost and/or high-rebate drugs, unless such utilization is justified by medical necessity, among the top 25 rebate-eligible drugs by Plan.

6.3.6 Financial Transparency Requirements

6.3.6.1 Overview and Expectations

As outlined throughout this module, the Plan requires a Vendor that will meet its custom requirements and support its sustainability goals. This includes having a Vendor that will contract to maximize Rebates for the Plan's custom Formulary and utilization management criteria.

6.3.6.2 Financial Transparency Requirements

1. Vendor shall:

a. Provide full disclosure regarding the existence of all Rebates, payment incentives, and/or pricing concessions that may exist with its assignees, delegates, subsidiaries, and affiliates, including, but not limited to, any clinical programs, disease management programs, compliance initiatives, therapeutic interchange programs, patient education programs, and consultant/physician education programs. All rebate reports shall be broken down by rebate category;

b. Provide full disclosure of all Rebates;

c. Provide Plan with un-Redacted copies of all books, records, and Rebate agreements directly or indirectly related to this Contract or utilization of prescription drugs by Members, including those maintained by Vendor's intermediaries, subsidiaries, Subcontractors, affiliates, wholesalers, or other third parties, within five (5) State Business Days of Plan request;

d. In order to ensure independent Formulary evaluation and decision making, identify, disclose, and take all reasonable measures to mitigate conflicts of interest, including those arising from wholly owned subsidiaries, parent companies, affiliates, or other entities with whom Vendor maintains ongoing financial relationships, including, but not limited to, group purchasing organization arrangements, retail, specialty, or mail-order pharmacies, and other entities or potential sources of industry revenue related to Vendor's Contract with the Plan;

e. Provide periodic reporting that details the ongoing nature of the above disclosures and mitigation measures, including any changes to Vendor's organizational structure or to the nature or extent of any relationships with affiliates, group purchasing organization arrangements or ownership, whether whole or partial, as well as any changes to, or difficulties in successfully carrying out, the measures Vendor has taken to prevent or mitigate any potential conflicts of interest;

f. Allow the Plan to participate in Vendor's negotiations with manufacturers, as requested by the Plan;

g. Provide Rebate modeling and forecasting for proposed Formulary changes, including turnaround timeline, data elements, model outputs, and frequency of modeling. Vendor shall provide all information needed to reasonably substantiate such modeling and forecasting, including any assumptions underlying projections and estimates with detail, specified at the NDC-level where feasible, or grouped by active ingredient, strength, and dosage form in NDC-level data is impractical;

h. Work collaboratively with the Plan to negotiate Rebate contracts in a manner consistent with the Plan's clinical and financial goals, including with regard to Formulary exclusions, Tier placement, utilization management tools, programs, and any relevant clinical or other applicable criteria;

i. Hold Rebate contracts in the United States;

j. Not have any Rebate contract preventing the Plan from receiving manufacturer payments related to treatment outcomes, prescriber conversions, value-based outcomes, etc. where incentives are paid directly to the Plan;

k. Accurately allocate all Rebates received and remitted to the Plan and, in connection with the reporting hereunder, shall allocate the Rebates at the NDC and drug name level, and at each applicable claim level, as required by the Plan. Such allocations will be provided in a file format directed by the Plan and be provided in conjunction with the remittance of Rebates to the Plan in order to allow the Plan to accurately disburse Rebates by account. Payment of Rebates shall be accompanied with a report setting forth claim level information relating to the source of payment including the invoiced amount by manufacturer and the applicable account that generated the Rebates;

l. Agree that the Plan retains the right to directly negotiate any type of pharmaceutical manufacturer contracts for Medical benefit drugs and outcome-based contracts for drugs paid under medical and pharmacy benefits. Vendor may provide an opportunity to the Plan for consideration in these areas and the Plan has the option to adopt or continue to contract directly with manufacturer; and

m. Provide Rebate reports at the individual claim and NDC-11 level and include Claim cost and utilization information by accounts, Formulary, pharmacy network channel (if applicable), and rebate rate type.

6.3.7 Rebates and Financial Guarantees

6.3.7.1 Overview and Expectations

The Plan seeks a Vendor that will offer strong Financial Guarantees that bring value and certainty to the Plan. During the course of the Contract, Vendor will work with the Plan to ensure that it has favorable pricing relative to the marketplace. This includes cooperating with Market Checks and renegotiating terms as appropriate as specifically set forth below.

6.3.7.2 Financial Requirements:

1. Vendor shall, and shall cause each group purchasing organization, aggregator, or other third party which receives Rebates from pharmaceutical manufacturers on behalf of, or with respect to claims for drug utilization submitted by Vendor, to contract in a manner that permits, at the Plan's discretion, for all Rebates received by each such group purchasing organization, aggregator or third party to be payable to Vendor and 100% passed-through to the Plan.

2. Vendor shall:

   a. Pay 100% of Rebates to the Plan regardless of drug status or classification (Single Source brand, Multi-Source brand, Generic, OTC, devices, etc.) of the product on which they were earned and including any Rebate amounts not invoiced or calculated as a percentage of wholesale acquisition cost (WAC) for a specific product;

   b. Not enter into any agreement that would reduce the value of Rebates to the Plan in exchange for purchase Discounts or any other thing of value;

   c. Allow the Plan, or designated third-party, to conduct annual market assessments, otherwise known as Market Checks, prior to and during the Contract term to determine the continued competitiveness of administrative service fees, pricing terms, financial guarantees, and Rebate contracts to ensure that the Plan is receiving best-in-class pricing, taking into account factors such as plan size, utilization patterns, population mix, plan design, and service scope. If the Plan determines that pricing is less favorable than what is available in the competitive market, Vendor shall adjust the Plan's pricing to maintain best-in-class guarantees within ninety (90) days of the completion of the annual Market Check, retroactive to the beginning of the Contract year. Such adjustments may include, but are not limited to: (a) matching pricing terms offered to comparable clients in Vendor's book of

business; or (b) providing pricing based on actual cost of goods (e.g., acquisition cost plus a fixed fee), if such terms are more favorable than current rates;

d. Provide comments on the Market Check analysis within ten (10) State Business Days of receipt of the Market Check Report from the Plan or its designee;

e. Support the Plan's ability to conduct a Market Check as outlined in Section 6.3.7.2.2.c. above and will agree to amend the Contract as needed to implement new pricing terms;

f. Vendor agrees that financial guarantees, including Minimum Rebate Guarantees, are binding, and may not be modified without an amendment to the Contract.

Agree that adjustments to minimum rebate guarantees will only be considered in the event of a Qualifying Plan Action or Qualifying Market Event that results in a Significant Rebate Impact, as determined by the Plan through the Equitable Adjustment request process described below;

g. Vendor shall comply with all requirements for requesting and providing documentation and financial modeling for Equitable Adjustments as defined in this RFP. Such requirements for each Request include:

1) A clear and detailed explanation of how the Qualifying Plan Action(s) or Qualifying Market Event is/are expected to result in a change to Rebates meeting the definition of a Significant Rebate Impact;

2) An updated annual projection of expected WAC on Brand Drug Paid Claims and amount of invoiced Rebates in total;

3) All information needed to reasonably substantiate items (a) and (b) above, including any assumptions underlying projections and estimates with detail specified at the NDC-level where feasible, or grouped by active ingredient, strength, and dosage form if NDC-level data is impractical; and

4) If applicable, all information needed to reasonably substantiate that the Qualifying Market Event deviates materially from projections and assumptions specified by Vendor and provided as part of Vendor's submission to this RFP.

h. The Plan may request additional supporting information related to any request for an Equitable Adjustment, which Vendor shall provide within fourteen (14) days. The Plan shall reasonably determine any Equitable Adjustment and notify Vendor of the adjustment amount. The Equitable Adjustment will be set at a level to account for the expected Significant Rebate Impact from the Qualifying Plan Action(s) or Qualifying Market Event, as reasonably determined by the Plan, subject to verification and adjustment prior to the annual Rebate guarantee reconciliation process;

i. The Plan shall review and recalculate each Equitable Adjustment based on actual experience for the Contract year and modify any Equitable Adjustments as necessary based upon that review. Any amounts owed to the Plan based on these modifications shall be paid without unreasonable delay. The Plan and Vendor shall execute an amendment to modify the Rebate guarantees accordingly. These modified Equitable Adjustments to the Rebate guarantees shall be used for the annual Rebate reconciliation;

j. Only market events that a) deviate from pipeline assumptions provided as part of Vendor's proposal for Module 2, and b) directly result in a Significant Rebate Impact as a result of such deviation, shall meet the criteria of a Qualifying Market Event and therefore be eligible for an Equitable Adjustment to Rebate guarantees;

k. Vendor shall provide a detailed report outlining pipeline assumptions and forecasts of top Brand Drug patent expirations and assumptions, as well as all expected impacts of anticipated law and regulation changes.

l. Vendor will provide any forecast concerns in a quarterly pipeline report and will meet with the Plan quarterly to discuss

m. Vendor shall comply with all audit requirements relating to any Equitable Adjustments.

6.3.8 Vendor Integration

6.3.8.1 Overview and Expectations

The Plan may award the Services outlined in this RFP to multiple Vendors. The Plan could also choose to carve out parts of the Services later. Therefore, the Vendor must have the resources and technology to support the Plan during implementation and throughout the lifetime of the Contract.

To ensure a seamless Member experience, Vendor shall integrate with other Plan vendors and partners as required to support claims processing. The Plan may also request a single-sign-on with another vendor or partner. The specific vendors and partner integrations shall be determined during the implementation and may change throughout the lifetime of the Contract.

6.3.8.2 Vendor Integration Requirements

1. Vendor shall provide Vendor Integration support as follows:

    a. Integrate with other Plan vendors and partners as needed to support claims payment and other services. The specific integrations required shall be determined during the implementation;

    b. Accept single-sign-on from any vendor or single-sign-on to any vendor, as requested by the Plan. The Vendor shall identify any potential Plan partners or vendors for which Vendor is unwilling to integrate or share data of any kind; and

    c. Execute any necessary business associate agreement, data-use agreement, or inter-vendor operating agreement required by the Claims Processing, Customer Service, and Retail Network Module 1 Vendor or the Plan to facilitate timely and accurate payment.

6.3.9 Project Management and Integrated Testing

6.3.9.1 Overview and Expectations for Initial Implementation

The Plan seeks a Vendor(s) with the systems and technical resources to support on-time, implementation of all programs and Services included in this Contract. In addition to the dedicated Project Manager, Vendor must provide dedicated resources and expertise to support simultaneous implementation of multiple work streams. Those work streams include, but are not limited to:

1. Plan Designs and clinical services;
2. Operations;
3. Member experience;
4. Data & Reporting ; and
5. Integration with other vendors selected in the RFP process.

During the initial implementation, Vendor(s) shall work with the Plan to document which programs shall be implemented when all Services commence on January 1, 2028, how the programs will be rolled out to Plan Members, and what customizations may be required by the Plan. Vendor(s) shall also work with any Plan vendors identified by the Plan to implement customized programs, Data Files and any application programming interfaces (API) that may be required. While the Plan's project manager will coordinate and track all project Deliverables via the Plan's project management tool, Vendor(s) shall also provide status and other types of project reports.

To meet the Plan's expectations of providing a superior Member experience, Vendor(s) must have the dedicated resources available to assist with review and customization of all Plan Member facing materials, including, but not limited to, communications provided to Plan Members via the Vendor's portal(s) or web sites and any letters provided to Plan Members and/or Providers. Vendor(s) must also work with other Plan vendors to set up the appropriate call transfer protocols that may be needed and build any new workflow schematics that may be required. The Plan will work with the Vendor(s) to ensure Vendor's staff is appropriately trained and understands all Plan policies and requirements.

6.3.9.2 Initial Implementation Requirements

1. The Plan requires a Vendor(s) that has the resources, technology and technical resources to implement this Contract. As the Contract may be awarded to multiple Vendors, or a Vendor with Subcontractors, the full level of complexity is unknown at this time. Each vendor involved must be ready to begin the implementation within two (2) weeks of the Contract award.

   Vendor shall:

   a. Have a fully assembled implementation team ready to begin work within two (2) weeks of Contract execution. The team shall include the Vendor's primary Project Manager that will oversee the entire implementation, any other project managers needed for the individual work streams and the dedicated resources outlined in the Account Management Section of this RFP and separate implementation resources for, at a minimum, each of the following work streams:

      1) Plan Designs and clinical services;

      2) Data & Reporting;

      3) Operations;

      4) Member experience; and

      5) Vendor integration.

   b. Develop Solutions Documents, Implementation Plans, Test Plans, Deployment Plans, and Close-Out Documentation for each workstream derived from the Plan's Business Requirements. These documents must be mutually agreed upon by Vendor, the Plan, and any impacted Plan Vendor. The Plan's Contract Administrator regarding day-to-day activities is authorized to sign these documents for the Plan;

   c. Support both Unit Testing and End-to-End Testing prior to Go-Live. To support testing, Vendor shall not only have the resources, but also the test environments, necessary to support multiple work streams at one time. As mentioned above, the Test Plan shall be mutually agreed upon by Vendor, the Plan, and impacted Plan vendors;

   d. If needed, accept historical claims files, open refill files, Prior Authorizations, and any other data or Member information required to ensure a seamless transition at least sixty (60) days prior to Go-Live date of January 1, 2028, and update files at least one additional time prior to Go-Live. The frequency of the data exchanges shall be determined by the Plan and Vendor during the implementation;

   e. If applicable, produce and mail any welcome kits and/or Member transition letters, either of which may be customized by the Plan, at least thirty (30) days prior to January 1, 2028; and

   f. Complete a full transition of Services and be fully operational on January 1, 2028.

6.3.9.3 Overview and Expectations for Ongoing Testing and Implementation

The Plan requires a Vendor(s) that can partner with the Plan throughout the life of the Contract to ensure a successful open enrollment and deliver new programs and initiatives for Plan. Projects other than open enrollment often have short delivery windows and must be coordinated with other Plan vendors; therefore, Vendor(s) must be able to work with other Plan vendors to implement whatever technical enhancements are required to integrate with other Plan vendors and support the Plan.

6.3.9.4 Ongoing Testing and Implementation Requirements

1. Vendor shall provide Ongoing Testing and Implementation support as follows:
   a. Vendor's dedicated project manager shall oversee any initiatives requested by the Plan including annual open enrollment testing;

   b. Vendor shall develop Solutions Documents, Implementation Plans, Test Plans, Deployment Plans, and Close Out Documentation for each work stream derived from the Plan's Business Requirements on an ongoing basis and

as requested by the Plan. These documents shall be mutually agreed upon by Vendor, the Plan, and any impacted Plan Vendor. The Plan's Contract Administrator regarding day-to-day activities is authorized to sign these documents for the Plan;

c. Vendor shall support both Unit Testing and End-to-End Testing for new initiatives, Plan Design changes, and Vendor changes, prior to deployment. To support testing, Vendor shall not only have the technical and business resources, but also the appropriate test environments with access for the Plan. As mentioned above, the Test Plan shall be mutually agreed upon by Vendor, the Plan, and impacted Plan Vendors;

d. The Plan, and if applicable, Plan vendors shall have access to view enrollment in Vendor(s)' test systems to confirm test results; and

e. Vendor shall support and participate in End-to-End Testing that may be required to support enhancements developed by other Plan vendors.

6.3.10 Data and Reporting

6.3.10.1 Overview and Expectations

Aligned with the Plan's vision and mission to be an innovative, data-driven organization, the Plan seeks a Vendor that has the tools, technologies, strategies, and thought leadership that shall allow for cutting-edge, advanced level reporting, data analytics, and modeling that provides valuable insights for better decision making in support of the operational and strategic priorities of the Plan. Vendor must provide valuable insights that enable data-driven business decisions and align with the operational and strategic priorities of the Plan. The Plan also seeks a Vendor that can dedicate resources with the appropriate subject matter expertise in these critical functions.

6.3.10.2 Data Files Requirements

1. The Plan requires a Vendor that shall provide custom files to the Plan on an interval to be determined during the implementation period. While the specific format for the files shall be determined during implementation, the Plan would expect the Vendor to include all elements related to the Formulary in the file.

   Vendor shall:

   a. Provide a custom Data File to the Plan on an interval to be determined during the implementation. While the file shall be based on the Vendor's standard file format, addition custom items, such as, but not limited to, Tier codes, may be required. The details of the file shall be documented in a Business Requirement Documents (BRD) similar to Attachment 5, Pharmacy Benefit Manager Data Files BRD;

   b. Provide a Data File that allows the Plan to identify 340B Claims in the rebate invoicing and administration data. Vendor shall provide the Plan with all necessary information to monitor, audit, and reconcile 340B Claims with any related financial guarantees, including rebate guarantees and other terms;

   c. Include reference files and data dictionaries with thorough field descriptions;

   d. Include a control file with each Data File, utilizing a SHA512 Hash Checksum algorithm to verify data integrity; and

   e. Deliver files encrypted to the Plan's secure SFTP server.

6.3.10.3 Data Access and Transparency Requirements

1. The Plan requires a fully transparent Vendor that will share ALL the financial aspects of claims, financial, and operational data.

   Vendor shall:

a. Have dedicated resources with subject matter expertise in data analytics, reporting, and modeling to support the Plan's needs during implementation and throughout the life of the Contract;

b. Provide uncompromising visibility into all financial and operational relationships, including complete disclosure of all revenue streams and granular revenue reporting; and

c. Provide full, un-Redacted access to all claims, financial, and operational data, including but not limited to claims files, financial records, pharmacy contracts, MAC Lists, remittance data, rebate calculations, and utilization data.

6.3.10.4 Data Matching and Identifier Requirements

1. The Plan expects Vendor to provide all the identifiers required to accurately match Members, claims and other data across systems and data sources.

   Vendor shall:

   a. Include consistent and complete identifiers in all Data Files that enable accurate matching of Plan Members and transactions across systems and data sources, including but not limited to the Plan's TPA, EES vendor, and other Plan vendors;

   b. Use the unique Member identifier provided by the Plan's EES vendor as the primary key for all Member-level data and shall not substitute or overwrite this identifier with a vendor-generated ID;

   c. Ensure that all identifiers are consistently formatted and populated across all Data Files, including claims, eligibility, rebate, utilization management, and Specialty Pharmacy files;

   d. Provide a crosswalk or mapping file upon request to support reconciliation between vendor-specific identifiers and Plan-standard identifiers; and

   e. Include in all Data Files and systems the identifiers needed to support cross-vendor and cross-file matching. The Plan recognizes that some of the identifiers listed below may not be transferred to Module 2 Vendor. The final list will be determined during the implementation.

      1) Unique Member identifier: The unique ID assigned by the Plan's EES vendor (not a vendor-generated ID);
      2) Member SSN (if available and permitted): For matching legacy records and supporting audits;
      3) Medicare Beneficiary Identifier (MBI): For Medicare primary Members;
      4) Group ID: To support Group-level reporting and aggregation;
      5) Plan Design ID: To distinguish between benefit structures;
      6) Claim Number: Unique identifier for each claim, consistent across all files referencing the same transaction;
      7) Transaction Control Number (TCN): If used, to support reconciliation across systems;
      8) Date of Birth and Gender: For validation and matching where needed;
      9) Enrollment Span ID or Effective Date: To align claims and eligibility records; and
      10) File Source and File Type Identifiers: To distinguish between file types and support audit trails.

6.3.10.5 Data Accuracy and Validation Requirements

The Plan expects the Vendor to ensure that the data provided to the Plan and its partners is accurate before it is transmitted.

1. Vendor shall perform and document accuracy testing for every Data File and report delivered, including:

a. Reconciling claims totals against corresponding invoices (total paid amounts must match within 0.5% variance; explanations required for deviations);

b. Reconciling claims totals against each financial guarantee;

c. Cross-checking enrollment data against source files for accuracy; and

d. Providing evidence of testing (e.g., audit logs, reconciliation reports) with each submission or upon request within five (5) State Business Days.

6.3.10.6 Formulary and Financial Requirements

1. Vendor shall provide custom Formulary Data Files, including all restrictions, exclusions, and tier changes, as well as P&T Committee recommendations and documentation.

6.3.10.7 Retention and Access Requirements

1. Vendor shall follow the Plan's retention and access requirements.

   Vendor shall:

   a. Retain records for ten years from the date that services were provided; and

   b. Provide access to such records and its facilities at any time during reasonable business hours during the ten-year holding period referred to above and agree to assist the Plan in the examination and assessment of such records.

6.3.10.8 Reporting

1. The Vendor shall provide the following Standard Reports. The details and delivery dates of the Standard Reports will be defined during the implementation, captured in the Standard Reports document similar to Attachment 6: Standard Reports: Claims Processing and Customer Service Module, and memorialized via ADMs that can be updated throughout the lifetime of the Contract.

   Vendor shall:

   a. Provide quarterly and annual rebate reports by therapeutic category and manufacturer, down to the claim level, with sufficient detail to allow the identification of all types of revenue meeting the definition of Rebate, as well as minimum rebate guarantees;

   b. Provide an NDC-level report on earned rebate dollars and all ancillary fees received from manufacturers for medications dispensed for the Plan, in addition to monthly and annual reconciliation reports;

   c. Provide detailed, drug-level reporting on all utilization management operations data, including approvals, denials, alternate fills, and ultimate approval and denial statistics; and

   d. Provide utilization management reporting, including DUR, PA activity, fraud/waste/abuse metrics, and UM data.

6.3.11 Optional Services

6.3.11.1 Overview and Expectations

Optional Services are additional services Vendor can provide. The Plan may exercise the option to implement any of the Optional Services described in Vendor's technical response and included in the Cost Proposal via the procurement process or later by Amendment to the Contract. Vendor must identify Optional Services in the technical response by completing the table provided in the Technical Response Document and including Pricing in the Cost Proposal. Optional Services include Conditional Services as described below.

6.3.11.2 Conditional Services

6.3.11.3 Overview and Expectations

Conditional Services are those services the Vendor is offering as an Optional Service if awarded multiple modules. The Plan may exercise the option to implement any of the Conditional Services described in Vendor's technical response and included in the Cost Proposal via the procurement process or later by Amendment to the Contract.

6.3.12 Transition of Services

6.3.12.1 Overview and Expectations

The Plan requires a Vendor that can work with the Plan to ensure a smooth transition of Services at the beginning and end of the Contract.

6.3.12.2 Transition of Services Requirements

1. If a Contract results from this solicitation, the Vendor shall cooperate fully with the incumbent, as required by the Plan, in the transition of contract related activities;

2. If the Contract is not renewed at the end of the last active term or is canceled prior to its expiration for any reason, the Vendor shall cooperate fully in the transition of Contract-related activities to the successor vendor and Plan for a period of up to six months if requested by the Plan to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Services to the Plan or its designees;

3. The Plan requires a Vendor that can work with the Plan to ensure a smooth transition of Services at the end of the Contract or if services are carved out of the Contract; and

4. At a minimum, Vendor shall provide the following transitional services:

    a. Work with the Plan and the new PBM Services vendor(s) to develop a transition schedule that causes minimal disruption to Plan Members; and

    b. Send the final quarterly and annual Standard Reports per the Contract schedule.

7.0 MODULE 3 MINIMUM REQUIREMENTS AND SCOPE OF WORK

7.1 OVERVIEW OF MODULE 3: SPECIALITY AND MAIL ORDER PHARMACY SERVICES

For Module 3, the Plan seeks a Vendor(s) that will provide superior Specialty and Mail Order Pharmacy Services. This Vendor will ensure timely, accurate, and cost-effective access to high-cost and maintenance medications via Mail Order, while supporting clinical engagement, adherence, and affordability (including manufacturer assistance). Module 3 also includes typical Specialty Pharmacy services, including the systems, staff, and infrastructure necessary to manage complex therapies, coordinate with prescribers, and support Members with chronic and rare conditions.

The Vendor must provide a network or online operations of Mail Order and Specialty Pharmacies that will ensure mail-order pharmacy access, compliance, and performance. The network must enable seamless access to drugs that are not readily available at retail pharmacies, with optional extension to acute or retail-available drugs. The Services are intended to ensure equitable access to medications to all Plan Members nationwide, but particularly in rural areas of North Carolina (NC), where certain drugs may not be readily available at local retail pharmacies.

In addition to its core operations, network, dispensing, and fulfillment responsibilities, the Vendor providing Module 3 services must integrate with the Vendor(s) providing the Services under Modules 1 and 2 to ensure alignment on benefit design, Formulary/utilization management, and Member cost sharing/accumulators. The Vendor must be prepared to support carve-outs, direct contracting, and multi-vendor coordination to ensure the Plan retains flexibility and control over its specialty strategy.

Module 3 does not include claims processing, prior authorizations, Formulary management, Step Therapy, appeals, or any other utilization management services. All claims shall be adjudicated in real time by the Module 1 Vendor. All Rebates are managed by the Module 2 Vendor.

7.2 MODULE 3: SPECIALTY AND MAIL ORDER PHARMACY SERVICES MINIMUM REQUIREMENTS

This procurement is open to ualifying companies that satisfy the Minimum Requirements described in this section.

If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the Plan to receive a better Proposal, the Vendor is urged and cautioned to submit these items in the form of a question during the question-and-answer period in accordance with Section 2.5 Proposal Questions.

When completing Attachment N-0 “All Modules Minium Requirements Response” and Attachment N-3 “Module 3: Minimum Requirements Response,” Vendors shall respond to all questions and confirmation/certification/description requests. Vendors are cautioned to provide sufficient detail for the Plan to validate their responses. Only those Vendors that meet 100% of the Minimum Requirements will be provided the necessary Data Files needed to submit technical and Cost Proposals for consideration and possible Contract award.

	MODULE 3: SPECIALITY AND MAIL ORDER PHARMACY SERVICES MINIMUM REQUIREMENTS
1	Vendor acknowledges that Module 3 is for stand-alone Mail Order and Specialty Pharmacy services. If the Plan awards Module 1 and/or Module 2 of this RFP to a different Vendor(s), Module 3 Vendor must agree to integrate, and execute any agreements needed with the selected Vendor(s) to administer all the requirements outlined in Module 3.
2	Vendor has provided Specialty Pharmacy and Mail Order Pharmacy Services comparable in scope to those described in this Module for at least one (1) public service or private client with more than fifty thousand (50,000) lives. Include in the confirmation the name of the client/group, a description of the services provided, and the contact information for the Plan to contact for a reference.
3	Vendor must agree to fully cooperate and coordinate with the Vendor awarded Module 1 to establish mutually acceptable invoicing, reconciliation, and payment processes prior to the contract Go-Live date.
4	Vendor must agree to prohibition on use of any Plan Member information to offer, solicit, sell, or provide any services or products to Plan Members without Plan approval.
5	Vendor shall not use, or otherwise disseminate, sell, copy, or make available to any person or entity, data relating to any aspect of performance of the Contract, for any purpose other than what is necessary in order to perform the services. If Vendor licenses aggregate, de-identified claims data to various entities, Vendor shall not include or provide the Plan's data to these entities. Therefore, Vendor shall receive no such fees for the Plan's data, and no such fees are included as Rebates passed to the Department. This requirement shall survive the termination of the Contract.

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	MODULE 3: SPECIALITY AND MAIL ORDER PHARMACY SERVICES MINIMUM REQUIREMENTS [CONTINUED]
6	Vendor must demonstrate financial stability. Vendor shall provide audited or reviewed financial statements prepared by an independent Certified Public Accountant (CPA) for the two (2) most recent fiscal years that shall include, at a minimum, a balance sheet, income statement (i.e., profit/loss statement), and cash flow statement and, if the most recent audited or reviewed financial statement was prepared more than six (6) months prior to the issuance of this RFP, Vendor shall also submit its most recent internal financial statements (balance sheet, income statement, and cash flow statement or budget), with entries reflecting revenues and expenditures from the date of the audited or reviewed financial statement, to the end of the most recent financial reporting period (i.e., the quarter or month preceding the issuance date of this RFP). Vendor is encouraged to explain any negative financial information in its financial statement and is encouraged to provide documentation supporting those explanations. Consolidated financial statements of Vendor's parent or related corporation/business entity shall not be considered, unless: 1) Vendor's actual financial performance for the designated period is separately identified in and/or attached to the consolidated statements; 2) the parent or related corporation/business entity provides the State with a document wherein the parent or related corporation/business entity shall be financially responsible for Vendor's performance of the Contract and the consolidated statement demonstrates the parent or related corporation's/business entity's financial ability to perform the Contract, financial stability, and/or such other financial considerations identified in the evaluation criteria; and/or 3) Vendor provides its own internally prepared financial statements and such other evidence of its own financial stability identified above.
7	The Vendor shall confirm it agrees to Attachment B: Instructions to Vendors without exception.
8	The Vendor shall confirm it agrees to Attachment C: General Terms and Conditions without exception.
9	The Vendor shall complete and submit Attachment D: Customer Reference Template.
10	The Vendor shall complete and submit, without exception, Attachment E: Location of Workers Utilized by Vendor.
11	The Vendor shall be financially stable; and complete, sign and submit without exception, Attachment F: Certification of Financial Condition.
12	The Vendor shall complete, sign and submit Attachment G: Proposal Submission Information form.

	MODULE 3: SPECIALITY AND MAIL ORDER PHARMACY SERVICES MINIMUM REQUIREMENTS [CONTINUED]
13	The Vendor shall be HIPAA compliant; and shall complete, sign, and submit Attachment H: HIPAA Compliance Questionnaire and supply copies of the Vendor's HIPAA privacy and security policies. If the Vendor maintains that any information contained in the HIPAA privacy and security policies is proprietary or otherwise confidential, the Vendor may Redact these portions in **BLACK** and in accordance with the instructions in Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to the Vendors and supply the un-Redacted portions for review.
14	The Vendor shall complete, sign, and submit Attachment I: Business Associate Agreement (BAA).
15	The Vendor shall complete and submit, Attachment K, Data Use Agreement (DUA)

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	MODULE 3: SPECIALITY AND MAIL ORDER PHARMACY SERVICES MINIMUM REQUIREMENTS [CONTINUED]
16	Vendor must confirm it agrees to Attachment L: Minimum Information Security Requirements without exception and the following additional requirements Vendor shall confirm without exception the sufficiency of its security standards, tools, technologies, and procedures in providing service under the Contract. All Vendor and/or third-party Data Centers, Business Applications or Systems used under this Contract for the purpose of collecting, storing, processing, transmitting, or exchanging Plan Data shall have, and maintain, valid, favorable third-party security certifications or assessment reports on all related security controls that are consistent with, and can be cross-walked to, the data classification level and security controls appropriate for moderate information system(s) per the National Institute of Standards and Technology ("NIST") SP 800-53 Rev. 5 or the most recent revision. To satisfy this requirement, such reports must have been issued within twelve months prior to the anticipated Contract award date or be supplemented by bridge letters covering no more than three months subsequent to the report expiration date. Vendor shall provide a crosswalk document along with full un-Redacted copies of the third-party security certification or assessment reports, and any necessary bridge letters. Vendor shall also identify which specific Data Centers, Business Applications or Systems are covered by the third-party opinions or attestations will be used to provide the Services under this Contract. Opinion letters or security certification attestation letters will not be submitted in lieu of full report(s). Vendor agrees that the Plan has the right to independently evaluate, audit, and verify such requirements as part of its evaluation and during the life of the Contract, including requesting the performance of a penetration test with satisfactory results. The Plan will verify any such third-party security opinions or attestations annually during the life of the Contract, and the Vendor will be required to provide an updated report or bridge letter verifying that the rave been no material changes in the controls reported since the issuance of the last report. Bridge letters will only be accepted for three months after the report expiration date to satisfy this requirement. Vendor agrees that the Plan has the right to, based upon its evaluation, require that Vendor maintain cyber breach liability insurance coverage in an amount specified by the Plan and/or commit to obtaining a favorable third-party opinion or attestation within a time period specified by the Plan as a condition of Contract award. Vendor shall provide documentation of the amount of cyber breach liability insurance that it currently carries for all Vendor and/or third-party Data Centers and systems to be used to provide the Services under this Contact that will contain Plan Data. If the Vendor is currently undergoing a third-party security assessment of such Data Centers or information technology systems that complies with NIST SP 800-53REV. 5 (Or most recent revision), the Vendor shall provide proof of purchase or a copy of its contract with the third party retained to perform the audit and the expected date for completion. The Plan understands that security assessment reports and security information provided to the Plan for the purpose of this Contract may contain confidential information and/or trade secrets. Refer to Section V, Paragraph 24 "Confidential Information" of Attachment B: Instructions to Vendors for information regarding the treatment of Confidential Information.
17	Vendor must complete Attachment M: IT Services Inventory Worksheet.

7.3 MODULE 3: SPECIALTY AND MAIL ORDER PHARMACY SERVICES TECHNICAL REQUIREMENTS

Instructions: Vendor must respond to all questions and each part and subpart to each question in Attachment O-3: Module 3 Technical Requirements Response. Vendor's response to each question must follow the corresponding RFP section, as applicable. Vendor must confirm adherence to and describe its approach to meet the requirements as indicated. This includes providing a detailed narrative, diagrams, exhibits, examples, sketches, descriptive literature and/or detailed information responsive to the questions. Vendor's Response to Technical Evaluation Questions should clearly indicate the citation and/or location of exhibits, attachments, flows, etc., and demonstrate understanding and the ability to meet each specification. The Plan is not required to look for or consider information outside of the response for individual questions where Vendor fails to clearly indicate the location of exhibits, attachments, flows, etc. Further, where indicated and applicable, Vendor must describe any limitations or issues it has with meeting the requirements of the question. While the Plan has not set page limits for responding to each question, Vendor should be mindful to avoid providing superfluous information that unnecessarily lengthens the response. The Plan reserves the right to validate information provided within Vendor's response.

By submitting a Proposal, Vendor agrees to meet all stated requirements in these Sections as well as any other specifications, requirements, and terms and conditions stated in this RFP. If a Vendor is unclear about a requirement or specification or believes a change to a requirement would allow for the Plan to receive a better Proposal, Vendor is urged and cautioned to submit these items in the form of a question during the question-and-answer period in accordance with Section 2.5 Proposal Questions. Questions or objections that were evident to a reasonable Vendor but were not raised during the question-and-answer period shall be deemed waived.

7.3.1 Account Management

7.3.1.1 Overview and Expectations:

The Plan seeks to partner with a Vendor(s) that shares the Plan's vision of providing best in class programs and services. Vendor(s) should demonstrate transparency in all aspects of the relationship which includes disclosing all contractual relationships that will impact the Plan and providing internal documentation, processes, data, or other information, as requested by the Plan. Vendor must also show a willingness to develop custom programs to meet the Plan's unique needs. The Plan strongly prefers a Vendor with resources in North Carolina. In this section, the Plan seeks to determine the level of experience, expertise, transparency, and in some cases, the specific resources and location of these resources that shall support this Contract.

Given the potential for both multiple Vendors and novel approaches to delivering PBM services, the primary Project Manager shall serve as the quarterback and ensure seamless integration. The complex nature of the proposed offering requires every member of the Account Management team to have excellent project management skills and ensure all processes and status updates are embedded in the Plan's PM tool.

7.3.1.2 Account Management Requirements

1. The Plan requires a Vendor that supports the Plan's priorities and will partner with the Plan to achieve its goals which requires that some resources be dedicated to the Plan. Whether fully dedicated or partially dedicated it is important that these resources work with the Plan during both the implementation and on an ongoing basis.
   Vendor shall confirm each of the following:

   a. Vendor shall provide a dedicated team to the support the Plan during the implementation and throughout the life of the Contract. Dedicated team resources provided by the Vendor are 100% dedicated to the Plan and work solely on the Plan's account. At a minimum, dedicated resources include the following:

      1) Account Manager – Responsible for coordinating the day-to-day operations for all Services within this Contract. This includes identifying potential risks, proposing potential solutions, and updating the Plan on

performance in a data driven way. The Account Manager shall be accountable for ensuring all projects are tracking and all definitions are owned by the Plan, as well as owning socializing those definitions between all partners of the Plan. If each module of the Contract is awarded to a different Vendor, the Account Managers from each module will work together to ensure the successful initial implementation and integration as well as the ongoing Services outlined in this RFP; and

2) Specialty Pharmacy Manager – Responsible for Specialty Pharmacy operations for the Plan.

b. Vendor shall provide the following resources on an as needed basis, up to 50% FTE as requested by the Plan:

1) Account Executive – Responsible for overall account relationship, including strategic planning in relation to plan performance, consultative Services, recommendations for benefit design and cost containment opportunities, and Contract oversight. The Account Executive must be able to drive cross functional projects within the organization with direct access to executive leadership. The Account Executive shall be accountable for ensuring all projects are tracking and all definitions are owned by the Plan. The Account Executive shall have a dedicated point of contact with each partner but is ultimately responsible for the successful implementation and integration of the PBM program;

2) Project Manager(s) - Responsible for development and execution of the initial Implementation Plans by coordinating with the Plan and internal and external resources. The Project Manager(s) shall remain dedicated to the Plan post Go-Live to track ongoing Deliverables, oversee open enrollment testing and any other initiatives implemented by the Plan;

3) Privacy Officer – Responsible for ensuring compliance with all applicable laws and regulations, including, but not limited to, HIPAA, Patient Protection and Affordable Care Act (ACA), and ERISA. Responsible for maintaining internal controls to protect PHI and ensuring that adequate and timely steps are taken in the event of a breach;

4) Attorney – Must be well versed in the Plan's Contract with Vendor. Responsible for promptly reviewing materials for Vendor and providing appropriate, legally justifiable, feedback. The Attorney must be well-versed in Chapter 135 of the North Carolina General Statutes and the extent to which North Carolina Department of Insurance (DOI) regulations apply to the Plan. The Attorney should also have an understanding of all the federal regulations and requirements that impact the Plan. The Attorney must attest to all definitions being owned by the Plan and confirm those definitions prior to the Contract being awarded. Responsible for communicating program and policy updates to the Plan and coordinating as necessary with the Plan's internal counsel and staff;

5) Network/Contracting Resource - Responsible for advising on matters related to negotiating and managing contracts with Mail Order Pharmacies, Specialty Pharmacies, manufacturers, and wholesalers;

6) Underwriter/Financial Analyst - responsible for answering inquiries on drug pricing under the Mail Order/specialty contract, updating NDC-level pricing guarantees, and advising on financial strategies to optimize costs; and

7) Resources with subject matter expertise in data analytics, reporting, and modeling to support the Plan's needs during implementation and throughout the life of the Contract.

c. Vendor shall provide other resources as needed to support the Contract and program.

2. If Vendor is also bidding on Modules 1 and/or 2, Vendor must commit to supporting the Plan's goal and visions which will require even more transparency should Vendor be awarded multiple modules. Vendor must adhere to the following requirements:

a. Vendor will not be biased in favor of its Specialty Pharmacy and shall maintain transparency in pricing and rebate flows;

b. Vendor will avoid any incentives to fill specialty prescriptions when a non-Specialty Drug may be a better clinical alternative for the Member and shall apply UM appropriately; and

c. Vendor agrees not to implement or administer any program that results in the therapeutic switching of Plan Members from lower net cost products to higher net cost products without the prior written consent of Plan.

3. The Plan requires a Vendor that values speed to market and has subject matter experts and systems that are easily configurable to support any customizations the Plan may require.

   Vendor shall:

   a. Ensure resources are available to meet with the Plan on a routine basis. The Plan will establish routine operational, data, and project meetings, and other meetings as needed;

   b. Customize its programs and policies to meet the Plan's evolving needs and when necessary, develop new programs to achieve the Plan's goal;

   c. Mobilize a group of subject matter experts within one week of a Plan request so that the concept or project can be scoped and sized for implementation. For example, if the Plan requests to explore external programs of vendors that could be leveraged to manage a particular drug or class of drugs such as GLP-1s for weight loss; and

   d. Once a project or initiative is confirmed, assemble a project team and be ready to launch the project within two weeks.

4. Vendor shall maintain compliance with and provide information to the Plan about laws and regulations that impact the Plan, specifically with reporting and documentation on fiduciary duty. This includes federal funding and NIH research.
   a. Vendor shall not have contracts with a provision prohibiting disclosure of a pricing terms (i.e. "gag clause"); and

   b. Vendor shall notify the Plan of any pending legislation or requirements that impact the Plan or Plan Members within ten (10) State Business Days of becoming aware of such legislation or requirements.

5. The Plan has final authority to determine each of the following which Vendor shall implement in accordance with Plan directions and documents including the Benefit Booklet, Administrative Rules, and Statute:
   a. Plan Design;

   b. Drug exclusions;

   c. Formulary drug positioning;

   d. Conditions under which Mail Order fulfillment is mandatory;

   e. Conditions under which drugs must be filled at a Specialty Pharmacy;

   f. Conditions for accessing extended days' supply or Mail Order fills;

   g. Clinical rules and protocols;

   h. Network status for contracted pharmacies; and

   i. Eligibility rules.

6. If Vendor is also awarded Module 1 or 2, Vendor shall:
   a. Avoid Formulary bias toward its own Specialty Pharmacy and maintain transparency in pricing and rebate flows; and

   b. Avoid any incentives to fill specialty prescriptions when a non-Specialty Drug may be a better clinical alternative for the Member – and apply UM appropriately.

7. If Vendor is also awarded a Contract for Module 1 or 2, Vendor shall not implement or administer any program that results in the therapeutic switching of Members from lower net cost products to higher net cost products without the prior written consent of Plan.

7.3.2 Financial Requirements

7.3.2.1 Overview and Expectations:

During the course of the Contract, Vendor will work with the Plan to ensure that it has favorable pricing relative to the marketplace. This includes cooperating with Market Checks and renegotiating terms as appropriate and specifically set forth below.

7.3.2.2 Financial Requirements:

1. Vendor shall:
   a. Allow the Plan, or designated third-party, to conduct annual market assessments, otherwise known as Market Checks, prior to and during the Contract term to determine the continued competitiveness of administrative service fees, pricing terms, financial guarantees, and Dispensing Fees to ensure that the Plan is receiving best-in-class pricing, taking into account factors such as plan size, utilization patterns, population mix, Plan Design, and service scope If the Plan determines that pricing is less favorable than what is available in the competitive market, Vendor shall adjust the Plan's pricing to maintain best-in-class guarantees within ninety (90) days of the completion of the annual Market Check, retroactive to the beginning of the Contract year. Such adjustments may include, but are not limited to: (a) matching pricing terms offered to comparable clients in Vendor's book of business; or (b) providing pricing based on actual cost of goods (e.g., acquisition cost plus a fixed fee), if such terms are more favorable than current rates;
   b. Provide comments on any Market Check analysis within ten (10) State Business Days of receipt of the Report from the Plan or its designee;
   c. Support the Plan's ability to conduct a Market Check as outlined in Section 7.3.2.2.1.a. above and will agree to amend the Contract as needed to implement new pricing terms as agreed by the Parties;
   d. Meet with the Plan on a quarterly basis to review the NDC-Level Price List for all new-to-market drugs and all other drugs that represent a significant share of the Plan's utilization or cost. The Plan and Vendor will discuss in good faith the NDC-Level Price List, and add drugs to the list, and revise minimum guaranteed discounts for each drug on the list to ensure they are optimal relative to the marketplace;
   e. For new-to-market drugs, apply a default Discount guarantee off AWP, as indicated in Attachment A-3 - Module 3 Cost Proposal Response, until a specific minimum guaranteed Discount is negotiated at the quarterly meeting;
   f. For drugs that are not included on the NDC-Level Price List, apply a default Discount guarantee off AWP, as indicated in Attachment A-3 - Module 3 Cost Proposal Response; and
   g. Facilitate carve-out of any drug to an alternative Specialty Pharmacy or vendor selected by the Plan if the Vendor's pricing exceeds benchmarks, including but not limited to: (a) pharmacy's actual acquisition cost; (b) Wholesale Acquisition Cost (WAC); (c) National Average Drug Acquisition Cost (NADAC); or (d) other industry-standard benchmarks (e.g., Average Manufacturer Price (AMP) or state survey data). Exceedance shall be determined on a per-drug or per-claim basis and is subject to audits by the Plan or its designee. Facilitation includes, at no additional cost to the Plan: (a) providing sixty (60) days' notice of any price changes that could trigger carve-out; (b) transferring prescription data, Member history, and inventory as needed; (c) coordinating seamless transitions to minimize Member disruption (e.g., no gaps in access); and (d) complying with Plan directives within thirty (30) days of notice. The Plan reserves the right to initiate carve-outs upon evidence of exceedance.

7.3.3 Mail & Specialty Pharmacy Services

7.3.3.1 Overview and Expectations:

The Plan requires a Vendor with efficient Specialty and Mail Order Services that can be integrated with the Plan's Vendor for Claims Processing as outlined in Module 1. In addition to having the appropriate technology, programs and staff to manage these

services, this Vendor should have operational and/or network capacity to support Members that live in all 100 counties of North Carolina and throughout the United States.

7.3.3.2 Mail & Specialty Pharmacy Services Requirements

1. Vendor shall provide Mail & Specialty Pharmacy Services as follows:

    a. Vendor shall have the operational and/or network capacity to support Plan Members that reside in every county of North Carolina and throughout the United States with Mail Order and specialty prescription medications and services;

    b. Vendor shall assist Members with manufacturer coupon programs to assist Non-Medicare primary Members with high-cost Specialty Medications. While Members receive the value of the coupon, the Vendor shall work with the Plan's Module 1 Vendor to ensure the Members' coupon savings are not applied to the Members' out-of-pocket;

    c. Vendor supports Member's ability to pay by check, credit card, and ACH and does not impose a minimum charge requirement to utilize Mail Order Services;

    d. Vendor will transmit the following information as part of the real-time claim submission to the Plan's Module 1 Vendor:

        1) The Third-Party Assistance Amounts applied to the Member Cost Share;

        2) The Member Paid Amount, after application of all Third-Party Assistance Amounts; and

        3) Eligibility of the prescription for 340B replenishment.

    e. In accordance with N.C.G.S. §§ 90-85.27 and 90-85.28, Vendor shall get documented consent of the prescriber and Plan Member before substituting manufacturers for Narrow Therapeutic Index (NTI) drugs;

    f. Vendor shall maintain an adequate supply of covered drugs, including specific Biosimilars of the Plan's choosing, and shall have established an infrastructure to fill covered drugs at a rate sufficient to meet the needs of the Plan's Member population;

    g. Vendor must be willing to triage and coordinate all components of Limited Distribution Drug (LDD) procurement if not available from a Specialty Pharmacy provider;

    h. Plan reserves the right to negotiate directly with Specialty Pharmacies for LDD pricing and Vendor will allow these pharmacies and pricing to be added to any LDD specialty network; and

    i. Vendor allows Plan to adopt customizable automatic refill program rules or to disallow automatic refill programs, as designated by Plan;

2. The Vendor shall comply with the following requirements:

    a. Products that result in a higher Plan Member copay shall not be substituted. If a substitution must occur, the Plan Member shall be charged the original or lower copay;

    b. Plan will not be responsible for delinquent or unpaid Member copays; and

    c. Vendor shall always maintain at a minimum URAC pharmacy accreditation and adopt other accreditation standards as appropriate.

3. Vendor's Specialty Pharmacy shall provide care management and care coordination programs and services as approved by the Plan and required by accreditation standards, applicable manufacturers, the prescribing provider, and/or the applicable health benefit plan, including Member education, assistance, and monitoring.

Vendor shall:

a. Have care management and care coordination programs that can work in tandem with UM programs administered by the Module 1 Vendor;

b. Allow customization of clinical support programs to meet Plan's population needs. Clinical support program shall include, but not be limited to:

1) Waste management and weight-based dosing programs;
2) Medication adherence monitoring and interventions;
3) Assay management for hemophilia and oncology prescriptions;
4) Reimbursement solutions for covered drugs, including value-based payment model support;
5) Site of care programs;
6) Oral split fill programs;
7) Oncology management and pathway program;
8) Immunotherapy and gene therapy management strategies;
9) Biosimilar programs to encourage adoption;
10) Medical drug strategies and Formulary development;
11) 340B program management and health benefit plan solutions;
12) Support or block Specialty Pharmacy coupons, vouchers, or chronic disease funds by therapeutic class and Group level;
13) Specialty coupon maximization and accumulator adjustment program; and
14) Customized steerage to other Specialty Pharmacies, if needed.

c. Provide Member and/or prescriber outreach programs to facilitate conversion to Formulary alternatives and implement any outcomes-based initiatives upon request by Plan.

4. Vendor shall display a commitment to audit and willingness to customize existing audit programs to meet the Plan's needs.

Vendor shall:

a. Audit calls and transactions to ensure accuracy; and

b. Have an established fraud, waste and abuse programs.

5. The Plan reserves the rights to audit Vendors as needed. These include auditing claims records to ensure the appropriate medications were dispensed and UM policies applied.

a. Vendor shall cooperate with the Plan in any audit it conducts of the Vendor. Such cooperation includes providing systems access to the Auditor and all data needed to complete the audit as determined by the Plan.

7.3.4 Member Experience

7.3.4.1 Overview and Expectations:

A top priority for the Plan is ensuring a superior Member experience with all Member-facing resources and tools. The Plan seeks a Vendor who has similar priorities and can excel in this area. Every process, procedure, and Member touch point shall be designed to provide the best Member experience possible, which not only includes Plan Members, but Providers and Plan staff. All Member facing communications shall be written in a clear and concise manner.

Vendor must have robust web tools and adequate call centers to assist Members and providers. Vendor must show dedication to constant Member experience improvements and be an innovator in Plan Member engagement. The Vendor must also commit to supporting and assisting in the success of any third-party patient navigation tools selected by the Plan.

7.3.4.2 Plan Member Call Center Overview and Expectations:

The Plan requires a Vendor with a Plan Member call center that has hours of operation from at least 8:00 a.m. ET to 5:00 p.m. ET each State Business Day to respond to all Plan Member inquiries. The call center shall be dedicated to the Plan with a Plan-specific phone number and customizable greeting.

7.3.4.3 Plan Member Call Center Requirements

1. Vendor shall provide a dedicated Plan Member call center with hours of operation from at least 8:00 a.m. ET to 5:00 p.m. ET., each State Business Day, to respond to Plan Member Inquiries;

2. Vendor shall add additional resources to the call center as required to meet increased demand during peak call periods, such as during Open Enrollment;

3. Vendor shall have a dedicated toll-free number for Plan Members;

4. Vendor has a 24/7/365 Interactive Voice Response (IVR) systems with basic eligibility, benefit, and claim status information for Plan Members;

5. Vendor shall answer the phones with a greeting and closing that is mutually agreed to by the Plan which identifies the call center agent as a representative for the Plan;

6. Vendor shall customize the IVR script with a Plan-specific greeting and prompts, and transfers to other Plan Vendors;

7. Vendor shall make and receive warm and cold transfers to/from other Plan Vendors who may be required to resolve the Plan Members' issues;

8. Vendor shall receive emails from Plan Members and respond to their inquiries;

9. Vendor shall provide non-English speaking Services for callers who may need assistance in other languages. Include in the description what languages are available;

10. Vendor shall offer Telecommunication Device for the Deaf (TTY) Services, for Plan Members that need them. Include in the description other Services Vendor may offer for this population; and

11. Vendor shall have a process for receiving, handling, and resolving Member complaints and issues.

7.3.4.4 Integrated Call Tracking and Recording Systems Overview and Expectations

The Plan expects the Vendor to have an integrated call tracking and recording systems that enables Vendor or the Plan to easily track, pull, audit, and report on Plan Member calls. Vendor must be willing to share this data with the Plan upon request.

7.3.4.5 Integrated Call Tracking and Recording Systems Requirements

1. Vendor shall record and track all Plan Member calls, including date of initial call, date inquiry closed, representative who handled the call, if and where the call was referred for handling, reason for call (issue), and what was communicated to the Plan Member;

2. Vendor shall provide copies of recorded calls to the Plan within two (2) State Business Days of the request;

3. Vendor shall provide detailed copies of all call notes to the Plan within two (2) State Business Days of the request;

4. Vendor shall provide reports, based on call reason type, to the Plan upon request;

5. Vendor shall provide the Plan with a copy of its Customer service professionals' call process(s) and quality guidelines that shall be reviewed and used as a part of the Plan's audit procedure prior to the implementation of call audits; and

6. Vendor shall have a call audit program to measure the accuracy of the information provided to Plan Members who call Vendor.

7.3.4.6 Single Point of Contact Overview and Expectations

The Plan requires a responsive Vendor and a single-point-of-contact for Plan issues.

7.3.4.7 Single Point of Contact Requirements

1. Vendor shall designate a single point of contact or an Escalation Team to resolve individual Member issues; and

2. Vendor shall have a back-up contact for Plan leaders to contact to resolve any escalated Plan Member issues that may arise.

7.3.5 Other Vendor Integration

7.3.5.1 Overview and Expectations:

To ensure a seamless Member experience, Vendor must be willing to integrate with other Plan vendors and partners to share information required to adjudicate a claim. The Plan may also request a single-sign-on with another vendor or partner. The specific vendors and partner integrations shall be determined during the implementation and may change throughout the lifetime of the Contract.

7.3.5.2 Other Vendor Integration Requirements

1. The Vendor shall provide other Plan vendor integration support as follows:

    a. Integrate with other Plan vendors and partners such as, but not limited to, the Module 1 Vendor;

    b. Accept single-sign-on from any vendor or single-sign-on to any vendor, as requested by the Plan;

    c. Fully cooperate and coordinate with the Module 1 Vendor to establish mutually acceptable invoicing, reconciliation, and payment processes prior to the contract implementation date which includes each of the following:

        1) Enter into good-faith negotiations with the Module 1 Vendor to finalize all technical and operational details for electronic invoicing (e.g., format, frequency, required data elements, transmission method, and reconciliation procedures);

        2) Agree to and comply with Module 1 Vendor's invoicing and payment terms, including but not limited to:

            a) Invoice submission frequency (weekly or more frequent);
            b) Invoice format and data requirements;
            c) Payment cycle (no later than 10 days from receipt of a clean, accurate invoice); and
            d) Dispute resolution and reconciliation timelines.

        3) Execute any necessary business associate agreement, data-use agreement, or inter-vendor operating agreement required by the Module 1 Vendor or the Plan to facilitate timely and accurate payment; and

        4) Failure to reach agreement with the Module 1 Vendor responsible for Claims Adjudicator on reasonable invoicing and payment terms within sixty (60) days of vendor selection (or another mutually agreed

timeline) shall be considered a material breach and may result in termination of the Contract at the Plan's sole discretion. The Plan will facilitate initial introductions and discussions between the selected Vendor and the Claims Adjudicator but the ultimate responsibility for reaching workable payment terms rests with the Vendor.

7.3.6 Project Management & Integrated Testing

7.3.6.1 Initial Implementation Overview and Expectations

The Plan seeks a Vendor(s) with the systems and technical resources to support on-time, implementation of all programs and Services included in this Contract. In addition to the dedicated Project Manager, Vendor must provide dedicated resources and expertise to support simultaneous implementation of multiple work streams. Those work streams include, but are not limited to:

1. Pricing agreement and other agreements with Module 1 Vendor;
2. Operations;
3. Member experience; and
4. Integration with other vendors selected in the RFP process.

During the initial implementation, Vendor(s) shall work with the Plan to document which programs shall be implemented when all Services commence on January 1, 2028, how the programs shall be rolled out to Plan Members, and what customizations may be required by the Plan. Vendor(s) shall also work with any Plan Vendors identified by the Plan to implement customized programs, and any application programming interfaces (API) that may be required. While the Plan's project manager will coordinate and track all project Deliverables via the Plan's project management tool, Vendor(s) shall also provide status and other types of project reports.

To meet the Plan's expectations of providing a superior Member experience, Vendor(s) must have the dedicated resources available to assist with review and customization of all Plan Member-facing materials, including, but not limited to, communications provided to Plan Members via the Vendor's secure Member portal and any letters provided to Plan Members and/or Providers. Vendor(s) must also work with other Plan Vendors to set up the appropriate call transfer protocols and build any new workflow schematics that may be required. The Plan will work with the Vendor(s) to ensure Vendor's staff is appropriately trained and understands all Plan policies and requirements.

7.3.6.2 Initial Implementation Requirements

1. The Plan requires a Vendor(s) that has the resources, technology and technical resources to implement this Contract. As the Contract may be awarded to multiple Vendors, or a Vendor with Subcontractors, the full level of complexity is unknown at this time. Each vendor involved must be ready to begin the implementation within two weeks of the Contract award.

   Vendor shall:

   a. Have a fully assembled implementation team ready to begin work within two (2) weeks of Contract execution. The team shall include the Vendor's primary Project Manager that will oversee the entire implementation, any other project managers needed for the individual workstreams, and the dedicated resources outlined in the Account Management Section of this RFP and separate implementation resources for, at a minimum, each of the following work streams:

      1) Pricing agreement and any other agreements needed between Module 1 and Module 3 Vendor(s);

      2) Operations;

      3) Member experience; and

      4) Vendor Integration.

   b. Develop Solutions Documents, Implementation Plans, Test Plans, Deployment Plans, and Close-Out Documentation for

each workstream derived from the Plan's Business Requirements. These documents must be mutually agreed upon by Vendor, the Plan, and any impacted Plan Vendor. The Plan's Contract Administrator regarding day-to-day activities is authorized to sign these documents for the Plan;

c. Support both Unit Testing and End-to-End Testing prior to Go-Live. To support testing, Vendor shall not only have the resources, but also the test environments, necessary to support multiple work streams at one time. As mentioned above, the Test Plan shall be mutually agreed upon by Vendor, the Plan, and impacted Plan vendors;

d. Support a readiness review and/or implementation audit at least sixty (60) days prior to January 1, 2028, if requested by the Plan; and

e. Complete a full transition of Services and be fully operational on January 1, 2028.

7.3.6.3 Ongoing Vendor Testing and Project Implementation Overview and Expectations

Throughout the life of the Contract, the Plan will implement new benefits, Services, and Plan Vendors that will require Vendor(s) to be nimble and efficient in terms of implementing new processes and/or integrating with new Plan vendors or support changes to existing Plan vendors' requirements. In all instances, the Plan will work with Vendor(s) to develop an Implementation Plan that is mutually agreeable to Vendor, the Plan, and the other Plan vendors involved. Depending on the scope of the project, the Plan will work with all parties to let the implementation schedule dictate the Go-Live date, but in some instances, such as the annual benefit changes or Plan vendor changes, the Go-Live date will be predetermined. The Plan will notify Vendor(s) as soon as reasonably possible about all proposed changes.

7.3.6.4 Ongoing Vendor Testing and Project Implementation Requirements

1. The Plan requires a Vendor(s) that can partner with the Plan throughout the life of the Contract to ensure a successful open enrollment and deliver new programs and initiatives for Plan. Projects other than open enrollment often have short delivery windows and must be coordinated with other Plan vendors; therefore, Vendor(s) must be able to work with other Plan vendors to implement whatever technical enhancements are required to integrate with other Plan vendors and support the Plan.

   Vendor shall:

   a. Ensure Vendor's dedicated project manager oversees any initiatives requested by the Plan including annual open enrollment testing;

   b. Develop Solutions Documents, Implementation Plans, Test Plans, Deployment Plans, and Close Out Documentation for each work stream derived from the Plan's Business Requirements on an ongoing basis and as requested by the Plan. These documents shall be mutually agreed upon by Vendor, the Plan, and any impacted Plan Vendor. The Plan's Contract Administrator regarding day-to-day activities is authorized to sign these documents for the Plan;

   c. Support both Unit Testing and End-to-End Testing for new initiatives, Plan Design changes, and Vendor changes, prior to deployment. To support testing, Vendor shall not only have the technical and business resources, but also the appropriate test environments with access for the Plan. As mentioned above, the Test Plan shall be mutually agreed upon by Vendor, the Plan, and impacted Plan Vendors;

   d. Work closely and collaboratively with all other vendors selected by the plan to create a seamless experience for Members of the Plan;

   e. Support outreach to prescribing providers to obtain new prescriptions for Members to support the transition to Vendor;

   f. Support Member outreach communications that may include but not limited to mailing of Specialty Pharmacy enrollment forms and collaterals that describe available services, phone outreach for Plan Members to facilitate early Specialty Pharmacy enrollment and implements website capability to allow online registration and health benefit plan specific program drug pricing look up prior to go live;

g. Give access to the Plan, and if applicable, Plan vendors to view enrollment in Vendor(s)' test systems to confirm test results; and

h. Support and participate in End-to-End Testing that may be required to support enhancements developed by other Plan Vendors.

7.3.7 Data and Reporting

7.3.7.1 Overview and Expectations

Aligned with the Plan's vision and mission to be an innovative, data driven organization, the Plan seeks a Vendor that has the tools, technologies, strategies, and thought leadership that shall allow for cutting-edge, advanced level reporting, data analytics, and modeling that provides valuable insights for better decision making in support of the operational and strategic priorities of the Plan. The Plan also seeks a Vendor that can dedicate resources with the appropriate subject matter expertise in these critical functions.

7.3.7.2 Data Access and Transparency Requirements

1. Vendor shall demonstrate complete transparency when providing data and reporting to the Plan.

    a. The Vendor shall provide full, un-Redacted access to all claims, financial, and operational data, including but not limited to claims files, financial records, remittance data, and utilization data.

7.3.7.3 Data Files Overview and Expectations

The Plan requires a Vendor that will provide custom Data Files to the Plan on intervals to be determined during the implementation period. While the specific data and file formats shall be determined during implementation, the Plan would expect the Vendor to include all elements of the claim on the files.

7.3.7.4 Data Files Requirements

1. The Vendor shall:

    a. Provide a custom Data File(s) to the Plan on an interval to be determined during the implementation. While the file shall be based on the Vendor's standard file format, additional custom items, such as, but not limited to, Tier codes and dispensing, shipping and copay assistance information, will be required. The details of the file shall be documented in a Business Requirement Documents (BRD) similar to Attachment 5, Pharmacy Benefit Manager Data Files BRD;

    b. For claims data, include fields indicating which claims are included and excluded from financial guarantees (including those provided by other vendors) and the reason for inclusion/exclusion;

    c. Include reference files and data dictionaries with each Data File with thorough field descriptions;

    d. Include a control file with each Data File, utilizing a SHA512 Hash Checksum algorithm to verify data integrity; and

    e. Deliver files encrypted to the Plan's secure SFTP server.

7.3.7.5 Data Matching and Identifier Requirements

1. The Vendor must work with the Plan to ensure it has all the tools and resources necessary to utilize the data and reports provided by the Vendor.

The Vendor shall:

a. Include consistent and complete identifiers in all Data Files that enable accurate matching of Plan Members and transactions across systems and data sources, including but not limited to the Plan's TPA, EES vendor, and other Plan vendors;

b. Use the unique Member identifier provided by the Plan's EES vendor as the primary key for all Member-level data and shall not substitute or overwrite this identifier with a vendor-generated ID;

c. Ensure that all identifiers are consistently formatted and populated across all Data Files;

d. Provide a crosswalk or mapping file upon request to support reconciliation between vendor-specific identifiers and Plan-standard identifiers; and

e. Include in all Data Files and systems the identifiers needed to support cross-vendor and cross-file matching. The Plan recognizes that some of the identifiers listed below may not be transferred to the Vendor. The final list will be determined during the implementation.

1) Unique Member Identifier: The unique ID assigned by the Plan's EES vendor (not a vendor-generated ID);
2) Member SSN (if available and permitted): For matching legacy records and supporting audits;
3) Medicare Beneficiary Identifier (MBI): For Medicare primary Members;
4) Group ID: To support Group-level reporting and aggregation;
5) Plan Design ID: To distinguish between benefit structures;
6) Claim Number: Unique identifier for each claim, consistent across all files referencing the same transaction;
7) Transaction Control Number (TCN): If used, to support reconciliation across systems;
8) Date of Birth and Gender: For validation and matching where needed;
9) Enrollment Span ID or Effective Date: To align claims and eligibility records; and
10) File Source and File Type Identifiers: To distinguish between file types and support audit trails.

7.3.7.6 Data Accuracy and Validation Requirements

1. Vendor must perform its own data validation before providing data or reports to the Plan; and

2. Vendor shall perform and document accuracy testing for every Data File and report delivered, including:

a. Reconciling claims totals against corresponding invoices (total paid amounts must match within 0.5% variance; explanations required for deviations);

b. Reconciling claims totals against each financial guarantee;

c. Cross-checking enrollment data against source files for accuracy; and

d. Providing evidence of testing (e.g., audit logs, reconciliation reports) with each submission or upon request within five (5) State Business Days.

7.3.7.7 Retention and Access Requirements

1. Vendor shall retain records for ten years from the date that services were provided; and

2. Vendor shall provide access to such records and its facilities at any time during reasonable business hours during the ten-year holding period referred to above and agree to assist the Plan in the examination and assessment of such records.

7.3.8 Reporting Requirements

1. Vendor shall provide custom reports on a standard basis as follows:

    a. Vendor shall provide Standard Reports on a monthly, quarterly and annual basis in formats compatible with Plan systems and analytics tools. These will be custom reports. The report formats, delivery dates, and layouts will be developed during implementation. The Standard Reports and corresponding delivery schedule will be documented in an Attachment similar to Attachment 6: Standard Reports: Claims Processing and Customer Service Module and incorporated into the Contract via an ADM. The report formats will be memorialized via a BRD(s). The types, frequency and formats of the reports can be modified throughout the lifetime of the Contract to support changing business needs. At a minimum the Standard Reports will include:

        1) MAC Pricing Report - Report to detail GCN or GPI MAC price changes;

        2) Financial Guarantee Reporting – Quarterly and annual performance compared to the guarantees for Minimum Brand Effective Rate Guarantees, Minimum Generic Effective Rate Guarantees, Maximum Brand Aggregate Dispensing Fee Guarantees, and Generic Aggregate Dispensing Fee Guarantees;

        3) Pharmacy Performance Report - Discounts, fees, and total cost paid by drug and pharmacy type and trend – Monthly;

        4) Call center reporting - Call center calls daily tracking of performance metrics and trending, with detail call drivers and variances explanation - Monthly (or more frequent during open enrollment);

        5) Clinical Program outreach and outcomes report - Program outcomes report for any clinical outreach activity (e.g., Medication adherence, Formulary conversion etc.) – Varies;

        6) Specialty Drug trend report - Top drug, drug class quarterly and annual trend on per member per month cost, cost per script and utilization by lines of business – Quarterly;

        7) Drug Pipeline report and budget impact forecast - Drug Pipeline for next 24 months that summarizes key clinical insights and projected prevalence of use and cost impact – Quarterly;

        8) Copay Card report with detailed, claim-level reporting with copay card, coupon, or other manufacturer assistance program utilization to the Plan in Excel format. The report should include claim costs, manufacturer assistance amounts applied, actual Member costs, claim numbers, Member IDs, or other identifiers – no less than quarterly; and

        9) Drug List report that includes a list of drugs by GPI, NDC, and drug categories included in the Specialty Pharmacy services package – Quarterly.

2. Ad Hoc and Custom Reporting.

    Vendor shall:

    a. Provide ad hoc, custom reports on an as needed basis;

    b. Provide the methodology and data logic used to produce all standard and custom reports and how that logic corresponds to the Data Files that Vendor shall provide to the Plan on an ongoing basis;

    c. Produce non-complex ad hoc reports [Can be produced in less than four (4) hours] within two (2) State Business Days of request and more complex ad hoc report request within five (5) State Business Days to support the Plan's responsibilities to the Board of Trustees and/or North Carolina General Assembly;

d. Collect and maintain the Member Cost Shares, Third-Party Assistance Amounts, and Member Paid Amounts at the claim level for all prescription drug claims submitted to the Module 1 Vendor; and

e. Work collaboratively with Plan staff, consultants, and auditors to ensure reporting meets evolving needs and supports strategic decision-making.

7.3.9 Optional Services

7.3.9.1 Overview and Expectations

Optional Services are additional services the Vendor can provide. The Plan may exercise the option to implement any of the Optional Services described in Vendor's technical response and included in the Cost Proposal via the procurement process or later by Amendment to the Contract. Vendor must identify Optional Services in the technical response by completing the table provided in the Technical Response Document and including Pricing in the Cost Proposal. Optional Services include Conditional Services as described below.

7.3.10 Conditional Services

7.3.10.1 Overview and Expectations

Conditional Services are those services Vendor is offering as an Optional Service if awarded multiple modules. The Plan may exercise the option to implement any of the Conditional Services described in Vendor's technical response and included in the Cost Proposal via the procurement process or later by Amendment to the Contract.

7.3.11 Transition of Services Requirements

7.3.11.1 Overview and Expectations

The Plan requires a Vendor that can work with the Plan to ensure a smooth transition of Services at the beginning and end of the Contract or if Services are carved out of the Contract.

7.3.11.2 Transition of Services Requirements

1. If a Contract results from this solicitation, the Vendor shall cooperate fully with the incumbent, as required by the Plan, in the transition of contract related activities;

2. If the Contract is not renewed at the end of the last active term or is canceled prior to its expiration for any reason, the Vendor shall cooperate fully in the transition of Contract-related activities to the successor vendor and Plan for a period of up to eighteen months if requested by the Plan to allow for the expired or canceled portion of the Services to continue without interruption or adverse effect, and to facilitate the orderly transfer of such Services to the Plan or its designees;

3. The Plan requires a Vendor that can work with the Plan to ensure a smooth transition of Services at the end of the Contract or if Services are carved out of the Contract; and

   At a minimum, Vendor shall provide the following transitional services:
   a. Support the Plan's eighteen month claims runout;

   b. Work with the Plan and the new PBM Services vendor to develop a transition schedule that causes minimal disruption to Plan Members;

c. Work with the Plan and the new PBM Services vendor(s) to transfer utilization management, refill information, and any other data as requested during the new contract implementation period; and

d. Continue to send claims Data Files to the Plan during the runout period. The file delivery schedule shall be determined during the implementation of the new contract.

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8.0 DELIVERABLES, PERFORMANCE GUARANTEES, AND FEE REDUCTIONS

8.1 General Information

a) Vendor shall be subject to certain reductions in fees or payments based on performance and delivery of contracted Services outlined in Section 5.3 "Module 1: Claims Processing, Customer Service, and Retail Network Technical Requirements;" Section 6.3 "Module 2: Formulary Strategy, Utilization Management and Rebate Administration Technical Requirements;" Section 7.3 "Module 3: Specialty and Mail Order Pharmacy Services Technical Requirements;" and the schedules in Sections 8.6, 8.7, and 8.8. Unless otherwise specified, the reductions in fees shall be calculated as a flat dollar amount or as a percentage (%) of administrative fees paid by the Plan, as each is stated below.

b) Vendor shall remit payment associated with any reductions in fees through the Automated Clearing House (ACH). Prior to the remittance of payment, Vendor shall notify the Plan of the forthcoming payment via email. Any such Performance Guarantee payment shall be due to the Plan within thirty (30) days of the request. Credit memo or invoice adjustment is prohibited.

c) Failure of Vendor to accept reductions in fees according to the schedules in Sections 8.6, 8.7, and 8.8 for any non-compliant contract Deliverable listed in this section shall be, at the Plan's discretion, grounds for immediate termination of the Contract.

d) Reductions in fees may be waived by the Plan in the event there are circumstances outside Vendor's control which resulted in failure to meet the established timeframe or Deliverable. However, as specified in Attachment C. 23. "No Waiver," the waiver by the State of any right or remedy on any one occasion or instance shall not constitute or be interpreted as a waiver of that or any other right or remedy on any other occasion or instance.

e) Any delay in the submission of any Contract Deliverable requires a written explanation and written approval by the Plan's Executive Administrator. However, such explanation and approval will not constitute automatic waiver of any associated reduction in fee.

f) Vendor shall provide a written explanation to the Plan no later than thirty (30) days prior to the due date of any Deliverable if a delay is anticipated. This notice shall not relieve Vendor of its responsibility, or any reduction in fees, for untimely completion of Deliverables in accordance with the Contract.

8.2 Audits of Records and Performance

The Plan reserves the right to conduct an audit of Vendor's records as specified in Attachment C. 1. "Access to Persons and Records" to validate the results of Vendor's performance. Vendor will be required to resolve any material discrepancies identified to the satisfaction of the Plan.

8.3 Performance Guarantee on Reporting Timeliness

Attachment 6. "Standard Reports: Claims Processing and Customer Service Module" outlines the due dates for reports. Reports without a specific time of day noted on the report are due by 5:00 p.m. ET. If any report due date falls on a weekend or holiday, the due date is the first State Business Day after the scheduled date.

8.4 Summary of Performances Guarantees

The Performance Guarantee section is comprised of schedules indicating the measure, description, standard, and fees at risk for each Performance Guarantee. Included are one-time Performance Guarantees around implementation of Services and additional Performance Guarantees measured on a quarterly basis throughout the term of the Contract. The Performance Guarantees for all Services have been set by the Plan.

8.5 Performance Guarantee Definitions

a) Risk percentages for the Ongoing Services Performance Guarantees are a percentage of the total quarterly Standard Services Administrative Fees outlined in Section 4.2.1 Administrative Fees Applicable to Modules 1, 2 and 3.

b) EDI Load Rate is the number of enrollment transactions that successfully pass the EDI edits and load automatically into

Vendor's system without manual intervention. The enrollment transaction should be counted at the contract, or family level.

c) Manual entry accuracy shall be calculated at the contract, or family level. There should be one (1) point assigned at the Subscriber enrollment level. If any field on the family enrollment is inaccurately entered, the score for that enrollment is zero. (Example: Ten (10) enrollments are pulled for audit. Five (5) contain enrollments for more than one (1) Member of a family and five (5) are for individual enrollments. Total points available for this audit are ten (10) points. Upon audit, it is determined that an address was misspelled on one (1) enrollment and two (2) family Members were inaccurately enrolled on one (1) enrollment. Eight (8) out of 10 enrollments were completed accurately; therefore, the accuracy score is 80%. The audit sample size will be determined by the Plan during the implementation and the ongoing audits will be performed by Vendor. If additional inaccurate updates are identified (by the Group, Member, Plan or Plan vendors, etc.), the additional error and transaction should be included in the month's accuracy score.

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8.6 Module 1 Schedules of Performances Guarantees: Claims Processing, Customer Service, and Retail Network

Module 1 Schedule I. Initial Implementation Performance Guarantees		
Measure	**Initial Implementation**	**Monetary Risk**
Timeliness	**Insurance** Vendor shall provide proof of insurance required in Attachment C: 19. "Insurance" to the Plan within fifteen (15) days of award of Contract.	Vendor shall pay $10,000.00 for each day the proof of insurance is late.
Timeliness	**Enrollment Data File** Vendor shall process in its system the initial Enrollment Data File from the Plan's EES Vendor by 5:00 p.m. ET on the second State Business day after receipt. The target delivery date of the Enrollment Data File shall be determined during implementation and documented in the Implementation Plan.	Vendor shall pay $10,000.00 for each day beyond the initial file load date in the Implementation Plan.
Timeliness	**Call Center** Vendor shall have the Call Center fully operational by the first day of the Plan's 2028 Open Enrollment which includes having the Plan's toll-free phone number operational, the IVR established with custom language and prompts, and all cold and warm transfers in place. Open Enrollment is generally in October. The exact dates shall be finalized during implementation and documented in the Implementation Plan.	Vendor shall pay $10,000.00 for each day the Call Center is not operational beyond Go-Live date in the Implementation Plan. The Go-Live dates will be determined during the Implementation.
Timeliness	**All Other Services** Vendor shall ensure all other services under the Contract are fully implemented by the applicable "Go-Live" dates which shall be determined during implementation and documented in the Implementation Plan.	Vendor shall pay $5,000.00 for each day a service is not operational by the Go-Live Dates in the Implementation Plan.

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Module 1 Schedule II. Ongoing Performance Guarantees			
Measure	**Enrollment, Group Set-Up, & EDI**	**Target**	**Risk**
Timeliness	Vendor shall add new Employing Units ≤ five (5) State Business Days of receipt of the necessary documents.	100%	$2,500.00 for each additional day it takes to set up a new Employing Unit.
Timeliness	Enrollment Files are loaded in in Vendors' system(s) and Members are fully enrolled within twelve (12) hours of receipt from the Plan's EES Vendor. This does not include Members that fall out of processing for manual review. A Member is considered "enrolled" when he/she is able to obtain a prescription at a retail, specialty or mail pharmacy without intervention by Vendor or the Plan.	100%	$1,000.00 per hour delay per file
Timeliness	EDI Load Rate	98%	0.5%
Timeliness	Vendor shall complete the monthly enrollment audit within three (3) days. Vendor has two (2) days to process and report audit results and one (1) day to make any manual updates needed. The audit schedule shall be confirmed during implementation and documented in the Implementation Plan. The audit schedule may be altered throughout the life of the Contract via ADM.	100%	$2,500.00 per day for each extra day it takes to complete the audit.
Accuracy	Vendor shall accurately configure new Employing Units ≤ five (5) State Business Days of receipt of the necessary documents. To be considered accurate the naming and organizational structure (Group number or other data elements that are required to set-up a new Group in Vendor's system) must be accurate.	100%	0.5%
Accuracy	Manual Entry Accuracy Rate	99%	2%
	Clinical		
Timeliness	**Utilization Management** Vendor shall complete UM Reviews (prior authorization, Step Therapy, and/or quantity limits) ≤ seventy-two (72) hours after receipt.	95%	0.25%
Timeliness	**Formularies** Vendor shall implement changes to the Plan's Formulary by the effective date of the change.	100%	1.0%
Measure	**Customer Experience**	**Target**	**Risk**
Timeliness	**Average Speed of Answer (ASA)** The Member Services Call Center ASA shall be on average ≤ thirty (30) seconds each month.	100%	0.5%
Timeliness	**First Call Resolution Rate** First Call Resolution Rate shall be defined as: (i) the total number of telephone calls made by a Member and resolved by Vendor's Customer service representatives on the first call as measured by the Member not calling back the Vendor Customer service center within five (5) State Business Days regarding the same inquiry, divided by (ii) the total number of telephone calls made by Members and received by the Vendor.	93%	1.0%

Module 1 Schedule II. Ongoing Performance Guarantees Continued			
Measure	**Claims and Financial Audits & Reconciliation**	**Target**	**Risk**
Timeliness	***Claims Audit Reconciliation** Vendor shall complete the final reconciliation and remit any and all reimbursement to the Plan within sixty (60) days of the final report being issued by the Plan's Auditor.	100%	$5,000.00 for each day after day sixty (60) that the payment is late.
Measure	**Reporting**	**Target**	**Risk**
Timeliness	**Financial Guarantee Reporting** Vendor shall provide the Plan a report that captures all financial guarantees (e.g., Discounts, fees, and rebates) within forty-five (45) days of the end of each quarter.	100%	$2,500.00 for each day the report is late.
Timeliness	**Performance Guarantee Reporting** Vendor shall provide the Plan a report that captures Performance Guarantees quarterly within forty-five (45) days of the end of each quarter.	100%	$2,500.00 for each day the report is late.

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8.7 Module 2 Schedules of Performances Guarantees: Formulary and Utilization Management and Rebate Management/Aggregation

Module 2: Schedule I. Initial Implementation Performance Guarantees		
Measure	**Initial Implementation**	**Monetary Risk**
Timeliness	**Insurance** Vendor shall provide proof of insurance required in Attachment C: 19. "Insurance" to the Plan within fifteen (15) days of award of Contract.	Vendor shall pay $10,000.00 for each day the proof of insurance is late.
Timeliness	**Project Initiation**: Vendor shall have a fully assembled implementation team ready to begin work within two (2) weeks of Contract execution.	Vendor shall pay $10,000 for each day after the two-week mark that the full team is not ready to meet.
Timeliness	**Operating Model Development**: Vendor to complete plan blueprint to document "current state" model and established "future state" operational model no later than sixty (60) days after the kickoff date. The format and scope of the blueprint require approval by Plan prior to starting the documentation.	Vendor shall pay $10,000 for each day the operating model is late.
Timeliness	**Project Planning** – Milestone Development: Vendor will create and provide the initial project plan including key or critical implementation milestones within thirty (30) days after the kickoff date. A mutually agreed upon integrated project plan (between Vendor and Plan) will be baselined within three (3) months after project initiation.	Vendor shall pay $10,000 for each day the project plan is late.
Timeliness	**Plan's P&T Committee Meeting Support** Vendor shall support and participate in the Plan's P&T Committee meeting in the fall of 2027 to finalize any Formulary, utilization management, or prior approval policies to take effect January 1, 2028. To support this meeting, Vendor must have all Formulary and policy changes documented in a consumable format prior to the meeting. The specific due dates for each Deliverable, shall be established during implementation and documented in the Implementation Plan.	Vendor shall pay $10,000 for each day the Deliverables are late.
Timeliness	**Documents Posted on Plan's Website** Vendor shall provide final copies of all documents that must be posted on the Plan's website including the comprehensive Formulary list, the Preferred Drug List, and all utilization and PA policies by the date established in the Implementation Plan., which can be no later than December 20, 2027.	Vendor shall pay $10,000 for each day the Deliverables are late.

Module 2: Schedule I. Initial Implementation Performance Guarantees Continued		
Timeliness	**All Services** Vendor shall ensure all other services under the Contract are fully implemented by the applicable "Go-Live" dates which shall be determined during implementation and documented in the Implementation Plan, but in no instance will a Go-Live date be post January 1, 2028. Any open defects or issues that cannot be remediated prior to January 1, 2028, will require the Plan's approval to move forward with the January 1, 2028, date.	Vendor shall pay $25,000 for each day the program is not fully operational after January 1, 2028.

Module 2: Schedule II. Ongoing Performance Guarantees – Reviewed & Accessed Quarterly			
Measure	**Formulary Management**	**Target**	**Risk**
Timeliness	**Formulary Change**: All data required to implement any Formulary changes recommended by the Plan's P&T Committee and approved by the Plan's Executive Administrator will be delivered to the Plan's Module 1 Vendor in the agreed upon consumable format within five (5) days after the Plan provides written, final approval/notification of the changes to Vendor. The "consumable" format will be determined during the implementation period and documented in an ADM.	**100%**	**2% of quarterly Admin Fees**
Measure	**Utilization Management**	**Target**	**Risk**
Timeliness	**UM Documentation:** All data required to implement any UM changes recommended by the Plan's P&T Committee or the Plan will be delivered to the Plan's Module 1 Vendor in the agreed upon consumable format within five (5) days after the Plan provides written, final approval/notification of the changes to Vendor. The "consumable" format will be determined during the implementation period and documented in an ADM.	**100%**	0.5% of Quarterly Admin Fees
Measure	**Audits**	**Target**	**Risk**
Timeliness	**Audit Responses:** Vendor shall submit a reply to quarterly audits within fourteen (14) days after the final report/audit issued by the Plan's Auditor.	100%	0.05% of Quarterly Admin Fees
Timeliness	**Audit Response:** Vendor shall submit a reply to annual audits within forty-five (45) days of the final report/audit being issued by the Plan's Auditor	100%	0.05% of Quarterly Admin Fees
Timeliness	**Payments/Reimbursements:** Vendor shall make any adjustments, payments, and/or reimbursements determined necessary by the audit within thirty (30) days of the audit close out in accordance with Section 6.3.5 Audits.	100%	0.05% of Quarterly Admin Fees
Measure	**Reporting**	**Target**	**Risk**
Timeliness	**Standard Reports- Accuracy and Timeliness**: Vendor shall deliver all Standard Reports by 5:00 p.m. ET, no later than the due date. The reports and delivery schedule will be documented via ADM during the implementation and may be updated throughout the lifetime of the Contract.	100%	0.05% of Quarterly Admin Fees

8.8 Module 3 Schedules of Performances Guarantees: Specialty and Mail Order Pharmacy Services

Module 3 Schedule I. Initial Implementation Performance Guarantees		
Measure	**Initial Implementation**	**Monetary Risk**
Timeliness	**Insurance** Vendor shall provide proof of insurance required in Attachment C: 19. "Insurance" to the Plan within fifteen (15) days of award of Contract.	Vendor shall pay $10,000.00 for each day the proof of insurance is late.
Timeliness	**All Other Services** Vendor shall ensure Services under the Contract are fully implemented by the applicable "Go-Live" dates which shall be determined during implementation and documented in the Implementation Plan.	Vendor shall pay $5,000.00 each day for services that are not operational by the Go-Live Dates in the Implementation Plan.

Module 3 Schedule II. Ongoing Performance Guarantees			
Measure	**Customer Experience**	**Target**	**Risk**
Timeliness	**Average Speed of Answer (ASA)** The Member Services Call Center ASA shall be on average ≤ thirty (30) seconds each month.	100%	0.5%
Timeliness	**First Call Resolution Rate** First Call Resolution Rate shall be defined as: (i) the total number of telephone calls made by a Member and resolved by Vendor's Customer service representatives on the first call as measured by the Member not calling back the Vendor Customer service center within five (5) State Business Days regarding the same inquiry, divided by (ii) the total number of telephone calls made by Members and received by the Vendor.	93%	1.0%
Measure	**Reporting**	**Target**	**Risk**
Timeliness	**Financial Guarantee Reporting** Vendor shall provide the Plan a report that captures all financial guarantees (e.g., Discounts, fees, and rebates) within forty-five (45) days of the end of each quarter.	100%	$2,500.00 for each day the report is late.

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LIST OF ATTACHMENTS AND EXHIBITS

ATTACHMENT A	COST PROPOSAL
ATTACHMENT A -1	MODULE 1 COST PROPOSAL RESPONSE SAMPLE
ATTACHMENT A -2	MODULE 2 COST PROPOSAL RESPONSE SAMPLE
ATTACHMENT A -3	MODULE 3 COST PROPOSAL RESPONSE SAMPLE
ATTACHMENT B	INSTRUCTIONS TO VENDORS
ATTACHMENT C	GENERAL CONTRACT TERMS & CONDITIONS
ATTACHMENT D	CUSTOMER REFERENCE TEMPLATE
ATTACHMENT E	LOCATION OF WORKERS UTILIZED BY VENDOR
ATTACHMENT F	CERTIFICATION OF FINANCIAL CONDITION
ATTACHMENT G	PROPOSAL SUBMISSION INFORMATION
ATTACHMENT H	HIPAA COMPLIANCE QUESTIONNAIRE
ATTACHMENT I	BUSINESS ASSOCIATE AGREEMENT
ATTACHMENT J	ADMINISTRATORS FOR THE CONTRACT, HIPAA COMPLIANCE OFFICER, AND INFORMATION SECURITY OFFICER
ATTACHMENT K	DATA USE AGREEMENT (DUA)
ATTACHMENT L	MINIMUM INFORMATION SECURITY REQUIREMENTS
ATTACHMENT M	IT SERVICES INVENTORY WORKSHEET
ATTACHMENT N-0	ALL MODULES MINIMUM REQUIREMENTS RESPONSE
ATTACHMENT N-1	MODULE 1 MINIMUM REQUIREMENTS RESPONSE
ATTACHMENT N-2	MODULE 2 MINIMUM REQUIREMENTS RESPONSE
ATTACHMENT N-3	MODULE 3 MINIMUM REQUIREMENTS RESPONSE
ATTACHMENT O -1	MODULE 1 TECHNICAL REQUIREMENTS RESPONSE
ATTACHMENT O -2	MODULE 2 TECHNICAL REQUIREMENTS RESPONSE
ATTACHMENT O -3	MODULE 3 TECHNICAL REQUIREMENTS RESPONSE
ATTACHMENT P	SUBCONTRACTOR IDENTIFICATION FORM
ATTACHMENT Q	EVALUATION METHODOLOGY
ATTACHMENT 1	PBM – EES BUSINESS REQUIREMENTS BRD

ATTACHMENT 2	SAMPLE ENROLLMENT AUDIT SCHEDULE
ATTACHMENT 3	STATE HEALTH PLAN GROUP STRUCTURE
ATTACHMENT 4	PBM CALL AUDIT EXPECTATIONS
ATTACHMENT 5	PHARMACY BENEFIT MANAGER DATA FILE REQUIREMENTS BRD
ATTACHMENT 6	STANDARD REPORTS: CLAIMS PROCESSING AND CUSTOMER SERVICE MODULE
ATTACHMENT 7	MODULE 1 ALTERNATIVE CLAIMS FUNDING OPTION AND RESPONSE
EXHIBIT A- 1	CLAIMS DATA HISTORY FILE LAYOUT (referenced in Attachment A: Cost Proposal)
EXHIBIT A- 2	SELECTED UTILIZATION MANAGEMENT CRITERIA (referenced in Attachment A: Cost Proposal)
EXHIBIT A -3	2024-2025 SELECTED PLAN DESIGN PARAMETERS PLAN DESIGN (referenced in Attachment A: Cost Proposal)
EXHIBIT A -4	DEPOSITS AND DISBURSEMENTS PROCESS (referenced in Attachment 7: Module 1 Alternative Claims Funding Option Response)
EXHIBIT O-2-1	STRATEGIC FORMULARY AND UTILIZATION MANAGEMENT INITIATIVES - DETAIL WORKSHEET (referenced in Attachment O-2 Module 2 Technical Requirements Response)

ATTACHMENT A: COST PROPOSAL

INSTRUCTIONS FOR DATA ACCESS AND COST PROPOSAL

This section contains the submission requirements and instructions for Data Files and Cost Proposal worksheets required to be submitted by Vendor(s).

Each Vendor must submit a signed **Attachment K: Data Use Agreement (DUA)** to the Plan to gain access to Cost Proposal worksheets and Data Files. The DUA is included as part of the Minimum Requirements and must be submitted with Minimum Requirement Responses.

The Plan will send the signed DUAs for all Vendors meeting Minimum Requirements to its Pharmacy Benefit Consulting vendor, Pharmaceutical Strategies Group, LLC (PSG). The PSG point of contact will send the Vendor's designated recipient a unique link to their secure workspace within PSG's secure file transfer system, ShareFile.

Within this workspace, Vendors will be able to securely access and download the following documents:

1. Claims data history file: This file will only be available for download from the Vendor's secure folder;
2. Census data, needed for the GeoAccess requirement: This file will only be available for download from the Vendor's secure folder; (Use this file to assist in responding to Attachment O-1: Module 1 Technical Requirements Response, Evaluation Question 29., subsections f.-h.).
3. Formulary file; and
4. One or more of the following Cost Proposal worksheets based on Vendor's Module selection:
    a. Attachment A-1 - Module 1 Cost Proposal Response;
    b. Attachment A-2 - Module 2 Cost Proposal Response;
    c. Attachment A-3 - Module 3 Cost Proposal Response.

Additional reference information that will be required to complete the Cost Proposal include:

1. Claims data history file layout as seen in Exhibit 1;
2. Selected Utilization management criteria as seen in Exhibit 2 and
3. 2024-2025 Selected Plan Design Parameters Plan Design as seen in Exhibit 3.

For informational purposes, the PSG point of contact is as follows:

Crystal McClain
Crystal.McClain@psgconsults.com
469.217.7674

If issues arise, PSG and Vendor are permitted to communicate via email directly with one another regarding the transmission and receipt of documents through the Secure File Transfer system, ShareFile. PSG and Vendor **must copy Antonio.Leathers@nctreasurer.com and SHPContracting@nctreasurer.com on such emails**. This communication is limited to technical support; all substantive questions shall be submitted pursuant to Section 2.5 Proposal Questions set forth in the RFP.

For each RFP module the Vendor chooses to respond to, the Vendor must complete and submit the corresponding Cost Proposal in Attachment A. Sample cost proposal templates for Modules 1, 2, and 3 have been provided for review as Attachment A-1 - Module 1 Cost Proposal Response Sample; Attachment A-2 - Module 2 Cost Proposal Response Sample; and Attachment A-3 - Module 3 Cost Proposal Response Sample.

As a reminder, PSG will release the actual Cost Proposal Templates to be completed by Vendors meeting the Minimum Requirements. If a Vendor fails to submit a Cost Proposal exactly as required by the RFP, the Plan may deem the proposal to be non- responsive and reject it.

Vendor's Cost Proposal response shall be inclusive of all financial requirements listed in the COST PROPOSAL WORKBOOK and shall not contradict any aspect of Vendor's Technical Proposal response or any other Contract Documents.

All pricing terms reflect the following conditions:

Vendor acknowledges and agrees that the Plan retains final and absolute authority to determine and modify, at its sole discretion, each of the following elements.

a. Plan Design: Each version of the health benefit plan and its corresponding terms that define the Member's cost-share, including but not limited to benefit structures, copayment/coinsurance Tiers, deductibles, out-of-pocket maximums.
b. Drug Exclusions: Decisions on which drugs or drug classes are excluded from coverage under the Plan.
c. Formulary Drug Positioning: Placement of drugs on the Formulary, including Tier assignments, preferred/non-preferred status, and any Step Therapy or PA requirements.
d. Conditions for Mandatory Mail Order Fulfillment: Rules specifying when Members must use Mail Order Services for prescription fulfillment.
e. Conditions for Specialty Pharmacy fills: Requirements dictating when drugs must be dispensed through a designated Specialty Pharmacy.
f. Conditions for Extended Days' Supply or Mail Order Fills: Criteria for allowing or restricting access to extended supplies (e.g., 90-day fills) or Mail Order options.
g. Clinical Rules and Protocols: Implementation of utilization management programs, including quantity limits, dose optimization, and other clinical edits.
h. Network Status for Contracted Pharmacies: Determinations regarding the inclusion, exclusion, or tiering of pharmacies within the network.
i. Variable per-claim payments to contracted pharmacies: payments to select pharmacies in excess of maximum allowed Dispensing Fees provided in Cost Proposal.
j. Eligibility Rules: Standards for Member eligibility, including enrollment verification, coordination of benefits, and any other rules governing who qualifies for Plan benefits.

Pricing proposals must be structured such that changes to these elements do not result in any upward adjustment to costs, fees, or reductions in Rebates or other financial guarantees, except for adjustments explicitly allowed under the Contract. Any such adjustments not explicitly permitted under the Contract shall not be allowed.

Any deviations or qualifications to these requirements must be clearly identified in the proposal, along with their potential financial impact, and may result in disqualification at the Plan's discretion.

MODULE 1

Administrative Fees

The Plan requires Vendors to provide firm pricing for all Services included in the scope of this Module. Administrative Fees should serve as the primary source of revenue for the Vendor under this Contract. No additional or hidden revenue streams should be embedded in other pricing components. All costs must be fully disclosed and reflected in the Administrative Fee structure. All fees must be expressed as indicated in the Cost Proposal Response workbook. Any additions proposed outside the table may be considered by the Plan at its sole discretion and may be rejected without further review.

The Plan seeks a Vendor that provides the greatest flexibility in delivering Services. Throughout the Contract term, the Plan may investigate alternative approaches and strategies for providing the requested Services. The Plan expects the awarded Vendor to support this flexibility by agreeing to adjust administrative fees downward to reflect the removal of carved-out Services or any service that becomes unnecessary during the life of the Contract. The Plan requests that most Services be priced on a per-Member-per-month (PMPM) basis, but the Plan recognizes that certain activities cannot be reasonably captured under a PMPM model. Vendors may propose alternative pricing structures for ad-hoc and transaction-based Services, such as hourly rates or per-transaction fees. Vendors bidding on more than one Module are encouraged to offer discounts on the Standard

Administrative Fee if selected for more than one Module. Any proposed discounts must be clearly presented in the indicated section of the Administrative Fees Worksheet.

Fees for services identified in the Optional Services Tables of the Technical Response should be separately and clearly listed on the Service Fee table. Do not bundle or embed optional/conditional fees into the standard administrative fees; any such bundling will be considered non-responsive. Credits and allowances should be provided as indicated.

Alternate Proposal Table: This will only be completed if Vendor is submitting an alternative proposal for Module 1 claims funding. If submitting an Alternate Proposal by completing Attachment 7: Module 1 Alternative Claims Funding Option and Response, indicate the Retail Network Fee that would apply if the Vendor were to fund claims for payment from the Plan's bank account rather than in advance.

Retail Network Pricing

The Retail Network Pricing structure establishes the financial guarantees that will govern the delivery of retail pharmacy Services under this Contract. Vendors are required to submit a comprehensive pricing proposal that includes guaranteed Discounts off Average Wholesale Price (AWP), Dispensing Fee guarantees on a per-script basis. In addition, Vendors must provide a Generic Fill Rate guarantee and acknowledge associated penalties for underperformance. All pricing must account for known market factors, including patent expirations and legislative changes.

Vendor will submit a broad network offer only based on the claims data received from the Plan. Offer must be expressed as indicated in the Cost Proposal Response workbook. Vendor must provide network name and the number of pharmacies.

Guarantees must conform to the reconciliation methodology in the Cost Proposal Requirements. Discount guarantees will be based on a percent off AWP (AWP Minus). Dispensing Fee guarantees will be on a Per Paid Claim basis. .

MODULE 2

Administrative Fees

The Plan requires Vendors to provide firm pricing for all administrative services included in the scope of this Module. Administrative Fees should serve as the sole source of revenue for the Vendor under this Contract. No additional or hidden revenue streams should be embedded in other pricing components. All costs must be fully disclosed and reflected in the Administrative Fee structure. All fees must be expressed as indicated in the Cost Proposal Response workbook. Any additions proposed outside the table may be considered by the Plan at its sole discretion and may be rejected without further review.

The Plan seeks to contract with a Vendor that provides the greatest flexibility in delivering Services under the awarded contract(s). Throughout the contract period, the Plan may investigate alternative approaches and strategies for providing the requested Services. The Plan expects the awarded Vendor to support this flexibility by agreeing to adjust administrative fees downward to reflect the removal of carved-out Services or any service that becomes unnecessary during the life of the Contract. The Plan requests that most Services be priced on a per-Member-per-month (PMPM) basis, but the Plan recognizes that certain activities cannot be reasonably captured under a PMPM model. Vendors may propose alternative pricing structures for ad-hoc and transaction-based Services, such as hourly rates or per-transaction fees. Fees shall not be proposed based on "shared saving" or any similar model where payment is contingent upon, derived from, or calculated as a portion of cost savings, reductions in drug expenditures, utilization changes, or other financial outcomes achieved for the Plan or its Members.

Vendors bidding on more than one Module are encouraged to offer discounts on the Standard Administrative Fee if selected for more than one Module. Any proposed discounts must be clearly presented in the indicated section of the Administrative Fees Worksheet.

Fees for services identified in the Optional Services Tables of the Technical Response should be separately and clearly listed on the Service Fee table. Do not bundle or embed optional/conditional fees into the standard administrative fees; any such bundling will be considered non-responsive. Credits and allowances should be provided as indicated.

Minimum Rebate Guarantees

Based on your proposal and the utilization data provided for this RFP, complete the "Rebate Worksheet" tab in the Pricing Spreadsheet with the estimated number of claims and WAC for each year of the Contract term. Then, for each type of allowable exclusion specified, provide estimates of the number of claims and associated WAC Vendor expects to be excluded from rebate guarantees. Finally, provide the total amount of projected Rebates Vendor expects to remit to the Plan based on estimated claims, exclusions, and minimum rebate guarantee amounts provided in your proposal.

Vendor must provide, at minimum, the rebate guarantees defined above, in addition to the entirety of the "Rebate Worksheet" tab of the Pricing Spreadsheet.

Provide any and all assumptions used in underwriting your proposal on the "Assumptions" tab of the Pricing Spreadsheet. Describe the assumed biosimilar and Generic pipeline (2026-2028) incorporated into the underwriting assumptions.

Provide detailed trend assumptions for the following key categories:

A. Diabetes Insulin
B. Diabetes Oral Agents
C. Diabetes GLP-1s
D. Autoimmune
E. Multiple Sclerosis
F. Asthma/COPD

MODULE 3

Administrative Fees

The Plan requires Vendors to provide firm pricing for all administrative services included in the scope of this Module. Administrative Fees should serve as the primary source of revenue for the Vendor under this Contract. No additional or hidden revenue streams should be embedded in other pricing components. All costs must be fully disclosed and reflected in the Administrative Fee structure. All fees must be expressed as indicated in the Cost Proposal Response workbook. Any additions proposed outside the table may be considered by the Plan at its sole discretion and may be rejected without further review.

The Plan seeks to contract with a Vendor that provides the greatest flexibility in delivering Services under the awarded contract(s). Throughout the contract period, the Plan may investigate alternative approaches and strategies for providing the requested Services. The Plan expects the awarded Vendor to support this flexibility by agreeing to adjust administrative fees downward to reflect the removal of carved-out Services or any service that becomes unnecessary during the life of the Contract. The Plan requests that most Services be priced on a per-Member-per-month (PMPM) basis, but the Plan recognizes that certain activities cannot be reasonably captured under a PMPM model. Vendors may propose alternative pricing structures for ad-hoc and transaction-based Services, such as hourly rates or per-transaction fees. Vendors bidding on more than one Module are encouraged to offer discounts on the Standard Administrative Fee if selected for more than one Module. Any proposed discounts must be clearly presented in the indicated section of the Administrative Fees Worksheet.

Fees for services identified in the Optional Services Tables of the Technical Response should be separately and clearly listed on the Service Fee table. Do not bundle or embed optional/conditional fees into the standard administrative fees; any such bundling will be considered non-responsive. Credits and allowances should be provided as indicated.

Mail-Order/Specialty Pharmacy Network Pricing

The Mail-Order/Specialty Pharmacy Network Pricing structure establishes the financial guarantees that will govern the delivery of mail-order pharmacy Services under this contract. Vendors are required to submit a comprehensive pricing proposal that includes a drug list with NDC-level pricing for all drugs a bidder is willing to guarantee at the NDC level, in the format provided. The quoted NDC-level Discount guarantee will apply to said NDC regardless of drug classification and must be quoted for five years. Vendor will not be allowed to change the quoted NDC-level Discount guarantees for any reason, except as explicitly allowed under the contract. Vendor will update this list with any new drugs guaranteed at the NDC-level every quarter.

Regarding any drugs not currently present on the bidder's NDC Discount Guarantee list: Vendor will provide two additional sets of Discount guarantees. One will be a "New to Market" drug guarantee, broken out by Brand and Generic. This will apply to any new drugs as defined in the Module 3 Financial Requirements, that will be dispensed through the Mail/Specialty channel. The second will be a "Default Discount Guarantee" that will apply to any Not-new NDCs that are not currently on a Vendor's NDC-Level Discount list. This will also be broken out by Brand and Generic. Bidders will also provide a Dispensing Fee guarantee, on a Per-Script basis, in addition to NDC-level, New-to-Market, and Default Discount guarantees. Discount guarantees will be based on a percent off AWP (AWP Minus). Dispensing Fee guarantees will be on a Per-Script basis. This offer must have five years of Discount and Dispensing Fee Guarantees.

In addition to conforming to NDC-level Discount guarantee reconciliation, the guarantees provided must conform with the prescribed Brand/Generic drug definition. Quoted guarantees must include all claims, except for the exclusions specifically called out in the Cost Proposal Requirements. Quoted guarantees must account for all known patent expirations. Quoted guarantees

must adjust for known government legislation including but not limited to Maximum Fair Price, the Inflation Reduction act, and AMP CAP removal. Quoted guarantees may not be adjusted for any reason except those explicitly allowed under the Contract.

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COST PROPOSAL SAMPLES

ATTACHMENT A-1: MODULE 1 COST PROPOSAL RESPONSE SAMPLE

ATTACHMENT A-2: MODULE 2 COST PROPOSAL RESPONSE SAMPLE

ATTACHMENT A-3: MODULE 3 COST PROPOSAL RESPONSE SAMPLE

The above-mentioned Attachments can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT B: INSTRUCTIONS TO VENDORS

I. READ, REVIEW AND COMPLY

It shall be the Vendor's responsibility to read this entire document; review all enclosures, attachments, and any Addenda; and comply with all requirements specified, whether appearing in these Instructions to the Vendors or elsewhere in the RFP document.

Any gender-specific pronouns used herein, whether masculine or feminine, shall be read and construed as gender neutral, and the singular of any word or phrase shall be read to include the plural and vice versa.

II. NATURE OF PROPOSALS

The Vendors are cautioned that this is a Request For Proposals, not an offer or request to contract, and the Plan reserves the unqualified right to reject any and all bids at any time if such rejection is deemed to be in the best interest of the Plan.

By submitting your Bid or Proposal, you are offering to enter into a contract with the Plan.

If awarded, the Contract will include this RFP and other documents that represent the Vendor's and the Plan's entire agreement. See Section IV. "Interpretation of Terms and Phrases" of this Attachment and Section 4.14 "Contract Documents and Order of Precedence" of the RFP.

III. DUTY TO INQUIRE

It is the Vendor's duty to read this RFP document in its entirety. The Vendor represents that it has read and understands the RFP and that its Offer is made in compliance with the RFP. The Vendors are expected to examine the RFP thoroughly and shall request an explanation for any ambiguities, discrepancies, errors, omissions, or conflicting statements identified by the Vendor in the RFP. Failure to do so waives the Vendor's right to contest any such issue at a later date. All ambiguities, discrepancies, errors, omissions, or conflicting statements in the RFP shall be interpreted to require the better quality or greater quantity of work and/or materials, unless otherwise directed by an Addendum. The Vendor assumes responsibility for any patent ambiguity in the RFP that the Vendor does not bring to the State's attention.

IV. INTERPRETATION OF TERMS AND PHRASES

The RFP document serves two functions: (1) to advise potential Vendors of the parameters of the solution being sought by the Plan; and (2) to provide, together with other documents as specified in Section 4.14, the terms of the Contract resulting from this procurement. The use of phrases such as "shall," "must," and "requirements" are intended to create enforceable contract conditions. In determining whether bids should be evaluated or rejected, the Plan will take into consideration the degree to which the Vendors have proposed or failed to propose solutions that will satisfy the Plan's needs as described in the RFP. Except as specifically stated in the RFP, no one requirement shall automatically disqualify a Vendor from consideration. However, failure to comply with any single requirement may result in the Plan exercising its discretion to reject a Proposal in its entirety.

V. BID SUBMISSION

1. **VENDOR'S REPRESENTATIVE:** Each Vendor shall submit with its bid the name, address, and telephone number of the person(s) with authority to bind the Vendor and answer questions or provide Clarification concerning the Vendor's bid.
2. **SIGNING YOUR PROPOSAL:** Every Proposal must be signed by an individual with actual authority to bind the Vendor.
   a) If the Vendor is an individual, the Proposal must be signed by that individual. If the Vendor is an individual doing business as a firm, the Proposal must be submitted in the firm name, signed by the individual, and state that the individual is doing business as a firm.
   b) If the Vendor is a partnership, the Proposal must be submitted in the partnership name, followed by the words "by its Partner", and signed by a general partner.
   c) If the Vendor is a corporation, the Proposal must be submitted in the corporate name, followed by the signature and title of the person authorized to sign.
   d) A Proposal may be submitted by a joint venture involving any combination of individuals, partnerships, or corporations. If the Vendor is a joint venture, the Proposal must be submitted in the name of the Joint Venture and signed by every participant in the joint venture in the manner prescribed in paragraphs (a) through (c) above for each type of participant.

e) If a Proposal is signed by an agent, other than as stated in subparagraphs (a) through (d) above, the Proposal must state that is has been signed by an Agent. Upon request, the Vendor must provide proof of the agent's authorization to bind the principal.

3. **EXECUTION:** Failure to sign the Execution Page (numbered page 1 of the RFP document) in the indicated space may render a Proposal nonresponsive, and it may be rejected.

4. **STATE OFFICE CLOSINGS:** If an emergency or unanticipated event interrupts normal government processes so that Proposals cannot be received at the State office designated for receipt of bids by the exact time specified in the RFP, the time specified for receipt of Proposals will be deemed to be extended to the same time of day specified in the RFP on the first workday on which normal government processes resume. In lieu of an automatic extension, an Addendum may be issued to reschedule the bid opening, in which case the Addendum shall govern. If State offices are closed at the time a pre-bid or pre-proposal conference is scheduled, an Addendum will be issued to reschedule the conference.

5. **BID IN ENGLISH and DOLLARS:** Proposals submitted in response to this RFP shall be in the English language and in US dollars, unless otherwise permitted by the RFP.

6. **LATE BIDS**: Late bids, regardless of cause, will not be opened or considered, and will automatically be disqualified from further consideration. It shall be the Vendor's sole responsibility to ensure delivery at the designated office by the designated time.

   a) The Vendor shall bear the risk for late submission due to unintended or unanticipated delay— whether submitted electronically, delivered by hand, courier, or other delivery service. It is the Vendor's sole responsibility to ensure that its bid has been received by the Plan by the specified time and date of opening. The date and time of submission will be marked on each bid when received, and any bid received after the bid submission deadline will be rejected.

   b) The U.S. Postal Service does not deliver mail to a specified street address but to the State's Mail Service Center. Due to the likelihood of delay in delivery, the Vendors are not permitted to utilize the U.S. Postal Service to submit their Proposals. Instead, the Vendors must use a different parcel or package delivery service. Moreover, attempts to submit a proposal via facsimile (FAX) machine, telephone, or email in response to this RFP shall NOT be accepted.

7. **DETERMINATION OF RESPONSIVENESS:** Any Proposal which fails to conform to the material requirements of the RFP may be rejected as nonresponsive. Proposals which impose conditions that modify material requirements of the RFP may be rejected. Any deficiency resulting from a minor informality may be cured or waived at the sole discretion of the Plan.

8. **CONTENTS OF PROPOSAL:**

   a) Proposals should be complete and carefully worded and should convey all of the information requested.

   b) Proposals should be prepared simply and economically, providing a straightforward, concise description of the Vendor's capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.

   c) If your Proposal includes any comment over and above the specific information requested in the RFP, you are to include this information as a separate appendix to your Proposal. Proposals which include either modifications to any of the RFP's contractual requirements or a Vendor's standard terms and conditions may be deemed non-responsive and not considered for award at the Plan's discretion.

9. **MULTIPLE PROPOSALS.** If specifically stated in the RFP document, the Vendors may submit more than one Proposal, provided that each Proposal has significant differences other than price. Each separate Proposal must satisfy all RFP requirements.

10. **CLARIFICATION:** The Plan may elect to communicate with you after bid opening for the purpose of clarifying either your Proposal or the requirements of the RFP. Such communications may be conducted only with the Vendors who have submitted a Proposal which conforms in all material aspects to the RFP. Clarification of a Proposal must be documented in writing and included with the Proposal. Clarifications may not be used to revise a Proposal or the RFP. Notwithstanding the foregoing, the Plan may allow a Vendor to rescind conflicting language within a Vendor's proposal.

11. **ACCEPTANCE AND REJECTION:** The Plan reserves the right to reject any and all bids, to waive any informality in bids and, unless otherwise specified by the Vendor, to accept any item in the bid. If either a unit price or an extended price is obviously in error and the other is obviously correct, the incorrect price will be disregarded. Regardless of error or omission, a Vendor shall not be permitted to increase its pricing after the deadline for submitting bids.

12. **BASIS FOR REJECTION**: The Plan reserves the right to reject any and all Proposals, in whole or in part, by deeming the Proposal unsatisfactory as to quality or quantity, delivery, price or service offered, non-compliance with the requirements

or intent of this RFP, lack of competitiveness, error(s) in specifications or indications that revision would be advantageous to the Plan, cancellation or other changes in the intended project or any other determination that the proposed requirement is no longer needed, limitation or lack of available funds, circumstances that prevent determination of the best offer, or any other determination that rejection would be in the best interest of the Plan.

13. **INFORMATION AND DESCRIPTIVE LITERATURE:** The Vendor shall furnish all information requested in the RFP document. Further, if required elsewhere in this bid, each Vendor shall submit with its bid any sketches, descriptive literature, and/or complete specifications covering the goods and services offered. Reference to literature submitted with a previous bid or available elsewhere will not satisfy this provision. **Do not submit bid samples or descriptive literature unless expressly requested.** Unsolicited bid samples or descriptive literature will not be examined or tested, will not be used to determine responsiveness, and will not be deemed to vary any of the provisions of the RFP. Failure to comply with these requirements shall constitute sufficient cause to reject a bid without further consideration.

14. **WITHDRAWAL OF BID OR PROPOSAL**: Proposals submitted electronically may be withdrawn at any time prior to the date for bid opening identified on the cover page of this RFP document (or such later date included in an Addendum). Proposals that have been delivered by hand, U.S. Postal Service, courier, or other delivery service may be withdrawn **only** in writing and if receipt is acknowledged by the Plan prior to the time for opening identified on the cover page of the RFP document (or such later date included in an Addendum). Written withdrawal requests shall be submitted on the Vendor's letterhead and signed by an official of the Vendor authorized to make such request. Any withdrawal request made after bid opening shall be allowed only for good cause shown and in the sole discretion of the Plan.

15. **COST FOR BID OR PROPOSAL PREPARATION:** Any costs incurred by the Vendor in preparing or submitting Proposals are the Vendor's sole responsibility.

16. **INSPECTION AT VENDOR'S SITE:** The Plan reserves the right to inspect, at a reasonable time, the equipment, item, plant, or other facilities of a prospective Vendor prior to Contract award, and during the Contract term as necessary for the Plan's determination that such equipment, item, plant, or other facilities conform with the specifications/requirements and are adequate and suitable for the proper and effective performance of the Contract.

17. **CERTIFICATE TO TRANSACT BUSINESS IN NORTH CAROLINA:** As a condition of Contract award, each Vendor that is a corporation, limited-liability company, or limited-liability partnership shall have received, and shall maintain throughout the term of the Contract, a Certificate of Authority to Transact Business in North Carolina from the North Carolina Secretary of State, as required by North Carolina law.

18. **SUSTAINABILITY**: To support the sustainability efforts of the State of North Carolina we solicit your cooperation in this effort. Pursuant to Executive Order 156 (1999), it is desirable that all responses meet the following:

    a) If paper copies are requested, all copies of the bid are printed double sided. All submittals and copies are printed on recycled paper with a minimum post-consumer content of 30%.

    b) Unless absolutely necessary, all bids and copies should minimize or eliminate use of non- recyclable or non-reusable materials such as plastic report covers, plastic dividers, vinyl sleeves, and GBC binding. Three-ringed binders, glued materials, paper clips, and staples are acceptable.

19. Materials should be submitted in a format which allows for easy removal, filing and/or recycling of paper and binder materials. Use of oversized paper is strongly discouraged unless necessary for clarity or legibility.

20. **INELIGIBLE VENDORS:** As provided in G.S. 147-86.59 and G.S. 147-86.82, the following companies are ineligible to contract with the State of North Carolina or any political subdivision of the State:

    a) any company identified as engaging in investment activities in Iran, as determined by appearing on the Final Divestment List created by the State Treasurer pursuant to G.S. 147-86.58, and

    b) any company identified as engaged in a boycott of Israel as determined by appearing on the List of restricted companies created by the State Treasurer pursuant to G.S. 147-86.81.

    A contract with the State or any of its political subdivisions by any company identified in a) or b) above shall be void *ab initio*.

21. **VALID TAXPAYER INFORMATION**: All persons or entities desiring to do business with the State must provide correct taxpayer information on North Carolina specified forms.

22. **VENDOR REGISTRATION AND SOLICITATION NOTIFICATION SYSTEM:** The North Carolina electronic Vendor Portal ("eVP") allows Vendors to electronically register free with the State to receive electronic

notification of current procurement opportunities available as well as notifications of status changes to those Solicitations. Online registration and other purchasing information is available at the following website: ***https://evp.nc.gov.***

The status of a Vendor's E-Procurement Services account(s) shall be considered a relevant factor in determining whether to approve the award of a Contract resulting from this RFP document. Any Vendor with an E-Procurement Services account that is in arrears by 91 days or more at the time of bid opening may be suspended or deactivated, at the State's discretion, and may be disqualified from further evaluation or consideration.

23. **TABULATIONS**: Bid tabulations can be electronically retrieved at the eVP, ***https://evp.nc.gov***. Tabulations will normally be available at this web site after the bid opening and prior to award, if applicable. Lengthy or complex tabulations may be summarized, with other details not made available on eVP. Requests for additional details or information concerning such tabulations cannot be honored.

24. **CONFIDENTIAL INFORMATION:** To the extent permitted by applicable statutes and rules, the Plan will maintain the confidentiality of trade secrets that are submitted as part of each Vendor's Proposal. However, the Plan is subject to the Public Records Act, N.C.G.S. § 132.1, *et seq*. Vendor information that cannot be shown to be, e.g., a trade secret, may be subject to public disclosure under the terms of the Public Records Act. Blanket assertions of confidentiality are not favored, but confidentiality of specific material meeting one or more exceptions in the Public Records Act will be honored.

    As a condition to confidential treatment of any documents submitted during the term of this Contract, each page containing trade secret information shall be identified in boldface at the top and bottom as "CONFIDENTIAL" by Vendor, with specific trade secret information enclosed in boxes, marked in a distinctive color, or identified by similar indication. Cost information shall not be deemed confidential under any circumstances. Regardless of what a Vendor may label as a trade secret, the determination whether it is or is not entitled to protection will be made in accordance with N.C.G.S. § 132-1.2. Any material labeled confidential constitutes a representation by the Vendor that it has made a reasonable effort in good faith to determine that such material is, in fact, a trade secret under N.C.G.S. § 132-1.2. Vendors are urged to limit the marking of information as a trade secret or as confidential so far as is possible. If a legal action is brought to require the disclosure of any material so marked confidential, it is the Vendor's responsibility to defend the confidential status of its information; the Plan will notify the Vendor of such action and not oppose the Vendor's effort to defend its information. When redacting portions of the Proposal as permitted by other sections of this RFP, all redactions shall be made in **BLACK** so that the redactions are easily identifiable by the Plan.

25. **COMMUNICATIONS BY VENDORS:** In submitting its bid, the Vendor agrees not to discuss or otherwise reveal the contents of its bid to any source, government or private, outside of the Plan until after the award of the Contract or cancellation of this RFP. All Vendors are forbidden from having any communications with the Plan, or any other representative of the Plan concerning the RFP, during the evaluation of the bids (i.e., after the public opening of the bids and before the award of the Contract), unless the Plan directly contacts the Vendor(s) for purposes of seeking Clarification or another reason permitted by the RFP. A Vendor shall not: (a) transmit to the Plan any information commenting on the ability or qualifications of any other Vendor to provide the advertised good, equipment, or commodity; (b) identify defects, errors and/or omissions in any other Vendor's bid and/or prices at any time during the procurement process; and/or (c) engage in or attempt any other communication or conduct that could influence the evaluation or award of a Contract related to this RFP. Failure to comply with this requirement shall constitute sufficient justification to disqualify a Vendor from a Contract award. Only those communications with the Plan which authorized by this RFP are permitted.

26. **INFORMAL COMMENTS:** The Plan shall not be bound by informal explanations, instructions or information given at any time by anyone on behalf of the Plan during the competitive process or after award. The Plan is bound only by information provided in writing in this RFP document and in formal Addenda.

27. **PROTEST PROCEDURES:** To protest a contract award, the Vendor shall submit a written request for a protest meeting addressed to: Executive Administrator, North Carolina State Health Plan, 3200 Atlantic Avenue, Raleigh, NC 27604. The request must be received by the Plan within fifteen (15) days from the date of Contract award. The written request shall contain specific reasons for the protest, including a fulsome explanation of those reasons that permits the Plan to properly evaluate the request, and any documentation necessary to support the protest. If the request does not contain this information or if the Executive Administrator determines that a meeting would serve no purpose, then the Executive Administrator may, within thirty (30) State Business Days from the date of receipt of the request, respond in writing to the Vendor and deny the request for a protest meeting.

    If the request for a protest meeting is granted, the Executive Administrator will attempt to schedule the meeting within thirty (30) State Business Days after receipt of the Vendor's written request, or as soon as reasonably possible after receipt. Within ten (10) State Business Days from the date of the protest meeting, the Executive Administrator will respond to the

Vendor in writing with the Executive Administrator's decision regarding the Vendor's protest of the Contract award.

Inclusion of this protest procedure is not intended to, and does not, waive, the Plan's exemption from Article 3 of Chapter 143 of the North Carolina General Statutes or any rules promulgated thereunder.

28. **ORDER OF PRECEDENCE: See Section 4.14 Contract Documents and Order of Precedence.**

29. **ADDENDA:** Critical updated information may be included in Addenda to the RFP. It is important that all Vendors bidding on the RFP periodically check for any Addenda that may be issued prior to the bid opening date. All Vendors shall be deemed to have read and understood all information in the RFP document and all Addenda thereto. The Vendors are also responsible for obtaining and complying with all Addenda and other changes that may be issued concerning the RFP.

30. **ORAL EXPLANATIONS NON-BINDING:** Oral explanations or instructions will not be binding. Any information given to a prospective Vendor concerning a RFP will be furnished promptly to all other prospective Vendors as an Addendum to the RFP, if that information is necessary for submitting Proposals or if the lack of it would be prejudicial to other prospective Vendors. See clause herein entitled "Duty to Inquire." The Plan will not identify you in its answer to your question.

31. **MAXIMUM COMPETITION:** The Plan seeks to permit the maximum practicable competition. The Vendors are urged to advise the Plan, as soon as possible, regarding any aspect of this procurement, including any aspect of the RFP that unnecessarily or inappropriately limits full and open competition. If the Plan determines that any changes will be made resulting from the questions asked, then such decisions will be communicated in the form of an Addendum.

32. **FIRM PROPOSAL:** The Vendor's bid shall constitute a firm offer. By execution and delivery of a bid in response to a RFP, the Vendor agrees that any additional or modified terms and conditions, whether submitted purposefully or inadvertently, shall have no force or effect, and will be disregarded. Any bid that contains language that indicates the bid is non-binding or subject to further negotiation before a contractual document may be signed shall be rejected.

ATTACHMENT C: GENERAL TERMS AND CONDITIONS

1. **ACCESS TO PERSONS AND RECORDS:**

(a) Pursuant to NCGS §§ 147-64.7 and 143-49(9), during the term of this Contract—and after such term until the expiration of any relevant period required for retention of records by State law—the State Auditor; the Plan's internal auditors; the Joint Legislative Commission on Governmental Operations ("Gov Ops Commission"); and any legislative employees whose primary responsibility is to provide professional or administrative services to the Commission in furtherance of its purposes, shall have access to persons and records related to the Contract to verify accounts and data affecting fees or performance under the Contract. However, if any audit, litigation or other action arising out of or related in any way to this project is commenced before the end of such retention of records period, the records shall be retained for one (1) year after all issues arising out of the action are finally resolved or until the end of the record retentions period, whichever is later.

(b) The Joint Legislative Commission on Governmental Operations has the authority to:

1. Study the efficiency, economy and effectiveness of any non-State entity receiving money from either the Plan or another State entity in connection with this Contract.

2. Evaluate the implementation of public policies, as articulated by enacted law, administrative rule, executive order, policy, or local ordinance, by any non-State entity money from either the Plan or another State entity in connection with this Contract.

3. Investigate possible instances of misfeasance, malfeasance, nonfeasance, mismanagement, waste, abuse, or illegal conduct by officers and employees of a non-State entity receiving, directly or indirectly, money from the Plan or from a state entity in connection with this Contract, as it relates to the officer's or employee's responsibilities regarding the receipt of money from either the Plan or another State entity in connection with this Contract.

4. Receive reports as required by law or as requested by the Commission.

5. Access and review

a. Any documents or records related to any contract awarded by a State agency, including the documents and records of the contractor, that the Commission determines will assist in verifying accounts or will contain data affecting fees or performance; and

b. Any records related to any subcontract of a contract awarded by a State agency that is utilized to fulfill the contract, including, but not limited to (i) records related to the drafting and approval of the subcontract, and (ii) documents and records of the contractor or Subcontractor that the Commission determines will assist in verifying accounts or will contain data affecting fees or performance.

(c) The Joint Legislative Commission on Governmental Operations has the power to:

1. Compel access to any document or system of records held by a non-State entity receiving, directly or indirectly, money from either the Plan or another State Entity in connection with this Contract, to the extent the documents relate to the receipt, purpose or implementation of a program or service paid for with money from either the Plan or another State Entity in connection with this Contract.

2. Compel attendance of any officer or employee of any non-State entity receiving money from either the Plan or another State Entity in connection with this Contract, provided the officer or employee is responsible for implementing a program or providing a service paid for with money from either the Plan or another State Entity in connection with this Contract.

(d) Unless prohibited by federal law, the Commission and Commission staff in the discharge of their duties under this Article shall be provided access to any building or facility owned or leased by a non-State entity receiving money from either the Plan or another State Entity in connection with this Contract provided (i) the building or facility is used to implement a program or provide a service paid for with funds originating from public sources and (ii) the access is reasonably related to the receipt, purpose, or implementation of a program or service paid for with money from either the Plan or another State Entity in connection with this Contract.

(e) Any confidential information obtained by the Commission shall remain confidential and is not a public record as defined in G.S. 132-1.

(f) Any document or information obtained or produced by Commission staff in furtherance of staff's duties to the Commission is confidential and is not a public record as defined in G.S. 132-1.

(g) A person who conceals, falsifies, or refuses to provide to the Commission any document, information, or access to any building or facility as required by this Article with the intent to mislead, impede, or interfere with the Commission's discharge of its duties under this Article shall be guilty of a Class 2 misdemeanor.

2. **ADVERTISING**: The Vendor agrees not to use the existence of the Contract, the name of the State of North Carolina, or the name of the Plan as part of any commercial advertising or marketing of Products or Services except as provided in 01 NCAC 05B.1516. A Vendor may inquire whether the Plan is willing to be included on a listing of its existing customers.

3. **AMENDMENTS**: This Contract may be amended only by a written amendment duly executed by the Plan and the Vendor. Notwithstanding this requirement, (1) if needed or applicable, the addition of BRDs or Implementation Plans or ADMs not modifying any part of the Cost Proposal may be developed or modified in writing and signed by the Vendor's Contract Administrator for day-to-day activities or other individual authorized to bind the Vendor, and the Plan's Contract Administrator for day-to-day activities or other designee approved by the Plan's Executive Administrator; and (2) due dates referenced in the technical requirements and specifications as "to be determined by the Plan" will be established in writing by the Plan's Contract Administrator for day-to-day activities through either the Implementation Plan, a BRD, or an ADM. Such documents are incorporated into the Contract when signed and are given the precedence as set forth in Section 4.14 Contract Documents.

4. **ASSIGNMENT OR DELEGATION OF DUTIES**: No assignment of the Vendor's obligations nor the Vendor's right to receive payment hereunder shall be permitted. However, upon written request approved by the Plan and solely as a convenience to the Vendor, the Plan may:

   (a) Forward the Vendor's payment check directly to any person or entity designated by the Vendor; and

   (b) Include any person or entity designated by the Vendor as a joint payee on the Vendor's payment check.

   In no event shall such approval and action obligate the Plan to anyone other than the Vendor and the Vendor shall remain responsible for fulfillment of all Contract obligations. Upon advance written request, the Plan may, in its unfettered discretion, approve an assignment to the surviving entity of a merger, acquisition or corporate reorganization, if made as part of the transfer of all or substantially all of the Vendor's assets. Any purported assignment made in violation of this provision shall be void and a material breach of the Contract.

5. **AVAILABILITY OF FUNDS**: The Vendor agrees that funding for each applicable fiscal year of the Agreement shall be subject to the General Assembly allocating the necessary funds to the Plan. In the event that the Plan does not receive funding for any subsequent fiscal year, the Plan has the right to terminate the Agreement but shall not be entitled to a refund for any prepaid funds.

6. **CARE OF STATE DATA AND PROPERTY:** Any State property, information, data, instruments, documents, studies or reports given to or prepared or assembled by or provided to the Vendor under the Contract shall be kept as confidential, used only for the purpose(s) required to perform the Contract and not divulged or made available to any individual or organization without the prior written approval of the State.

The State's data and property in Vendor's possession and/or control shall be protected from unauthorized disclosure, loss, damage, destruction by a natural event or another eventuality. The Vendor agrees to reimburse the State for loss or damage of State property while in the Vendor's custody. Such State Data shall be returned to the State in a form acceptable to the State upon the termination or expiration of this Agreement, as provided by the Business Associate Agreement executed along with this Contract or Attachment L: Minimum Information Security Requirements, for PHI and State Data, respectively.

Notice is hereby given to the Vendor that the NC Department of Information Technology (DIT) has requirements relating to the security of the State network, and rules relating to the use of the State network, IT software and equipment, that the Vendor must comply with, as applicable. *See,* e.g., N.C.G.S. § 143B-1376.

7. **CHANGE IN CORPORATE STRUCTURE:** In cases where Vendor is involved in corporate consolidations, acquisitions, or mergers, the parties in those actions may negotiate agreements for the transfer of contractual obligations and the continuance of contracts within the framework of the new corporate structure, subject to Plan approval and the terms of this Contract.

8. **COMPLIANCE WITH LAWS:**

(a) Vendor shall comply with all federal and State laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business and performance in accordance with this Contract.

(b) Vendor shall comply with all provisions of Article 3B of Chapter 135 of the North Carolina General Statutes that are applicable to the conduct of its business and performance in accordance with this Contract.

(c) Vendor is responsible for ensuring its Subcontractors comply with all laws, rules, regulations, and licensing requirements applicable to Vendor's performance under this Contract and those laws, rules, or regulations of federal and State agencies having jurisdiction over the subject matter of this Contract, whether in effect when this Contract is signed, or becoming effective during the term of this Contract.

9. **CONFIDENTIAL INFORMATION AND HIPAA REQUIREMENTS**:

(a) Vendor, its agents, and its Subcontractors shall maintain the privacy, security and confidentiality of all data, information, working papers, instruments, studies, reports, and other documents related to the Contract in accordance with the standards of the Plan privacy and security policies, State regulations, and federal regulations including: N.C. Gen. Stat. § 135-48.10(a), the Privacy Rule at 45 C.F.R. Parts 160 and 164, subparts A and E, the Security Standards at 45 C.F.R. Parts 160, 162 and 164, subparts A and C ("the Security Rule"), Breach Notification Rule at 45 CFR Part164.400-414, Minimum Necessary Standard ("The Minimum Necessary Rule") at 45 CFR 164.502(b), 164.514(d), as required by HIPAA, and the applicable provisions of the Health Information Technology for Economic and Clinical Health Act (HITECH).

(b) Vendor shall treat all information obtained through its performance under the Contract as confidential information and shall not use such information except as provided under this Contract. Vendor shall implement necessary privacy and security measures to safeguard the receipt, storage, and processing of confidential information arising under this Contract, including the use of strong encryption algorithms meeting NIST criteria and HIPAA security standards to encrypt all confidential information including Protected Health Information (PHI) and personally identifiable information (PII) while in transit and at rest. Any use, sale, disclosure, or offer of Plan confidential information to any individual or organization except as contemplated under the Contract or approved in writing by the Plan shall be a violation of the Contract. Any such violation will be considered a material breach of the Contract.

(c) Vendor warrants that all its employees and Subcontractors, and any approved third-party vendors shall hold all information received during performance of the Contract in the strictest confidence and shall not disclose the same to any third party except as contemplated under the Contract or approved in writing by the Plan. Vendor warrants that its employees, Subcontractors, and any approved third-party vendors are subject to a non-disclosure, confidentiality or similar agreement that is enforceable in North Carolina and sufficient in breadth to include and protect confidential information related to the Contract. Vendor shall, upon request by the Plan, verify and produce true copies of any such policies and procedures or agreements. Production of such agreements by Vendor may be made subject to applicable confidentiality, non-disclosure, or privacy laws, provided that Vendor produces satisfactory evidence supporting exclusion of such agreements from disclosure under the North Carolina Public Records laws in N.C. Gen. Stat. § 132-1 et. seq. The

Plan may, in its sole discretion, provide a non-disclosure and confidentiality agreement satisfactory to the Plan for Vendor's execution. The Plan may exercise its rights under this paragraph as necessary or proper, in its discretion, to comply with applicable security regulations or statutes, including but not limited to 26 U.S.C. 6103, SSA, and IRS Publication 1075 (Tax Information Security Guidelines for Federal, State, and Local Agencies and Entities), HIPAA, and implementing regulation in the Code of Federal Regulations and any future regulations imposed upon the North Carolina Department of Information Technology Services or the North Carolina Department of Revenue pursuant to future statutory or regulatory requirements.

(d) The Plan and its auditors shall have access to either Party's confidential information in accordance with the requirements of State and federal laws and regulations. No other person or entity shall be granted access to confidential information unless State law, federal law, or state or federal regulations allow such access. Use or disclosure of confidential information shall be limited to purposes directly connected with the administration of the Contract.

(e) Vendor warrants that without prior written approval of the Plan, Vendor shall not incorporate confidential or proprietary information of any person or entity not a party to the Contract into any materials furnished to the Plan, nor without such approval shall Vendor disclose to the Plan or induce the Plan to use any confidential or proprietary information of any person or entity not a party to the Contract.

(f) The foregoing confidential information provisions do not prevent Vendor from disclosing information that (a) at the time of disclosure by the Plan is already known by Vendor without an obligation of confidentiality other than under this Contract, (b) is publicly known or becomes publicly known through no act of Vendor other than an act that is authorized by the Plan, (c) is rightfully received by Vendor from a third party and Vendor has no reason to believe that the third party's disclosure was in violation of an obligation of confidence to the Plan, (d) is independently developed by Vendor without use of the Department's confidential information, (e) is disclosed without similar restrictions to a third party by the Plan, or (f) is required to be disclosed pursuant to a requirement of law or a governmental authority, so long as Vendor, to the extent possible provides the Plan with timely prior notice of such requirement and coordinates with the State in an effort to limit the nature and scope of such required disclosure.

(g) The Department has declared itself to be a hybrid entity under HIPAA with the Plan being a covered health care component. As such, this Contract and related activities are subject to HIPAA and Health Information Technology for Economic and Clinical Health Act (HITECH). Vendor shall comply with all HIPAA and HITECH requirements and regulations, as amended, including:

i. Compliance with the Privacy Rule, Security Rule, and Notification Rule;
ii. The development of and adherence to applicable Privacy and Security Safeguards and Policies;
iii. Reviewing Plan HIPAA policies within thirty (30) days of execution of the Contract. Policies can be accessed here: https://www.shpnc.gov/policies-and-procedures HIPAA Privacy Manual.pdf
iv. Timely reporting of violations regarding the access, use, and disclosure of Protected Health Information (PHI); and
v. Timely reporting of privacy and/or security incidents to:

The North Carolina State Health Plan for Teachers and State Employees
Attention: HIPAA Privacy Officer
3200 Atlantic Avenue, Raleigh, NC 27604
919-814-4400
And electronically to:
SHPPrivacySecurity@nctreasurer.com

(h) Vendor shall be performing functions on behalf of the Plan that make Vendor a business associate for purposes of HIPAA regulations. Vendor and this Contract are subject to the terms and conditions of the Business Associate Agreement (BAA) attached to this Contract.

(i) Vendor shall cooperate and coordinate with the Plan and its privacy officials and other compliance officers as mandated by HIPAA and HITECH and accompanying regulations, or as requested by the Plan, during performance of the Contract so that both Parties are in compliance with HIPAA and HITECH.

(j) In addition to federal law and regulation, Vendor shall comply with State rules and regulation regarding protected information and Plan and State policies including State IT Security Policy and standards. These polices may be revised periodically and Vendor shall comply with all such revisions.

(k) **North Carolina Identity Theft Protection Act and Other Protections**: Certain data and information received, generated, maintained or used by Vendor may be classified as "identifying information" within the meaning of NCGS 14-113.20(b) or "personal information" within the meaning of NCGS 75-61(10). Vendor is subject to the North Carolina Identity Theft Protection Act requirements, NCGS 132-1.10 and NCGS 75-65 and must protect such identifying information and personal information as required by law, Plan and State policy, and the terms of this Contract. Vendor shall report security incidents and breaches of all protected information, whether PHI, identifying information, or personal information as required in these Confidentiality, Privacy, and Security Provisions.

(l) This Paragraph 9: Confidential Information and HIPAA Requirements shall survive termination or expiration of the Contract for any reason.

10. **DEFAULT AND TERMINATION:**

(a) In the event of default by the Vendor, the Plan may, as provided by NC law, procure goods and services necessary to complete performance hereunder from other sources and hold the Vendor responsible for any excess cost occasioned thereby. See N.C.G.S. 25-2-712. In addition, and in the event of default by the Vendor under the Contract, or upon the Vendor filing a petition for bankruptcy or the entering of a judgment of bankruptcy by or against the Vendor, the Plan may immediately cease doing business with the Vendor, terminate the Contract for cause, and take action to recover relevant damages, and seek to have the Vendor debarred by the Department of Administration from doing future business with the State. See 01 NCAC 05B.1520.

If, through any cause, the Vendor shall fail to fulfill in a timely and proper manner the obligations under the Contract, including, without limitation, in these General Terms and Conditions, the Plan shall have the right to terminate the Contract by giving thirty days written notice to the Vendor and specifying the effective date thereof. In that event, any or all finished or unfinished Deliverables that are prepared by the Vendor under the Contract shall, at the option of the Plan, become the property of the Plan (and under any applicable Vendor license to the extent necessary for the Plan to use such property), and the Vendor shall be entitled to receive just and equitable compensation for any acceptable Deliverable completed (or partially completed at the Plan's option) as to which such option is exercised. Notwithstanding, the Vendor shall not be relieved of liability to the Plan for damages sustained by the Plan by virtue of any breach of the Contract, and the Plan may withhold any payment due the Vendor for the purpose of setoff until such time as the exact amount of damages due the Plan from such breach can be determined. The Plan, if insecure as to receiving proper performance or provision of goods Deliverables, or if documented Vendor Services performance issues exist, under this Contract, may require at any time a performance bond or other alternative Performance Guarantees from a Vendor without expense to the Plan as provided by applicable law.

(b) If this Contract contemplates deliveries or performance over a period of time, the Plan may terminate this Contract for convenience at any time by providing 60 days' notice in writing from the Plan to the Vendor. In that event, any or all finished or unfinished Deliverables prepared by the Vendor under this Contract shall, at the option of the Plan, become its property, and under any applicable Vendor license to the extent necessary for the Plan to use such property. If the Contract is terminated by the Plan for convenience, the Plan shall pay for those items or Services for which such option is exercised, less any payment or compensation previously made.

11. **DISPUTE RESOLUTION**

During the performance of the Contract, the Parties agree that it is in their mutual interest to resolve disputes informally. Any claims by the Vendor shall be submitted in writing to the Plan's Contract Administrator regarding day-to-day activities for resolution. Any claims by the Plan shall be submitted in writing to the Vendor's Account Manager for resolution. The Parties shall agree to negotiate in good faith and use all reasonable efforts to resolve such dispute(s). During the time the Parties are attempting to resolve any dispute, each shall proceed diligently to perform their respective duties and responsibilities under this Contract. The Parties will agree on a reasonable amount of time to resolve a dispute. If a dispute cannot be resolved

between the Parties within the agreed upon period, either Party may elect to exercise any other remedies available under the Contract, or at law. This provision, when agreed in the Contract, shall not constitute an agreement by either Party to mediate or arbitrate any dispute.

12. **ELECTRONIC PROCUREMENT: (G.S. 143-48.3)**

(a) GENERALLY APPLICABLE TO GOODS AND SERVICES PURCHASES:

1. Purchasing shall be conducted through the Statewide E-Procurement Service. The State's third-party agent shall serve as the Supplier Manager for this E-Procurement Service. The Vendor shall register for the Statewide E-Procurement Service within two (2) State Business Days of notification of award in order to receive an electronic purchase order resulting from award of this Contract.

2. The Supplier Manager will capture an order from a State approved user, including the shipping and payment information, and submit the order in accordance with E-Procurement Service procedures. Subsequently, the Supplier Manager will send those orders to the appropriate Vendor on State Contract. The State or State-approved user, not the Supplier Manager, shall be responsible for the solicitation, bids received, evaluation of bids received, award of Contract, and the payment for goods delivered.

3. The Vendor Shall at all times maintain the confidentiality of its username and password for the Statewide E-Procurement Services. The Vendor shall be responsible for all activity and all charges by its agents or employees. The Vendor agrees not to permit a third party to use its E-Procurement Services account. If there is a breach of security through the Vendor's account, the Vendor shall immediately change its password and notify the Supplier Manager of the Security Breach by email. The Vendor shall cooperate with the State and the Supplier Manager to mitigate and correct any Security Breach.

13. **ELECTRONIC RECORDS**: The State will digitize all Vendor responses to the relevant solicitation, if not received electronically, as well as any awarded Contract together with associated procurement-related documents. These electronic copies shall constitute a preservation record and shall serve as the official record of this procurement with the same force and effect as the original written documents comprising such record. Any official electronic copy, printout, or other output readable by sight shown to reflect such record accurately shall constitute an "original."

14. **ENTIRE AGREEMENT**: The Contract (including any documents mutually incorporated specifically therein) resulting from this RFP represents the entire agreement between the Parties and supersedes all prior oral or written statements or agreements. All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive the Contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable federal or state law.

15. **FALSE CLAIMS ACT**: As an agency of the State, Vendors who receive payment from the Plan are subject to the North Carolina False Claims Act, N.C.G.S. § 1-607, et seq. Vendors who knowingly submit false claims or intentionally misrepresent information in order to receive funds from the Plan may be liable under the North Carolina False Claims Act. If it comes to the Plan's attention that a Vendor may have violated the North Carolina False Claims Act to obtain funds from the Plan, the Plan will refer the matter to the North Carolina Department of Justice for investigation and appropriate resolution, including prosecution if necessary to recover any funds wrongly received. The Vendor agrees that by entering this Agreement and receiving payment from the Plan, it is subject to and will comply with the North Carolina False Claims Act. The Vendor also agrees that it will comply with any Civil Investigative Demands properly issued by the Attorney General under N.C.G.S. § 1-614 to investigate any potential violations of the North Carolina False Claims Act.

16. **FORCE MAJEURE**: Neither party shall be deemed to be in default of its obligations hereunder if and so long as it is prevented from performing such obligations as a result of events beyond its reasonable control, including, without limitation, fire, power failures, any act of war, hostile foreign action, nuclear explosion, riot, strikes or failures or refusals to perform under subcontracts, civil insurrection, earthquake, hurricane, tornado, other catastrophic epidemic or pandemic, natural event or Act of God.

17. **GENERAL INDEMNITY:**

(a) The Vendor shall indemnify, defend and hold and save the State, its officers, agents, and employees, harmless from liability of any kind, including all claims and losses accruing or resulting to any other person, firm, or corporation furnishing or supplying work, Services, materials, or supplies in connection with the performance of the Contract, and also from any and all claims and losses accruing or resulting to any person, firm, or corporation that may be injured or damaged by the Vendor in the performance of the Contract that are attributable to the negligence or intentionally tortious acts of the Vendor, provided that the Vendor is notified in writing within 30 days from the date that the State has knowledge of such claims.

(b) The Vendor, at its own expense, shall defend any action brought against the State under this section. The State shall have the option to participate in such action at its own expense.

(c) The Vendor represents and warrants that it shall make no claim of any kind or nature against the State's agents who are involved in the delivery or processing of the Vendor's Deliverables or Services as part of this Contract with the State.

(d) As part of this provision for General indemnity, if federal funds are involved in this procurement, the Vendor warrants that it will comply with all relevant and applicable federal requirements and laws, and will indemnify, defend, and hold and save the State harmless from any claims or losses resulting to the State from the Vendor's noncompliance with such federal requirements or law in the performance of this Contract. The representations and warranties in the preceding two sentences shall survive the termination or expiration of the Contract.

(e) The State is precluded from indemnifying the Vendor due to constitutional restrictions. The State is also precluded from participating in arbitration, which effectively and unacceptably waives jury trial. See N.C.G.S. 22B-3, -10.

18. **GOVERNMENTAL RESTRICTIONS**: In the event any Governmental restrictions are imposed which necessitate alteration of the goods, material, quality, workmanship, or performance of the Services offered, prior to acceptance, it shall be the responsibility of the Vendor to notify the State Contract Lead or Administrator indicated in the Contract at once, in writing, indicating the specific regulation which requires such alterations. The Plan reserves the right to accept any such alterations, including any price adjustments occasioned thereby, or to cancel the Contract.

19. **INSURANCE**:

(a) **COVERAGE** – During the term of the Contract, the Vendor at its sole cost and expense shall provide commercial insurance of such type and with such terms and limits as may be reasonably associated with the Contract. As a minimum, the Vendor shall provide and maintain the following coverage and limits:

1. **Worker's Compensation** – The Vendor shall provide and maintain Worker's Compensation Insurance, as required by the laws of North Carolina, as well as employer's liability coverage with minimum limits of $500,000.00, covering all of the Vendor's employees who are engaged in any work under the Contract in North Carolina. If any work is sub-contracted, the Vendor shall require the Subcontractor to provide the same coverage for any of its employees engaged in any work under the Contract within the State.

2. **Commercial General Liability** – General Liability Coverage on a Comprehensive Broad Form on an occurrence basis in the minimum amount of $1,000,000.00 Combined Single Limit. Defense cost shall be in excess of the limit of liability.

3. **Automobile** – Automobile Liability Insurance, to include liability coverage, covering all owned, hired, and non-owned vehicles, used within North Carolina in connection with the Contract. The minimum combined single limit shall be $500,000.00 bodily injury and property damage; $500,000.00 uninsured/under insured motorist; and $5,000.00 medical payment.

(b) **REQUIREMENTS** – Providing and maintaining adequate insurance coverage is a material obligation of the Vendor and is of the essence of the Contract. All such insurance shall meet all laws of the State of North Carolina. Such insurance coverage shall be obtained from companies that are authorized to provide such coverage and that are authorized by the Commissioner of Insurance to do business in North Carolina. The Vendor shall at all times comply with the terms of such

insurance policies, and all requirements of the insurer under any such insurance policies, except as they may conflict with existing North Carolina laws or the Contract. The limits of coverage under each insurance policy maintained by the Vendor shall not be interpreted as limiting the Vendor's liability and obligations under the Contract.

20. **INTELLECTUAL PROPERTY WARRANTY AND INDEMNITY**: The Vendor shall hold and save the Plan, its officers, agents and Employees, harmless from liability of any kind, including costs and expenses, resulting from infringement of the rights of any third party in any Services or copyrighted material, patented or patent-pending invention, article, device or appliance delivered in connection with the Contract.

    (a) The Vendor warrants to the best of its knowledge that:

        1. Performance under the Contract does not infringe upon any intellectual property rights of any third party; and

        2. There are no actual or threatened actions arising from, or alleged under, any intellectual property rights of any third party.

    (b) Should any Deliverables supplied by the Vendor become the subject of a claim of infringement of a patent, copyright, trademark or a trade secret in the United States, the Vendor, shall at its option and expense, either procure for the Plan the right to continue using the Deliverables, or replace or modify the same to become non-infringing. If neither of these options can reasonably be taken in the Vendor's judgment, or if further use shall be prevented by injunction, the Vendor agrees to cease provision of any affected Deliverables and refund any sums the Plan has paid the Vendor for such Deliverables and make every reasonable effort to assist the Plan in procuring substitute Deliverables. If, in the sole opinion of the Plan, the cessation of use by the Plan of any such Deliverables due to infringement issues makes the retention of other items acquired from the Vendor under this Agreement impractical, the Plan shall then have the option of terminating the Agreement, or applicable portions thereof, without penalty or termination charge; and the Vendor agrees to refund any sums the Plan paid for unused Services or other Deliverables.

    (c) The Vendor, at its own expense, shall defend any action brought against the Plan to the extent that such action is based upon a claim that the Deliverables supplied by the Vendor, their use or operation, infringe on a patent, copyright, trademark or violate a trade secret in the United States. The Vendor shall pay those costs and damages finally awarded or agreed in a settlement against the Plan in any such action. Such defense and payment shall be conditioned on the following:

        1. That the Vendor shall be notified within a reasonable time in writing by the Plan of any such claim; and

        2. That the Vendor shall have the sole control of the defense of any action on such claim and all negotiations for its settlement or compromise provided, however, that the Plan shall have the option to participate in such action at its own expense.

    (d) The Vendor will not be required to defend or indemnify the Plan to the extent any claim by a third party against the Plan for infringement or misappropriation results solely from the Plan's material alteration of any Vendor-branded Deliverables or Services, or from the continued use of the Services or other Deliverables after receiving written notice from the Vendor of the claimed infringement.

21. **NON-DISCRIMINATION COMPLIANCE**: The Vendor will take necessary action to comply with all federal and state requirements concerning fair employment and employment of people with disabilities and concerning the treatment of all employees without regard to discrimination on the basis of any prohibited grounds as defined by federal and State law.

22. **NOTICES:** Any notices permitted or required under the Contract must be delivered to the Contract Administrator for each Party. Unless otherwise specified in the Contract, notices shall be in writing and **delivered by email to the appropriate Contract Administrator(s)**. In addition, notices may be delivered by first class U.S. Mail, commercial courier (e.g., FedEx, UPS, DHL), or personally delivered provided the notice is also emailed to the Contract Administrator at approximately the same time. All Notices required under this Contract including, but not limited to legal matters, contract termination, allegations of breach, and audits shall be delivered in accordance with this section of the Contract. Email is considered received when it

successfully reaches the recipient's email server. If it reaches the recipient's email server outside of business hours of 8am – 5pm ET, the email is considered received at the next earliest business hour.

23. **NO WAIVER**: Notwithstanding any other language or provision in the Contract or in any Vendor-supplied material, nothing herein is intended nor shall be interpreted as a waiver of any right or remedy otherwise available to the Plan under applicable law. The waiver by the Plan of any right or remedy on any one occasion or instance shall not constitute or be interpreted as a waiver of that or any other right or remedy on any other occasion or instance.

24. **OUTSOURCING**: If, after award of a Contract, and consistent with any applicable NC DIT security provisions, the Contractor wishes to relocate or outsource any portion of performance to a location outside the United States, or to contract with a Subcontractor for any such performance, which Subcontractor and nature of the work has not previously been disclosed to the Plan in writing, prior written approval must be obtained from the Plan. The Vendor shall give notice to the Plan of any relocation of the Vendor, employees of the Vendor, Subcontractors of the Vendor, or other persons providing performance under a State Contract to a location outside of the United States.

25. **PAYMENT TERMS**: Payment terms are net not later than 30 days after receipt of a correct invoice or acceptance of goods, whichever is later. The Plan is responsible for all payments to the Vendor under the Contract. Payment may be made by procurement card, if the Vendor accepts that card (Visa, MasterCard, etc.) from other customers, and it shall be accepted by the Vendor for payment under the same terms and conditions as any other method of payment accepted by the Vendor.

    The Plan does not agree in advance, in contract, pursuant to Constitutional limitations, to pay costs such as interest, late fees, penalties or attorney's fees. This Contract will not be construed as an agreement by the State to pay such costs and will be paid only as ordered by a court of competent jurisdiction.

26. **PERFORMANCE:**

    (a) It is anticipated that the Tasks and duties undertaken by the Vendor under the Contract which results from the solicitation in this matter shall include Services as Deliverables.

    (b) The Plan is authorized to access State Data provided by the Plan and any Vendor-provided data as specified herein and to transmit revisions, updates, deletions, enhancements, or modifications to the State Data.

    (c) The Plan's right to access the Services and its associated services neither transfers, vests, nor confers any title or other ownership right in any intellectual property rights of the Vendor or any third party, nor does this right of access transfer, vest, or confer any title or other ownership right in any intellectual property associated with the Services unless otherwise agreed to by the Parties. The provisions of this paragraph will not be construed as a sale of any ownership rights in the Services. Any Services or technical and business information owned by the Vendor, or its suppliers or licensors made accessible or furnished to the Plan shall be and remain the property of the Vendor or such other party, respectively. The Vendor has a limited, non-exclusive license to access and use any State Data as provided to the Vendor, but solely for performing its obligations under this Agreement and in confidence as provided herein.

    (d) Except as provided herein, and unless otherwise mutually agreed in writing prior to award, any Deliverables not subject to an agreed Vendor license and provided by the Vendor in performance of this Contract shall be and remain property of the Plan. During performance, the Vendor may provide proprietary components as part of the Deliverables that are identified in this Contract. The Vendor grants the Plan a personal, permanent, non-transferable license to use such proprietary components of the Deliverables and other functionalities, as provided under this Contract. Any technical and business information owned by the Vendor, or its suppliers or licensors made accessible or furnished to the State shall be and remain the property of the Vendor or such other party, respectively. The Vendor agrees to perform under the Contract in at least the same or similar manner provided to comparable users and customers. The State shall notify the Vendor of any defects or deficiencies in performance or failure of Deliverables to conform to the standards and specifications provided in this Contract. The Vendor agrees to timely remedy defective performance or any nonconforming Deliverables on its own or upon such notice provided by the State.

    (e) The Vendor has a limited, non-exclusive license to access and use State Data provided to the Vendor, but solely for performing its obligations under and during this Agreement and in confidence as further provided for herein or by law.

27. **RECORD RETENTION**: The Vendor shall retain all records for a minimum of six years following completion or termination of the Contract; however, if any litigation, claim, negotiation, audit, disallowance action, or other action involving this Contract has begun before expiration of the six year retention period described above, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular six year period described above, whichever is later. Certain records, such as those subject to HIPAA, may have longer retention periods or require destruction sooner; therefore, any such records shall be maintained, destroyed, or disposed of in accordance with applicable law or regulation.

28. **SEVERABILITY**: It is the intent of the Parties that the provisions of this Contract shall be enforced to the fullest extent permitted by applicable law. To the extent that the terms set forth in this Contract or any word, phrase, clause, or sentence is found to be illegal or unenforceable for any reason, such word, phrase, clause or sentence shall be modified, deleted, or interpreted in such a manner so as to afford the Party for whose benefit it was intended the fullest benefit commensurate with making this Contract, as modified, enforceable, and the balance of this Contract shall not be affected thereby, the balance being construed as severable and independent from the illegal or unenforceable provision.

29. **SITUS AND GOVERNING LAWS:**

    (a) To the extent not inconsistent with or preempted by federal law, this this Agreement is made under and shall be governed and construed in accordance with the laws of the State of North Carolina. The place of this Agreement, situs, and forum shall be Wake County, North Carolina, where all matters, whether sounding in contract or in tort, relating to its validity, construction, interpretation, or enforcement shall be determined by courts of the State of North Carolina. Contractor agrees and submits, solely for matters relating to this Agreement, to the jurisdiction of the courts of the State of North Carolina and stipulates that Wake County shall be the proper venue for all matters. The Plan does not consent to be sued in federal courts concerning the Agreement or matters arising therefrom and does not intend to waive its sovereign immunity by any language contained in this Agreement. At the sole discretion of the Plan, the Plan may initiate legal or equitable proceedings in any court that has subject matter jurisdiction over the matter in controversy.

    (b) The Vendor shall comply with all laws, ordinances, codes, rules, regulations, and licensing requirements that are applicable to the conduct of its business and its performance in accordance with the Contract, including those of federal, state, and local agencies having jurisdiction and/or authority, and including, without limitation, the applicable requirements in the Federal Funds Provisions, below.

    (c) Non-resident Vendor corporations not formed under NC law must be domesticated in the Office of the NC Secretary of State in order to contract with the State of North Carolina. G.S. 55A-15-01.

30. **SOVEREIGN IMMUNITY**: Notwithstanding any other term or provision in the Contract, nothing herein is intended nor shall be interpreted as waiving any claim or defense based on the principle of sovereign immunity or other State or federal constitutional provision or principle that otherwise would be available to the State under applicable law. The Plan does not consent to be sued in federal court.

31. **SUBCONTRACTORS:**

    (a) Unless otherwise notified by the Plan, acceptance of Vendor's proposal includes approval to use any Subcontractor(s) specified therein.

    (b) Work performed under this Contract by the Vendor or its employees shall not be subcontracted without prior written approval of the Plan. Vendor must submit a written request for approval in accordance with Paragraph 22. **NOTICES** of Attachment C: General Terms and Conditions of the Contract at least thirty (30) days prior to the anticipated start of services by the Subcontractor. Any request for Subcontractor approval shall include a completed Attachment P. Subcontractor Identification Form.

    (c) Upon request, the Vendor shall provide the Plan with complete copies of any contracts made by and between the Vendor and all Subcontractors. The selected Vendor remains solely responsible for the performance of its Subcontractors. Subcontractors, if any, shall adhere to the same standards required of the selected Vendor and this Contract. Any contracts made by the Vendor with a Subcontractor shall include an affirmative statement that the Plan is an intended third-party beneficiary of the contract; that the contract with the Subcontractor does not create a contract between the

Plan and Subcontractor; and that the Plan shall be indemnified by the Vendor for any claim presented by the Subcontractor. Notwithstanding any other term herein, Vendor shall timely exercise its contractual remedies against any non-performing Subcontractor and, when deemed appropriate by the Plan, substitute another Subcontractor.

(d) Vendor shall neither participate with nor enter into any agreement with any individual or entity that is currently debarred, suspended or in any way excluded from bidding on or participating in state or federal contract procurements as reported to the System for Award Management ("SAM") or appear as an excluded provider on the Office of Inspector General ("OIG") List of Excluded Individuals/Entities ("LEIE").

(e) Vendor shall notify the Plan, in writing, within fifteen (15) days if Subcontractors or Subcontractors' principals become debarred, suspended or in any way excluded from state or federal procurements as reported to the SAM or appears as an excluded provider on the OIG LEIE.

(f) A false certification or the failure to provide notice as required in Paragraph 22. **NOTICES** of Attachment C: General Terms and Conditions of the Contract shall be grounds for immediate removal of the Subcontractor from any Services being provided to the Plan.

(g) Any contract(s) between the Vendor and Subcontractor(s) require:

1. The Subcontractor to agree that, pursuant to NCGS §§ 147-64.7 and 143-49(9), the Plan, the North Carolina State Auditor, appropriate State or federal officials, and their respective authorized employees or agents shall have access to persons and premises, or such other locations where duties under the Contract are being performed, and are authorized to audit, inspect, monitor, or otherwise evaluate all books, records, data, information, and accounts ("Records") or copies of all Records, electronic systems of the Subcontractor(s), other persons directed by Vendor, or Vendor's parent or affiliated companies as far as they relate to transactions under the Contract, performance of the Contract, or costs charged to the Contract.

2. The Subcontractor to agree that the right to audit by the Plan, North Carolina State Auditor, appropriate State or Federal officials, and their respective authorized employees, will exist through ten (10) years from the final date of the contract period or from the date of completion of any audit, whichever is later; and

3. That if the Plan, the North Carolina State Auditor, appropriate State or Federal officials determine that there is a reasonable possibility of fraud or similar risk, the Plan, the North Carolina State Auditor, appropriate State or federal officials may inspect, evaluate, and audit the Subcontractor at any time.

(h) Any contract(s) or written agreements between the Vendor and Subcontractor(s) shall include:

1. The activities, obligations, and related reporting responsibilities, and

2. Provision for revocation of the delegation of activities or obligations or specify other remedies in instances where the Plan or the Vendor determines that the Subcontractor has not performed satisfactorily.

32. **TAXES**: Any applicable taxes shall be invoiced as a separate item.

(a) The Plan is exempt from federal Taxes, such as excise and transportation taxes. Exemption forms submitted by the Vendor will be executed and returned by the Plan.

(b) Prices offered are not to include any personal property taxes, nor any sales or use tax (or fees) unless required by the North Carolina Department of Revenue.

ATTACHMENT D: CUSTOMER REFERENCE TEMPLATE

ATTACHMENT D: CUSTOMER REFERENCE TEMPLATE can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT E: LOCATION OF WORKERS UTILIZED BY VENDOR

ATTACHMENT E: LOCATION OF WORKERS UTILIZED BY VENDOR can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT F: CERTIFICATION OF FINANCIAL CONDITION

ATTACHMENT F: CERTIFICATION OF FINANCIAL CONDITION can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT G: PROPOSAL SUBMISSION INFORMATION

ATTACHMENT G: PROPOSAL SUBMISSION INFORMATION form can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT H: HIPAA COMPLIANCE QUESTIONNAIRE

ATTACHMENT H: HIPAA COMPLIANCE QUESTIONNAIRE can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT I: BUSINESS ASSOCIATE AGREEMENT

ATTACHMENT I: BUSINESS ASSOCIATE AGREEMENT can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT J: ADMINISTRATORS FOR THE CONTRACT, HIPAA COMPLIANCE OFFICER, AND INFORMATION SECURITY OFFICER

ATTACHMENT J: ADMINISTRATORS FOR THE CONTRACT, HIPAA COMPLIANCE OFFICER, AND INFORMATION SECURITY OFFICER can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT K: DATA USE AGREEMENT (DUA)

ATTACHMENT K: DATA USE AGREEMENT (DUA) can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT L: MINIMUM INFORMATION SECURITY REQUIREMENTS

1. Definitions.

The following definitions apply to this attachment.

a) "Data Policy" means the Statewide Data Classification and Handling Policy located at https://it.nc.gov/document/statewide-data-classification-and-handling-policy.

b) "Agreement" means the executed contract for goods or services between the State of North Carolina and the Vendor, including all exhibits, attachments, schedules, statements of work, service level agreements, amendments, and documents or policies incorporated by reference, that collectively govern the rights, obligations, and responsibilities of the parties.

c) "Generative Artificial Intelligence ("GenAI"): any machine learning, deep learning, neural network, large language model, diffusion model, transformer-based model, or other artificial intelligence system that is trained on data to autonomously or semi-autonomously generate, synthesize, predict, modify, or transform text, images, audio, video, software code, data, analyses, or other content in response to prompts, inputs, queries, or other stimuli, including systems that continuously learn or are fine-tuned using additional data.

d) "Information Technology Services" ("IT Services" or "Vendor's Systems") refers to any information technology systems, services, applications, platforms, or infrastructure operated, managed, or utilized by the Vendor, its agents, or Subcontractors, that access, process, store, transmit, or otherwise handle State Data, including, without limitation, any cloud-based or on-premises IT Services associated with the provision of their services.

e) "Physical Security" means physical security at any site or other location housing systems maintained by the Vendor or its agents or subcontractors associated with their services.

f) "Processing" means any operation or set of operations performed upon the State Data, whether by automatic means such as creating, collecting, procuring, obtaining, accessing, recording, organizing, storing, adapting, altering, retrieving, consulting, using, disclosing or destroying.

g) "Security Breach" under the North Carolina Identity Theft Protection Act (N.C.G.S. § 75-60 et seq.), means:

   i. Any circumstance pursuant to which applicable Law requires notification of such breach to be provided to affected parties or requires other activity in response to such circumstance (including, without limitation, N.C.G.S. § 75-65); **or**

   ii. **Any actual, attempted, suspected, threatened, or reasonably foreseeable circumstance that compromises, or could reasonably be expected to compromise, either Physical Security or Vendor's Systems Security in a manner that does or could reasonably be expected to permit the unauthorized Processing, use, disclosure, acquisition of, or access to any of the State's Data or Restricted State Data or Information.**

h) "Security Incident" means any actual or suspected event that:

   i. Compromises, or disrupts access to or the use of, the State's Data or Vendor's Systems;
   ii. Involves fraudulent activity related to or affecting the State's Data or Vendor's Systems;
   iii. Results in the introduction of malware, viruses, or disabling devices into the State's Data or Vendor's Systems; or
   iv. Results in the loss, corruption, unauthorized disclosure of, or unauthorized access to, the State's Data or Vendor's Systems.

   Exclusions

   The following events shall not, by themselves, constitute a Security Incident under this agreement, provided that such events do not result in an actual compromise of security and remain within normal operational thresholds:

   i. Unsuccessful attempts to log into a system or database using invalid credentials;
   ii. Denial-of-service attempts that do not materially degrade, disrupt, or interrupt service or result in a system being taken offline;
   iii. Routine network activity, including firewall pings;
   iv. Port scans;
   v. Worms, viruses, and other malware

i) "Restricted State Data" means any non-public data that is classified by the State of North Carolina, now or in the future, as restricted or highly restricted under the Statewide Data Classification and Handling Policy (Data Policy) or applicable law, including personally identifiable information and any other data that requires enhanced safeguards to protect its confidentiality, integrity, or availability.

j) "Security of 'IT Services' or 'Vendor's Systems'" means the security, integrity, and protection of any computer, electronic, or telecommunications systems of any kind, including, without limitation, applications, databases, hardware, software, storage, and networking components (including switching and interconnection devices and mechanisms), together with any networks of which such systems are a part or with which they communicate, that are used directly or indirectly by the Vendor or its agents or subcontractors associated with their services.

k) "State Data" means all information created, received, stored, processed, or transmitted by or on behalf of a state agency as part of official State business — regardless of format, system, or who ultimately holds it

l) The "State" means the State of North Carolina acting through the North Carolina Department of Information Technology or other State Agency.

m) **"Vendor"** means any entity contracted by the State to provide goods or services under a formal, executed Agreement, **including, without limitation, legal Firms and other professional service providers**. This term includes not only the primary contracting party, but also any of its agents, representatives, or subcontractors who, in the course of fulfilling the Agreement, may access, process, store, transmit, or otherwise handle the State's Data.

2. Conflict of Terms.

In the case of a conflict between specific provisions of Attachment L and the Parties' Business Associate Agreement (BAA) regarding any State data that is not PHI, Attachment L shall control to the extent of a conflict. In the case of a conflict between specific provisions of Attachment L and the Business Associate Agreement regarding State Data that is PHI, or any other information that is PHI, the Business Associate Agreement shall control to the extent of the conflict and allow for compliance with HIPAA and HITECH.

3. Protection of the State's Restricted Data.

The Vendor acknowledges its responsibility to secure all Restricted State Data, as defined by the Data Policy located at https://it.nc.gov/document/statewide-data-classification-and-handling-policy.

The Vendor warrants, at its sole cost and expense, that it shall:

a) Implement appropriate processes and controls to maintain the security of Restricted State Data;

b) Exercise reasonable care and diligence to detect any fraudulent activity involving such data; and

c) Promptly notify the State of any confirmed Security Breach as soon as practicable, but no later than twenty-four (24) hours after confirmation, or within such shorter timeframe as may be required by N.C.G.S. § 143B-1379.

4. Storing State Data outside of the United States.

The Vendor shall not store or transfer Restricted State Data outside of the United States. This includes backup data and Disaster Recovery locations.

5. State Data and Service Safeguards.

The Vendor shall implement all appropriate administrative, physical, technical and procedural safeguards at all times during the term of this Agreement to secure State Data from Data Breach, and protect it and all IT Services associated with the provision of their services from loss, corruption, unauthorized disclosure, and the introduction of viruses, disabling devices, malware and other forms of malicious or inadvertent acts that can disrupt the State's access to its data and their services.

6. Encryption of Restricted State Data.

The Vendor shall encrypt all Restricted State Data while in transit, regardless of the transmission method or transport mechanism used. Additionally, vendors storing Restricted State Data shall ensure that such data is encrypted at rest. All

encryption mechanisms used by the Vendor must employ cryptographic modules validated in accordance with the National Institute of Standards and Technology (NIST) Federal Information Processing Standard (FIPS) 140-2, *Security Requirements for Cryptographic Modules*.

7. Breach Notification.

a) In the event the Vendor becomes aware of any Security Breach caused by an external unauthorized individual or group, or acts or omissions of the Vendor other than in accordance with the terms of the Agreement, the Vendor shall, at its own expense:
   i. Immediately notify the State's Contract Administrator of such Security Breach and perform a root cause analysis thereon;
   ii. Investigate such Security Breach;
   iii. Provide a remediation state, acceptable to the State, to address the Security Breach and prevent any further incidents;
   iv. Conduct a forensic investigation to determine what systems, data and information have been affected by such events;
   v. Cooperate with the State, and any law enforcement or regulatory officials, credit reporting companies, and credit card associations investigating such Security Breach.

b) The State shall make the final decision on notifying the impacted people, entities, employees, service providers and/or the public of such Security Breach, and the implementation of the remediation state.

c) If a notification to a customer is required under any Law or pursuant to any of the State's privacy or security policies, then notifications to all people and entities who are affected by the same event (as reasonably determined by the State) shall be considered legally required;

d) The State retains primary authority over Incident Response, and the Vendor bears associated costs caused by the Vendor's acts or omissions;

e) Vendor shall indemnify and hold harmless the State for claims arising from Security Incidents or noncompliance.

8. Security Logging and Availability.

The Vendor shall maintain security logs sufficient to support audit, forensic investigation, and incident response activities related to the State's Data and their services. Such logs shall be retained for a minimum of twelve (12) months, unless otherwise required by law or agreed in writing by the State. The Vendor shall make relevant security logs available to the State upon request, in a reasonable and usable format, solely for the purpose of security review, audit, or incident investigation. Nothing in this provision shall be construed to require the Vendor to provide continuous or direct system access to the State.

9. Notification Related Costs.

The Vendor shall reimburse the State for all Notification Related Costs incurred by the State arising out of or associated with any Security Breach due to acts or omissions of the Vendor other than in accordance with the terms of this Agreement resulting in a requirement for legally required notifications. "Notification Related Costs" shall include the State's internal and external costs associated with addressing and responding to the Security Breach including, but not limited to

a) Preparation and mailing or other transmission of legally required notifications;

b) Preparation and mailing or other transmission of such other communications to customers, agents or others as the State deems reasonably appropriate;

c) Establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training);

d) Public relations and other similar crisis management services;

e) Legal and accounting fees and expenses associated with the State's investigation of and response to such events; and

f) Costs for credit reporting services that are associated with legally required notifications or are advisable, in the State's opinion, under the circumstances.

If the Vendor becomes aware of any Security Breach which is not due to acts or omissions of the Vendor other than in accordance with the terms of this Agreement, the Vendor shall immediately notify the State of such Security Breach and the parties shall reasonably cooperate regarding which of the foregoing or other activities may be appropriate under the circumstances, including any applicable charges for the same.

10. Notice of Data Movement.

During normal operations, the Vendor may need to copy or move State Data to another storage location within the Vendor's Systems and delete the State Data from its original location. In any such event, the Vendor shall preserve the content, integrity, and confidentiality of the State Data during and after such transfer.

Except as required for routine operational processes, the Vendor shall not materially alter, relocate, or delete State Data without providing prior written notice to, and obtaining prior written approval from, the State.

11. Accessing State Data from Outside United States.

Remote access to State Data from outside the continental United States including, without limitation, remote access to State Data by authorized services support staff in identified support centers, is prohibited unless approved in advance by the State or designee of the State.

12. Vendor's Systems Loss and Restoration.

In the event of temporary loss of access to services, the Vendor shall promptly restore continuity of services, restore State Data in accordance with this Agreement and as may be set forth in a Service Level Agreement (SLA), restore accessibility of State Data and their services to meet the performance requirements stated herein or in an SLA. As a result, service level remedies will become available to the State as provided herein, in the SLA, or other agreed and relevant documents. Failure to promptly remedy any such temporary loss of access may result in the State exercising its options for assessing damages under this Agreement.

13. Disaster or Catastrophic Failure.

In the event of disaster or catastrophic failure that results in significant State Data loss or extended loss of access to State Data or IT Services, the Vendor shall notify the State by the fastest means available and in writing, with additional notification provided to the State or designee of the State. The Vendor shall provide such notification within twenty-four (24) hours after the Vendor reasonably believes there has been such a disaster or catastrophic failure. In the notification, the Vendor shall inform the State of:

a) The scale and quantity of the State Data loss;
b) What the Vendor has done or will do to recover the State Data from backups and mitigate any adverse effect of the State Data and services loss; and
c) What corrective action the Vendor has taken or will take to prevent future State Data and services loss;
d) If the Vendor fails to respond immediately to remedy the failure, the State may exercise its options for assessing damages or other remedies under this Agreement;
e) The Vendor shall investigate the disaster or catastrophic failure and shall share the report of the investigation with the State. The State and/or its authorized agents shall have the right to lead (if required by law) or participate in the investigation.

14. Return of State Data.

In the event of termination of this Agreement, cessation of business by the Vendor or other event preventing the Vendor from continuing to provide their services, the Vendor shall not withhold the State Data or any other State confidential information or refuse for any reason, and promptly return to the State the State Data and any other State confidential

information (including copies thereof) if requested to do so and on such media as reasonably requested by the State, even if the State is then or is alleged to be in breach of the Agreement. The Vendor will also provide the State with any data maps, documentation, software, or other materials necessary including, without limitation, handwritten notes, materials, working papers or documentation, for the State to use, translate, interpret, extract and convert the State Data.

15. Secure Data Disposal.

When requested by the State, the Vendor shall destroy all requested State Data in all its forms (e.g., disk, digital tapes, CD/DVD, and paper). State Data shall be permanently deleted and shall not be recoverable according to National Institute of Standards and Technology (NIST), approved methods and certificates of destruction shall be provided to the State. Upon the expiration or termination of this Agreement, or upon written request by the State, the vendor shall return State Data and certify secure destruction within 30 days in a State-approved format and securely destroy all remaining copies, including backups, in accordance with NIST-approved destruction methods.

16. Security Risk and Compliance Assessment.

North Carolina's Statewide Information Security Policies provide the framework for safeguarding information technology assets across the state. These policies establish the security standards mandated by N.C.G.S. §143B-1376, which assigns the State Chief Information Officer responsibility for creating statewide IT Security standards to enhance the functionality, security, and interoperability of the State's assets. These policies apply to all assets, i.e., State Data and Vendor's Systems, whether managed directly by the State or by contractors and other organizations acting on its behalf. Authorization to use systems that store, process, or transmit State restricted information is strictly controlled to ensure that only approved systems are utilized.

To support compliance with the State security standards and enable the State's assessment of IT Services and State Data related to risk and compliance, all vendors are required to provide the State with a complete inventory of the IT Services associated with the provision of their services. This requirement ensures that all IT services, whether new, existing, or being renewed, are fully and accurately documented and evaluated for security risk and compliance. Accordingly, Vendors must ensure that all information related to IT services is accurate and up to date.

a) Vendor Compliance: Prior to contract award or procurement, the Vendor shall submit all requested security documentation as required by the terms of this RFP. The submitted materials will be reviewed by the State to determine whether the system meets applicable State security requirements prior to award.

i. Prior to contract award or procurement, the Vendor shall submit all requested security documentation. The submitted materials will be reviewed by the State to determine whether the system meets applicable State security requirements prior to award.
ii. Compliance with the requirements set forth in this Agreement is a material condition of the Agreement. Any failure by the Vendor to comply with the security, privacy, data protection, or system control obligations identified in this Agreement shall constitute a material breach of the Agreement.
iii. Upon identification of noncompliance, the State reserves the right, at its sole discretion, to take appropriate enforcement actions, which may include, but are not limited to requiring corrective action plans; temporarily suspending access to systems, data, or services; withholding payment; or terminating this Agreement in whole or in part. Such actions may be taken without limiting any other rights or remedies available under the Agreement, at law, or in equity.
iv. Termination or suspension under this provision may occur immediately when the noncompliance poses a risk to the confidentiality, integrity, or availability of systems or State Data, or where the Vendor fails to timely remediate identified deficiencies. The Vendor shall remain responsible for all obligations that, by their nature, survive termination, including but not limited to data protection, confidentiality, audit cooperation, and incident response obligations.
v. The Vendor shall ensure that all subcontractors, agents, affiliates, or third parties engaged to perform any portion of their services are contractually bound to security and data protection obligations no less stringent than those set forth in this Agreement.

vi. The Vendor remains fully responsible and liable for the acts, omissions, and compliance of its subcontractors as if such acts or omissions were those of the Vendor itself. The use of subcontractors shall not relieve the Vendor of any obligations under this Agreement, including compliance with applicable security standards, audit requirements, incident notification timelines, or data handling restrictions.

vii. The Vendor shall not engage any subcontractor that materially impacts system security or data processing without prior disclosure, and as required by this RFP, prior written approval. Upon request, the Vendor shall provide documentation demonstrating that subcontractors are subject to appropriate contractual security controls, including but not limited to security addenda, flow-down clauses, or equivalent written assurances.

viii. The State understands that security assessment reports and security information provided to the Plan for the purpose of this Agreement may contain confidential information and/or trade secrets.

b) Vendor's Systems Security Assessment:

Based upon the result of Vendor IT Service(s) Security assessment associated with the provision of their services, and to comply with the State's Security Policies and Standards, a Vendor may be required to provide the State with any of the following Information Technology security materials prior to potential award. Failure to provide this information in a timely manner (upon offer submission or upon request from the State) shall be grounds for disqualification of the Vendor's proposal :

i. A completed Vendor Readiness Assessment Report Non-State Hosted Solutions ("VRAR"). This report is located at the following website: https://it.nc.gov/documents/vendor-readiness-assessment-report.

ii. A valid and favorable independent 3rd party assessment report on all related security controls that are consistent with, and can be cross walked to, the data classification level and security controls appropriate for moderate information system(s) per the National Institute of Standards and Technology ("NIST") SP 800-53 Rev. 5 or the most recent revision. To satisfy this requirement, such reports must have been issued within twelve (12) months prior to the anticipated contract award date or be supplemented by bridge letters covering no more than three months after the report expiration date. The Vendor hereby agrees that the State has the right to independently evaluate, audit, and verify such requirements as part of its continuous assessment and during the life of the Contract. Upon request, The State will verify any such third-party security opinions or attestations yearly during the life of the Contract, and the Vendor will be required to timely provide an updated report or bridge letter verifying that there have been no material changes in the Scope of the Examination reported since the issuance of the last report.

ii. Commitment to obtain a favorable third-party opinion or attestation within a period specified by the State. If the Vendor is currently undergoing a third-party NIST SP 800-53 Rev. 5 (or most recent revision) compliant security assessment of such data centers or systems, the Vendor shall provide proof of purchase or a copy of its contract with the third party retained to perform the audit and the expected date for completion.

iii. The ability to support the State's North Carolina Identity (NCID) Management Service, which is the State's enterprise identity and access management solution operated by the North Carolina Department of Information Technology (NCDIT). Additional information regarding NCID is available through the NCDIT Service Catalog and the NCID website at: https://it.nc.gov/services/nc-identity-management-ncid

iv. The ability to support Single Sign-On (SSO) integration using Microsoft Entra ID as the Identity Provider, leveraging industry-standard protocols such as SAML 2.0 and OpenID Connect (OIDC)", subject to final architecture and security approval.

v. Cyber breach liability insurance coverage in an amount specified by the State. The Vendor shall provide documentation of the amount of cyber breach liability insurance.

vi. Additional Security Documentation: Prior to contract award, the State may in its discretion require the Vendor to provide additional security documentation, including but not limited to vulnerability assessment reports and penetration test reports. The awarded Vendor shall provide additional security documentation upon request by the State during the term of the contract.

17. Use and Disclosure of GenAI During the Term of the Agreement.

a) During the term of the Agreement, Vendor must promptly notify the State in writing if Vendor's Services or any work under this Agreement includes, or makes available, any previously unreported GenAI technology, including GenAI from third parties or subcontractors.

b) Vendor shall not activate such GenAI technology without the State's written consent and approval.

c) The State may, in its sole discretion, require the Vendor to provide additional information for Vendor's GENAI technology related to privacy, security, and architecture.

d) Failure to disclose GenAI use to the State may be considered a breach of the contract by the State at its sole discretion. The State may consider such failure to disclose GenAI or any failure to provide requested information related to privacy, security, or architecture, as grounds for the immediate termination of the Agreement. The State is entitled to seek any and all relief it may be entitled to as a result of Vendor's failure to disclose GENAI.

e) The State reserves the right to incorporate GenAI Special Provisions into this Agreement at the State's sole discretion and/or terminate any Agreement that presents an unacceptable level of risk to the State.

18. Information Security Program.

The Vendor shall maintain Information Security Program that addresses, and during the term of this Agreement shall address, the following areas: (i) Access Control, (ii) Awareness and Training; (iii) Audit and Accountability; (iv) Assessment, Authorization, and Monitoring; (v) Configuration Management: (vi) Contingency Planning; (vii) Identification and Authentication; (ix) Incident Response; (x) Maintenance; (xi) Media Protection; (xii) Physical and Environmental Protection; (xiii) Planning: (Program Management: (xiv) Personnel Security: (xv) Risk Assessment; (xvi) System and Services: (xviii) Acquisition: (xix) System and Communications Protection: (xx) System and Information Integrity; (xxi) Supply Chain Risk Management; (xxii) Personally Identifiable Information Processing and Transparency.

19. Compliance with Laws and Standards.

The Vendor certifies that it shall treat the State's property and State Data in compliance with legal requirements and applicable industry standards with respect to privacy and State Data security, including without limitation any requirements implemented by the State under N.C.G.S. §§ 143B-1376 and -1377; Privacy provisions of the Federal Privacy Act of 1974;The North Carolina Identity Theft Protection Act, N.C.G.S. Chapter 75, Article 2A (e.g., N.C.G.S. § 75-65 and -66); The North Carolina Public Records Act, N.C.G.S. Chapter 132; and Applicable Federal, State and industry standards and guidelines including, but not limited to, relevant security provisions of the Payment Card Industry (PCI) Data Security Standard (PCIDSS) including the PCIDSS Cloud Computing Guidelines, Criminal Justice Information, The Family Educational Rights and Privacy Act (FERPA), Health Insurance Portability and Accountability Act (HIPAA);Any requirements implemented by the State under N.C.G.S. §§ 143B-1376 and -1377.

20. Survival.

The provisions of this exhibit shall survive the termination or expiration of this Agreement for as long as the Vendor or its Subcontractor has possession of or access to the State's materials.

ATTACHMENT M: IT SERVICES INVENTORY WORKSHEET

ATTACHMENT M: IT SERVICES INVENTORY WORKSHEET can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT N: MINIMUM REQUIREMENTS RESPONSES

ATTACHMENT N-0: ALL MODULES MINIMUM REQUIREMENTS RESPONSE

ATTACHMENT N-1: MODULE 1 MINIMUM REQUIREMENTS RESPONSE

ATTACHMENT N-2: MODULE 2 MINIMUM REQUIREMENTS RESPONSE

ATTACHMENT N-3: MODULE 3 MINIMUM REQUIREMENTS RESPONSE

The above-mentioned Attachments can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT O: TECHNICAL REQUIREMENTS RESPONSE

ATTACHMENT O-1: MODULE 1 TECHNICAL REQUIREMENTS RESPONSE

ATTACHMENT O-2: MODULE 2 TECHNICAL REQUIREMENTS RESPONSE

ATTACHMENT O-3: MODULE 3 TECHNICAL REQUIREMENTS RESPONSE

The above-mentioned Attachments can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072.**"
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT P: SUBCONTRACTOR IDENTIFICATION FORM

ATTACHMENT P: SUBCONTRACTOR IDENTIFICATION FORM can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT Q: EVALUATION METHODOLOGY

Vendor's responses will be evaluated using the applicable evaluation methodologies described in this Attachment Q: Evaluation Methodology and the process described in Section 3 – 3.4 Evaluation Process of the RFP. The evaluation process will be repeated for each module.

I. Minimum Requirements Rating

The Evaluation Committee will review the Vendor's responses to the questions in Attachment N: Minimum Requirements Responses for each module and evaluate the responses based on the requirements described in the RFP. Based on this review, the Evaluation Committee will record a rating for each question using the Minimum Requirements Rating Scale.

Table I.1: Minimum Requirements Rating Scale	
Meets	The Proposal meets the stated requirements, and Vendor provided any required confirmation and Vendor provided any required documents
Does Not Meet	The Proposal does not meet the stated requirements, or Vendor failed to provide confirmation, or Vendor failed to provide required documents.

II. Technical Requirements Rating

For each question in Attachment O: Technical Requirements Response for each module, the Evaluation Committee will review Vendor's response and evaluate the response at the question level, considering and documenting any strengths and weaknesses, risks, confidence level, or advantages in the response based on the requirements described in the RFP. A rating table is identified for each technical response question for each module as set forth in Tables II.O-1, II.O-2, and II.O-3 below. Based upon this review, the Evaluation Committee will describe the Vendor's response to the Evaluation Question using the categories in the appropriate rating table as set forth below. A rationale will be documented for any rating other than acceptable. No rationale will be provided for a determination of acceptable.

Table II.-1 - Strengths and Weaknesses Rating Scale	
Rating	Definition
Significant Strength	The response meets the requirements of the Plan; and Information disclosed, described, or provided greatly enhances the potential for successful contract performance and/or appreciably exceeds specified performance or capability requirements in a way that will be advantageous to the Plan.
Strength	The response meets the requirements of the Plan; and Information disclosed, described, or provided enhances the potential for successful contract performance and/or that exceeds specified performance or capability requirements in a way that will be advantageous to the Plan.
Acceptable	The response meets the requirements of the Plan; and Information disclosed, described or provided is responsive to the question and does not raise concerns that the Vendor will not be able to meet the RFP requirements.
Weakness	The response meets some of the requirements of the Plan; and Information disclosed, described, or provided does not meet all requirements and/or is incomplete and/or deficient in a way that creates a risk for unsuccessful contract performance.
Significant Weakness	The response meets either some or none of the requirements of the Plan; and Information disclosed, described, or provided does not meet all requirements and/or is incomplete and/or deficient in a way that creates a significant risk for unsuccessful contract performance; or The response contained insufficient information to evaluate.
Table II.-2. - Risks Rating Scale	

Rating	Definition
Acceptable	The Vendor confirmed it will meet the requirements of the Plan with no limitations identified or the Vendor confirmed it will meet the requirements of the Plan and information disclosed, described or provided does not create a risk of unsuccessful performance.
Low Risk	The Vendor confirmed it will meet the requirements of the Plan with some limitations that create a low risk of unsuccessful contract performance, or the Vendor confirmed it will meet the requirements of the Plan and information disclosed, described or provided creates a low risk of unsuccessful contract performance.
Risk	The Vendor confirmed it will meet the requirements of the Plan with some limitations that create a risk of unsuccessful contract performance, or the Vendor confirmed it will meet the requirements of the Plan and the information disclosed, described, or provided creates a risk of unsuccessful contract performance.
Significant Risk	The Vendor confirmed it will meet the requirements of the Plan with limitations that create a significant risk of unsuccessful contract performance, or the Vendor did not confirm that it would meet the requirements of the Plan. And/or the information disclosed, described, or provided creates a significant risk of unsuccessful contract performance.

Table II.-3. - Experience and Performance Rating Scale	
Rating	Definition
Strength	The response meets the requirements of the Plan; and Information disclosed, described, or provided related to the experience of the entity/individuals enhances the potential for successful contract performance and/or exceeds specified performance or capability requirements in a way that will be advantageous to the Plan.
Acceptable	The response meets the requirements of the Plan; and Information disclosed, described, or provided related to the experience of the entity/individuals is responsive to the question and does not raise concerns that the Vendor will be unable to meet the RFP requirements.
Weakness	The Response does not meet some of the requirements; or, the information disclosed, described, or provided related to the experience of the entity/individuals raises or creates a risk of unsuccessful contract performance.

Table II-.4. - Confidence Rating	
Rating	Definition
Significant Strength	Based on the information provided, the Plan has substantial confidence that the Vendor possesses the knowledge and skills to successfully meet contract requirements and/or support the Plan's strategy and initiatives.
Acceptable	Based on the information provided, the Plan has confidence that the Vendor possesses the knowledge and skills to successfully meet contract requirements and/or support the Plan's strategy and initiatives.
Weakness	Based on the information provided, the Plan has limited confidence that the Vendor possesses the knowledge and skills to successfully meet contract requirements and/or support the Plan's strategy and initiatives.
Significant Weakness	The information provided does not give the Plan confidence that the Vendor possesses the knowledge and skills to successfully meet contract requirements and/or support the Plan's strategy and initiatives.

Table II.-5. - Strengths and Weaknesses Rating Scale- Advantageous to the Plan	
Rating	Definition
Significant Strength	Information disclosed, described, or provided greatly enhances the potential for successful contract administration by the Plan or performance by the Vendor and/or appreciably improves operational efficiency and/or effectiveness and/or appreciable improves member experience and/or appreciably exceeds specified performance or capability requirements in a way that will be advantageous to the Plan.
Strength	Information disclosed, described, or provided enhances the potential for successful contract administration by the Plan or performance by the Vendor and/or improves operational efficiency and/or effectiveness and/or improves member experience and/or exceeds specified performance or capability requirements in a way that will be advantageous to the Plan.
Acceptable	Information disclosed, described or provided is responsive to the question and does not raise concerns that the Vendor will not be able to meet the Contract performance requirements but does not impact the Plan's ability to administer the Contract(s) or impact operational efficiency and/or effectiveness and/or member experience.

The rating tables corresponding to each Evaluation Question for each module:

Table II.O-1: Rating Scales for Module 1 Technical Response Questions	
Question #	Rating Scale
9, 10, 13, 14, 15, 16, 17, 20, 21, 23, 25, 26, 28, 29, 30, 33, 34, 36, 37, 42, 48	Table II.-1. -Strengths and Weaknesses
2, 3, 7, 8, 11, 12, 18, 19, 22, 24, 27, 31, 32, 35, 38, 39, 40, 41, 43, 44	Table II. – 2. – Risks
4, 5	Table II. – 3. - Experience and Performance
N/A	Table II. – 4. Confidence Rating
6, 49	Table II. – 5. - Strengths and Weaknesses – Advantageous to the Plan
1, 45, 46, 47	Not scored

Table II.O-2: Rating Scales for Module 2 Technical Response Questions	
Question #	Rating Scale
7, 8, 9, 10, 17, 23, 26, 27, 28, 37	Table II. -1. - Strengths and Weaknesses
2, 3, 16, 20, 21, 22, 24, 25, 29, 30, 31, 32, 33, 34, 35	Table II.-2. - Risks
4, 5	Table II.-3. - Experience and Performance
11, 12, 13, 14, 15, 18, 19	Table II – 4. -Confidence Rating
6, 38	Table II.-5.-Strengths and Weaknesses – Advantageous to the Plan
1, 36	Not scored

Table O-3: Rating Scales for Module 3 Technical Response Questions	
Question #	Rating Scale
8, 9, 10, 12, 13, 14, 15, 17, 18, 22, 23, 24, 25, 29,	Table II.-1- Strengths and Weaknesses
2, 3, 11, 16, 19, 20, 21, 26, 27, 28, 30, 31, 32, 34	Table II.-2.-Risks
4, 5, 6	Table II.-3.-Experience and Performance
N/A	Table II.-4.-Confidence Rating
7, 35	Table II.-5.-Strengths and Weaknesses – Advantageous to the Plan
1, 33	Not scored

III. Criterion Level Rating

After the Evaluation Committee has reviewed and evaluated each of the Vendor's responses at the question level, the Evaluation Committee will evaluate the Vendor's overall response at the criterion level (see Section 3.4) and determine a consensus rating for each criteria identified in Section 3.4 using the Criterion Level Rating Scale. Except as to the functional area criteria for *Oral Presentations* and *Multiple Module Efficiencies*, the Evaluation Committee will evaluate the Vendor's overall response at the criterion level and determine a consensus rating for each criteria using Table III.-1 - Criterion Level Rating Scale. The Evaluation Committee will determine a criterion level rating based upon the Committee's overall impression of a Vendor's response to the questions within the criterion. For the Oral Presentations and Multiple Module Efficiencies, the rating at the question level will serve as the rating at the criterion level. Except as otherwise indicated (i.e., Oral Presentations and Multiple Module Efficiencies) any strengths, weaknesses, risks, confidence ratings, or advantages recorded by the Committee during the question level evaluation are not dispositive and do not necessarily result in any specific criterion level rating being assigned. Vendor Technical Proposals will be ranked from most advantageous to least advantageous by the Evaluation Committee based on the consensus ratings for the evaluation factors stated in this RFP at Section 3.4 and their relative importance. n

Table III.-1. - Criterion Level Rating Scale	
Rating	Definition
Exceeds Requirements	The responses demonstrate that the Vendor: ➢ Understands the requirements of the RFP; and ➢ Has proposed an approach that meets and, in some areas, exceeds requirements in a way that adds value to the Department; and ➢ Demonstrates Vendor has the capacity, capability, and/or experience to implement or operationalize the approach; and/or ➢ The information disclosed described or provided is responsive and increases Department's confidence Vendor will be able to meet and, in some areas, exceed, the requirements of the RFP.

Table III.-1. - Criterion Level Rating Scale (Continued)	
Rating	Definition
Meets Requirements	The responses demonstrate that the Vendor: ➢ Understands the requirements of the RFP and has proposed an approach that meets the requirements; and ➢ Demonstrates the Vendor's capacity, capability, and/or experience needed to implement or operationalize the approach; and/or ➢ The information disclosed, described, or provided is responsive and does not raise concerns that the Vendor will not be able to meet the requirements of the RFP.
Partially Meets Requirements	The responses demonstrate the Vendor: ➢ Has a fair understanding of the requirements of the RFP; and ➢ Proposed an approach for which there is limited capacity, capability, and/or experience to implement or operationalize the requirements; and/or ➢ The information disclosed, described, or provided raises concerns that Vendor will be able to meet the requirements of the RFP and may have performance issues.
Does Not Meet Requirements	No response provided or the responses provided: ➢ Demonstrate Vendor has an insufficient understanding of the requirements; or ➢ Demonstrate a proposed approach that does not meet requirements; or ➢ Does not demonstrate sufficient capacity, capability, and/or experience to meet the requirements; and/or ➢ The information disclosed, described, or provided raises substantial concerns that the Vendor will not be able to meet the requirements of the RFP and may have performance issues.

IV. Cost Proposal

Vendor's proposed cost is an evaluation factor in the selection process. Cost is evaluated with the relative importance as identified in Section 3.4. The Plan will evaluate Cost Proposals submitted for each Module for the Total Cost to the Plan based on administrative fees and programmatic cost in the formatted cost tables provided in the RFP. Cost may be adjusted as described in the RFP. See Attachment A: Cost Proposal for additional information. Vendor cost proposals will be ranked according to total cost from lowest to highest.

V. Final Ranking

The Evaluation Committee will conduct a Best Value analysis of the Vendor's proposals, comparing the ratings of each response and the total price provided in the Vendor's Cost Proposal to determine which response provides the best trade-off between price and performance. The Evaluation Committee will rank the Vendors from most advantageous to least advantageous based on this comparative analysis, using the evaluation factors in this RFP at Section 3.4 and their relative importance. A narrative of relative strengths and weaknesses will be documented to support this ranking. The overall ranking of any offer may be adjusted up or down during the Best Value process and may differ from the preliminary ranking given under either the Technical Proposal evaluation and/or Cost Proposal evaluation. If Vendors have any questions regarding the evaluation criteria or evaluation process or if any portion of the evaluation criteria or evaluation process are not clear to Vendor, they are advised to submit a formal written question(s) (See Section 2.5 Proposal Questions).

VI. Recommendation for Award

Based on the final ranking, the Evaluation Committee will make a recommendation for award to the Executive Administrator.

ATTACHMENT 1: PBM – EES BUSINESS REQUIREMENTS BRD

ATTACHMENT 1: PBM – EES Business Requirements BRD can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT 2: SAMPLE ENROLLMENT AUDIT SCHEDULE

ATTACHMENT 2: Sample Enrollment Audit Schedule can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT 3: STATE HEALTH PLAN GROUP STRUCTURE

ATTACHMENT 3: State Health Plan Group Structure can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT 4: PBM CALL AUDIT EXPECTATIONS

ATTACHMENT 4: PBM Call Audit Expectations can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT 5: PHARMACY BENEFIT MANAGER DATA FILE REQUIREMENTS BRD

ATTACHMENT 5: Pharmacy Benefit Manager Data File Requirements BRD can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT 6: STANDARD REPORTS

ATTACHMENT 6: Standard Reports can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

ATTACHMENT 7: MODULE 1 ALTERNATIVE CLAIMS FUNDING OPTION RESPONSE

ATTACHMENT 7: Module 1 Alternative Claims Funding Option Response can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

EXHIBIT A-1: CLAIMS DATA HISTORY FILE LAYOUT

Exhibit A-1: Claims Data History File Layout (referenced in Attachment A: Cost Proposal)can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

EXHIBIT A-2: SELECTED UTILIZATION MANAGEMENT CRITERIA

Exhibit A-2: Selected Utilization Management Criteria (referenced in Attachment A: Cost Proposal) can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

EXHIBIT A-3: 2024-2025 SELECTED PLAN DESIGN PARAMETERS PLAN DESIGN

Exhibit A-3: 2024-2025 Selected Plan Design Parameters Plan Design (referenced in Attachment A: Cost Proposal) can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

EXHIBIT A-4: DEPOSITS AND DISBURSEMENTS PROCESS

Exhibit A-4: Deposits and Disbursements Process (referenced in Attachment 7: Module 1 Alternative Claims Funding Option Response) can be accessed for review by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.

EXHIBIT O-2-1: STRATEGIC FORMULARY AND UTILIZATION MANAGEMENT INITIATIVES DETAIL WORKSHEET

Exhibit O-2-1: Strategic Formulary and Utilization Management Initiatives - Detail Worksheet (referenced in Attachment O-2 Module 2 Technical Requirements Response) can be accessed for completion by following the instructions below:

1. Click on the link: https://evp.nc.gov/solicitations/
2. Type "**Pharmacy**" or "**1987736072**" in the "Search" bar on the top right; and click the search magnifying glass.
3. Click on solicitation number "**Doc1987736072."**
4. Scroll down to "Attachments" to access the RFP and attachments in the zip file.