



**State of Georgia**  
In conjunction with  
**NASPO ValuePoint**

**Electronic Request for Proposals (“eRFP”)  
eRFP (Event) Number: 41900-DCH0000136  
Event Name: Pharmacy Benefit Services**

# **Attachment I - Pharmacy Drug Rebate Services Scope of Work**

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## **1 INTRODUCTION**

The Contractor shall administer the invoicing, collection, financial analysis, and negotiations of Pharmacy Drug Rebates Services for eligible Federal Pharmacy Rebates and Supplemental Rebates for Fee-for-Service (FFS), the State Pharmaceutical Assistance Program (SPAP) and Medicaid Care Management Organizations (CMOs), as applicable. Supplemental Rebates include value-based contracts, Durable Medical Equipment (DME), state-specific Rebates, and traditional Supplemental Rebates.

Services include, but are not limited to, the Centers for Medicaid and Medicare Services (CMS) Rebates for all Covered Outpatient Drugs (COD), including healthcare Provider-administered drugs, drugs billed through the Point-of-Sale (POS) Claims Processing Solution as managed by the State's Pharmacy Benefit Administrator vendor, and other Products subject to rebate.

The Pharmacy Drug Rebate Solution ("Solution") required by the State is critical to managing Medicaid costs and maintaining access to Pharmacy and Medical benefits for vulnerable, low-income populations. The Contractor's Solution must offer a configurable Commercial Off-the-Shelf (COTS)/ Non-Proprietary product that uses sound, efficient business and system operations meeting or exceeding current industry standards that encompass all technology and services as defined in this scope to administer a comprehensive pharmacy drug rebate program managed by the State.

The purpose of this document is to provide a high-level, comprehensive description of the scope and requirements of the Pharmacy Drug Rebate Services.

## **2 PHARMACY DRUG REBATE AND SUPPLEMENTAL REBATE PROCESSING**

### **2.1 GENERAL REQUIREMENTS**

- 2.1.1 The Contractor must provide an on-line (web-based) history and provide maintenance from inception of the rebate program to present of Manufacturer/Labeler detail-level account information, including, but not limited to, invoices, payments, interest, adjustments, Claim level detail and disputes. The State must have the ability to generate reports on parameters including, but not limited to, Manufacturer/Labeler, rebate type, and rebate period.
- 2.1.2 The Contractor's Solution must be available via web portal for both State and Labeler staff with role-based access to functionality. Throughout the duration of the Contract, the Contractor must ensure that its system remains compatible with the currently supported versions of the Windows

operating system and is accessible via currently supported web browsers in use by the State.

2.1.3 The Contractor shall deliver system enhancements to accept new National Council for Prescription Drug Programs (NCPDP) formats as approved and released.

2.1.4 The Contractor shall send all communication received from CMS to the State upon receipt.

## **2.2 SOLUTION AVAILABILITY**

2.2.1 The system and operations shall be available twenty-four (24) hours a day, five (5) days a week (Monday through Friday), except during State-approved Contractor-Scheduled Downtime or maintenance windows.

2.2.2 The Contractor shall schedule system maintenance and Downtime on Saturdays, Sundays, or other non-business days (e.g., holidays) to ensure daily operations are not interrupted.

2.2.3 The Contractor shall provide at least seventy-two (72) hours advance written notification to the State for any system Downtime that occurs outside of the agreed upon schedule maintenance window.

2.2.4 The Contractor shall notify the State immediately of any Unscheduled Downtime of the Contractor's Solution that affects any of the normal business operations.

2.2.5 The Contractor shall provide written notification to the State in the event of an emergency or Unscheduled Downtime immediately upon awareness of the emergency or Unscheduled Downtime.

## **3 SUPPLEMENTAL REBATE (SR) ACTIVITY**

### **3.1 OVERVIEW**

3.1.1 The Contractor shall manage, on behalf of the State, the negotiation, implementation, and management of Supplemental Rebates (SRs) including, but not limited to, traditional SRs, value-based contracts, diabetic supplies, State-specific rebates, CMO rebates, SPAP rebates, and multi-agency purchasing agreements.

3.1.2 Within thirty (30) Calendar Days following Contract Execution, the Contractor must provide the State with a comprehensive, written Supplemental Rebate Work Plan detailing all aspects of the Supplemental Rebate program, including, but not limited to, the process for bidding, making recommendations, and negotiating.



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3.1.3 The Contractor shall be responsible for, but not limited to:

- a. Providing the general framework, conditions and processes used in negotiating and renegotiating rebates, and evaluating the rebate value in relation to the State-specific drug Product utilization mix of a therapeutic class.
- b. Accommodating exclusion of certain therapeutic classes of drugs from rebate participation per state or federal mandate.
- c. Assisting with developing SR Contract templates, upon request by the State, to be submitted to CMS for approval.
- d. Providing the process for managing, tracking, and overseeing all negotiated SR Contracts, including all attachments and exhibits, to the Labelers and the State for execution.
- e. Providing cost information, inclusive of CMS [Unit Rebate Amount (URA) and Unit Rebate Offset Amount (UROA)] and SR offers to the State, which clearly outline the SR offer, current and proposed Preferred Drug List (PDL) status of the drugs, and the impact to the total net cost per drug to the State's State Advisory Board.
- f. Providing a description of the system used to accept and track bids with varying offer levels from Labelers. The description must include:
  - i. The schedule for activities and how it will be agreed upon with the State.
  - ii. Steps taken to procure bids.
  - iii. Bid option alternatives offered.
  - iv. Steps taken in presenting this information to the State.
  - v. Steps taken in following up with Labelers.
  - vi. Steps taken in finalizing bids.
  - vii. Circumstances when interim bids should be considered.
  - viii. Methodologies to assure accuracy and timeliness.

**3.2 BID SOLICITATION**

- 3.2.1 The Contractor must perform bid solicitations according to a mutually agreed upon schedule and cadence with the State.



- 3.2.2 In addition to established PDL classes, the Contractor shall recommend additional therapeutic classes for inclusion in the PDL and bid solicitation when it may be financially advantageous.
- 3.2.3 The Contractor shall negotiate all Supplemental Rebates on behalf of the State and shall adhere to a timeline approved by the State that provides for efficiency in process management to allow for State review of recommendations and approval through the State Advisory Board.
- 3.2.4 The Contractor shall ensure that any bidders offering Supplemental Rebates are in good standing and do not have more than two (2) quarters of outstanding unpaid rebates (not including any rebates that the Contractor and Labeler are actively working through the dispute resolution process).
- 3.2.5 The Contractor's Solution must:
  - a. Allow on-line bid submissions from authorized Labeler representatives.
  - b. Allow Authorized Solution Users to view bid submissions with varying offer levels (tiers) from authorized Labeler representatives.
  - c. Allow Authorized Solution Users to access bid submissions via various query fields, such as contract year, therapeutic class, and drug name.

### **3.3 NEW DRUGS AND LABELER CHANGES**

- 3.3.1 The Contractor shall utilize a State-approved process to identify and address new drugs to the market or new formulations that occur outside the standard bid cycle.
- 3.3.2 The Contractor must review new drugs or formulations with the State to determine whether the Contractor should contact the Labeler prior to the next official bid cycle date to solicit Supplemental Rebate bids.
- 3.3.3 The Contractor shall have a mutually agreed upon process with the State for adding new formulations to existing SR contracts. The process must include how new drugs are identified, the financial analysis, solicitation of bids, presentation of information to the State, contract preparation, and any necessary postings to ensure SRs may be collected.
- 3.3.4 The Contractor shall notify the State of any Labelers added to the Medicaid Drug Rebate Program (MDRP) and any Labelers removed from the MDRP. If the change in MDRP status for the Labeler impacts a PDL class or SR, the Contractor shall perform financial analysis, bid solicitation, and review the information with the State in a mutually agreed upon timeframe.



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### **3.4 FINANCIAL REVIEW AND RECOMMENDATIONS**

- 3.4.1 The Contractor shall document how it will review current Labeler Supplemental Rebate data and make recommendations to the State for specific drugs that demonstrate the greatest possibility of both therapeutic value and cost savings through SRs. The Contractor shall provide the State with evidence-based data with its recommendations. Methodology for calculating cost savings must be mutually agreed upon by the Contractor and the State.
- 3.4.2 The Contractor shall provide the State with complete financial modeling scenarios of current PDL, and suggested changes based on SR Contracts prior to each State Advisory Board cycle, as requested by the State.
- 3.4.3 All financial modeling reports should include, but not be limited to, financial details, limitations, and exception language of the contract bid offer from the Labelers. The Contractor shall make adjustments to the financial modeling reports based on the State Advisory Board's recommendations and submit them to the State within ten (10) Calendar Days after each State Advisory Board meeting.
- 3.4.4 The Contractor shall be present at all State Advisory Board meetings to support the State.

## **4 INVOICE PROCESSING**

### **4.1 REBATE ELIGIBLE CLAIMS IDENTIFICATION**

- 4.1.1 The Contractor must calculate and create invoices for any and all eligible rebates for Products reimbursed by the State program for its Members at one hundred percent (100%) accuracy.
- 4.1.2 The Contractor shall accept and utilize the file feed that identifies National Drug Codes (NDCs) and the associated Healthcare Common Procedure Coding System (HCPCS) used to bill for all healthcare Provider administered drugs on medical and outpatient Claims, including crossover Claims.
- 4.1.3 The Contractor's Solution must have the capability to:
  - a. Exclude from invoice processing certain categories of Claims, including zero-dollar Claims, and NDCs that are reimbursed by the State.
  - b. Maintain Labelers' entries and Termination Dates in the CMS Rebate Program with access for the State to view, update, and utilize in Claims



processing. The Contractor must communicate changes to the State's PBA vendor to ensure proper Claims processing.

- c. Maintain multiple Labeler enrollment dates, Termination Dates, and address changes that are provided by CMS.

4.1.4 The Contractor shall communicate Termination Dates to the State's PBA vendor within five (5) Business Days that they are posted to the CMS website.

## **4.2 UNIT CONVERSIONS**

4.2.1 The Contractor shall identify correct billing Units for NDCs based on available package sizes and CMS-specified Units prior to invoicing.

4.2.2 The Contractor shall convert billed Units to CMS rebateable Units and shall invoice Labelers with correction(s) to accurately determine utilization. The State must have the ability to view and update all conversion factors.

## **4.3 CLAIM ADJUSTMENTS**

4.3.1 The Contractor shall monitor the quality of Claims data to determine discrepancies and reduce disputes. The Contractor must communicate with State staff and vendors to ensure accurate drug files and to correct Provider billing errors. Every effort should be made to automate these changes in the POS and with the State's MMIS vendor.

4.3.2 The Contractor shall work with the State's PBA vendor to perform adjustments at the NDC and Provider (Claim) level to comply with findings from audits.

4.3.3 The Contractor must notify the State within ten (10) Business Days of identifying errors made by Providers that submitted incorrect NDC numbers so that Claim adjustments can be made.

4.3.4 If the Contractor detects activities that identify potential fraud or abuse, the Contractor must present this information to the State within thirty (30) Calendar Days of identification.

4.3.5 On a regular basis, but no less often than once monthly, the Contractor shall identify Claims that were billed with terminated/obsolete NDCs, Units that do not correspond to the package size, and other common and correctable errors. The Contractor shall confirm correct Claims processing parameters with the Provider and work with the State's PBA and MMIS vendor and the State to correct those errors.



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4.3.6 The Contractor's Solution must have the capability to:

- a. Maintain an audit trail of transactions related to the drug rebate invoices and provide the capability to display original and all revised invoice records.
- b. Run drug rebate invoice cycles on an ad hoc basis at the program-specific level.
- c. Accrue drug rebate invoices if the amount to be invoiced is below a threshold defined by the State.
- d. Include multiple options for invoice deallocation (by entire quarter or line by line).
- e. Permit the manual adjustments of Claims by the Contractor when utilization cannot be corrected through the Claims processing system to allow correct invoicing for rebate purposes.

**4.4 340B**

- 4.4.1 The Contractor shall, on a quarterly basis, identify and download with one hundred percent (100%) accuracy all Providers who are identified as carved into the 340B program for the State's Medicaid program and shall provide the file to the State within four (4) Business Days of release of the Medicaid Exclusion File (MEF) for use in Claims processing.
- 4.4.2 The Contractor shall validate new Providers added to the 340B exclusion file ensuring that National Provider Identification (NPI) NPIs and Medicaid numbers meet the format and digit requirements and shall contact 340B Providers to confirm information or request correction of information on a quarterly basis, as needed.
- 4.4.3 Within fifteen (15) Calendar Days from the date the Health Resource and Services Administration (HRSA) Quarterly Medicaid Exclusion File is available on the HRSA website, the Contractor shall validate NPI and Medicaid ID billing information with the Covered Entity for all new entities identified on the MEF prior to submitting Claims for rebates.
- 4.4.4 The Contractor shall maintain a list of all 340B Providers (pharmacies, Providers, clinics, and hospitals) purchasing drugs under 340B for exclusion from billing.
- 4.4.5 The Contractor shall utilize the NCPDP billing standard fields as a mechanism for identifying 340B Claims and excluding those Claims from rebate billings.



- 4.4.6 The Contractor shall comply with CMS-established modifiers to identify 340B acquired drugs in hospital outpatient settings.
- 4.4.7 The Contractor shall exclude Claims identified as 340B purchased drugs from rebate invoicing. The methodology for identifying 340B purchased drugs shall be mutually agreed upon between the Contractor and the State.
- 4.4.8 The Contractor shall create a 340B Maximum Allowable Cost (MAC) rate file for use in Claims processing. The methodology for creating the 340B MAC rate must be mutually agreed upon between the Contractor and the State. The basis for the 340B MAC rate shall be the CMS URA and Average Manufacturer Price (AMP) files. New drugs that do not yet have an established URA or AMP shall have a rate established based on a mutually agreed upon methodology. The 340B MAC rate file shall be delivered electronically to the State three (3) Calendar Days prior to the Effective Date of the rates.

## **4.5 INVOICING**

- 4.5.1 The Contractor shall utilize an electronic process to notify Labelers of the availability of rebate invoices.
- 4.5.2 The Contractor must provide location details to Labelers on all invoices for receipt of rebate payments including, but not limited to, details such as street address, bank lockbox number, contact person's name, telephone and fax number, and e-mail address. The State shall retain the financial institution lockbox.
- 4.5.3 The Contractor must maintain an on-line database of information about the current Labeler, including contact name, addresses for invoice mailing, telephone numbers, fax numbers, and e-mail addresses.
- 4.5.4 Prior to sending invoices, the Contractor must review invoices internally and with the State to ensure there are minimal discrepancies, such as unusually high dollar items on any one line, very low dollar amounts, and all 9s or 0s in the URA field. The Contractor must recreate past invoices within five (5) Calendar Days of request in the event replacements are necessary.
- 4.5.5 The Contractor must ensure no lapse of Rebate invoicing and collections during the transition period from the State's existing Pharmacy Drug Rebate vendor to the Contractor.
- 4.5.6 The Contractor shall report all invoicing activity, including variance reports, to the State within ten (10) Calendar days after quarterly invoices have been sent.



- 4.5.7 The Contractor must include on the invoice summary sent to Labelers that interest will begin to accrue on disputes and unpaid balances on the thirty-eighth (38th) Calendar Day after the date of the quarter's invoice postmark date.
- 4.5.8 The Contractor shall generate paper and electronic notices of late payment at intervals designated by the State (e.g., 30-day, 60-day, and 90-day intervals). The notice language must be approved by the State.
- 4.5.9 The Contractor shall retain and use the postmarked envelopes as proof of dates for receipt and for interest calculations.
- 4.5.10 The Contractor shall require that Labelers use the standard Reconciliation of State Invoice (ROSI) and Prior Quarter Adjustment Statement (PQAS) forms for adjustments to invoices and shall ensure that Labelers follow the CMS instructions for the completion of forms totally and correctly.
- 4.5.11 The Contractor's Solution must have the capability to:
  - a. Send electronic invoices to Labelers.
  - b. Capture and retain invoice mailing dates and electronic invoice upload dates.
  - c. Capture State-defined fields including, but not be limited to, payment dates, check issuer, check amount, and check numbers.
  - d. Accept Prior Quarter Adjustment Statement (PQAS) electronically.
  - e. Electronically invoice Manufacturers and allow Manufacturers to see their own Claim-level detail for rebate dispute resolutions.
  - f. Allow Authorized Solution Users to query for Labeler invoices by various search criteria, including, but not limited to, Labeler code, drug manufacturer name, past due invoices, invoice date, program, and drug status.
  - g. Allow additional Manufacturer contact fields that can be updated by the State and not be overwritten by the quarterly CMS update information.

#### **4.6 FEDERAL REBATES**

- 4.6.1 The Contractor shall record and use URAs and UROAs from the CMS file for invoicing Labelers.
- 4.6.2 The Contractor must process, and invoice paid Claims data by NDC for Labelers who have a signed Medicaid Drug Rebate Agreement with CMS.



- 4.6.3 The Contractor's Solution must provide the capability to record and track URAs for all NDCs from Manufacturers and correlate them with the URA on the file from CMS and generate reports identifying discrepancies.
- 4.6.4 The Contractor must create invoices for zero (0) URAs with the necessary utilization data so that the Labeler can research and provide the correct URAs to make adjustments and payments.
- 4.6.5 The Contractor shall submit quarterly reports of State Drug Utilization Data (SDUD) of Labelers' invoice information to CMS per CMS's requirements within sixty (60) Calendar Days after sending invoices or no later than the frequency determined by CMS. The Contractor must have a process in place for contacting the Labeler for resolution when more than two (2) quarters of CMS URAs do not match.

#### **4.7 SUPPLEMENTAL REBATES**

- 4.7.1 The Contractor must process the paid Claims data of all State SRs for which the State has a signed SR agreement to include DME and shall invoice Labelers on a timeline identified by the State.
- 4.7.2 The Contractor shall apply the contracted SR formula, including application of a Guaranteed Net Price (GNP), Wholesale Acquisition Cost (WAC) formula, or other appropriate formula for those Labelers under such a Contract, accurately for all billed Units under the SR program.
- 4.7.3 The Contractor must create invoices for zero (0) Supplemental Unit Rebate Amount (SURA) with the necessary utilization data.

#### **4.8 CMO**

- 4.8.1 When creating invoices, the Contractor's Solution and internal processes must be able to:
  - a. Provide two lists to each of the State's CMOs for POS and HCPCS.
  - b. Create invoices on schedule and contact the Labeler for correct URAs within ten (10) Calendar Days after sending invoices.

#### **4.9 QUALITY ASSURANCE**

- 4.9.1 The Contractor must, on a quarterly basis, perform quality assurance and monitoring procedures within thirty (30) Calendar Days after sending invoices to ensure that accurate invoices are produced, and duplicate invoices are never sent except upon specific request. The Contractor shall provide, at a minimum, an outcomes report to the State within five (5) Calendar Days after completing the quality assurance review and meet



with the State within another five (5) Calendar Days from the outcomes report submission to discuss the review.

- 4.9.2 The Contractor shall execute the following monitoring procedures, which shall be automated as appropriate, for the validation of an accurate drug rebate process:
- a. Make use of an automated date field which changes the date to the next quarter after current invoices are produced with a provision for manual override capability available when necessary to recreate previous quarter invoices.
  - b. Review and identify all records for follow-up in the Claims file which do not have a corresponding URA for an NDC on the CMS rebate file.
  - c. Verify the calculated interest due.
  - d. Monitor remittance documentation to ensure the collection of the correct amount of interest.
  - e. Verify the dates that payments are received at the lockbox.
  - f. Provide a sample of current quarter invoices for quality assurance purposes for the State's approval.

## **5 ACCOUNTING FOR REBATE ACTIVITY**

### **5.1 GENERAL REBATE ACCOUNTING REQUIREMENTS**

5.1.1 The Contractor's Solution must have the capability to:

- a. Provide a drug rebate tracking system/dispute resolution module to track all invoices sent, payments received, accounts receivable, and disputes for all drug rebates.
- b. Provide the capability to apply credit balances from previous quarters to amounts due from the current quarter prior to the invoicing process.
- c. Accurately document the accounts receivable subsidiary ledger and update the ledgers with posting of payments, interest, and adjustments. Entries are to be reported at the Labeler, NDC, and quarter level, using the full NDC code with one hundred percent (100%) accuracy by Labeler, per quarter. The Contractor must enter this information within five (5) Calendar Days of receipt and must include the envelope postmark date and quarter billed.

5.1.2 The Contractor must, upon invoicing, ensure that the reconciliation of Medicaid drug rebate activity is inclusive of Medicaid FFS Pharmacy &



PADL/J-Code Rebates, Supplemental Rebates, CMO Pharmacy & PADL/J-Code Rebates, and State Special Rebates that have been paid by Labelers.

- 5.1.3 The Contractor must keep accurate rebate accounting records using Generally Accepted Accounting Principles (GAAP) reflecting invoices billed, full amounts of payments received, data from ROSIs, other adjustments, updates from PQAS, disputes and interest.

## **5.2 STATE UTILIZATION ERRORS AND ALERTS**

- 5.2.1 The Contractor shall review, and correct errors reported to the State on the CMS State Utilization Errors and Alerts Report and shall report any necessary information to the State's PBA vendor.
- 5.2.2 The Contractor shall generate and provide to the State any outlier or anomaly reports that identify potential decimal quantity errors or Unit of measure errors.

## **5.3 REBATE ALLOCATIONS**

- 5.3.1 All drug rebate checks will be sent to check lockboxes for deposit (one for CMS rebates, one for Supplemental/DME Rebates, and one for CMO Rebates).
- 5.3.2 The Contractor will have the capability to view all daily deposits into drug rebate lockboxes via the financial institution's website.
- 5.3.3 The Contractor's Solution must have the capability to:
- a. Allocate payment and adjustments at the NDC level per quarter or provide clear indication of acceptable alternative methods for payment and adjustments with accurate results.
  - b. Completely and accurately allocate rebate dollars to the correct program (Federal, Supplemental, and CMO rebates) and at the NDC and quarter level one hundred percent (100%) of the time. The Contractor's Solution must have viewing and reporting capabilities of rebate dollar allocations.
  - c. Accurately report the federal share of rebate based on category type (e.g., Medical Assistance, Expansion, Enhanced, and Family Planning)

## **5.4 DISPUTE RESOLUTION**

- 5.4.1 The Contractor shall resolve disputes, in collaboration with the Fiscal Agent, as they relate to the Federal & Supplemental Rebate Programs and in accordance with guidance provided by CMS in the Dispute Resolution



Program Best Practices section regarding Medicaid Drug Rebate Dispute Resolution Program. Dispute resolution shall also be consistent with state regulations, policies, and procedures.

- 5.4.2 The Contractor shall research, correct, reconcile, resubmit if required, and complete the dispute resolution for all Manufacturer/Labeler disputes for both Federal and Supplemental Drug Rebates. The Contractor shall notify the State on all dispute resolution outcomes on or before the tenth (10th) Calendar Day of the month following the service month.
- 5.4.3 The Contractor shall report all dispute resolution outcomes to the State on or before the sixtieth (60<sup>th</sup>) Calendar Day following the Federal & Supplemental Rebate invoice postmarked date to Manufacturers.
- 5.4.4 The Contractor, in consultation with the State, shall pursue all outstanding balances, aged/expected receivables and resolve all disputes to ensure timely collection of rebates. The Contractor shall document, contact, and send preliminary reports to the Labelers within ten (10) Business Days.
- 5.4.5 The Contractor shall maintain a quarterly collection rate after ninety (90) Calendar Days from the postmarked date of the invoice of at least ninety-five percent (95%) for current quarter invoices.
- 5.4.6 The Contractor's Solution must have the ability to maintain historical dispute resolution data for multiple rebate programs.
- 5.4.7 The Contractor shall track payment and disputed amounts and shall report to the State on a regular basis Labelers not in compliance with payment of their rebates.
- 5.4.8 The Contractor shall process, adjust, correct, and resolve all outstanding rebates and disputes dating from inception to present.
- 5.4.9 The Contractor must provide the State with a description of their write-off procedures.
- 5.4.10 The Contractor must obtain written approval from the State before writing off any unpaid balances.
- 5.4.11 For any type of rebate reconciled, the Contractor must include, at a minimum:
  - a. A review of receivables obtained to ensure that all invoiced amounts for the current quarter are paid regardless of outstanding credits to the account.
  - b. A documentation of continuous contact with Labelers when clarification is required for collection of past due balances.



- c. A provision for check-level balancing in a point and click environment.
- d. A reconciliation of checks received with outstanding invoices to ensure proper application to the correct invoices or adjustments.
- e. An account balance and payment history conversion.
- f. An application of Prior Period Adjustment (PPA) payments recorded and applied to the quarter billed.
- g. A matching, without exception, of the information of the PQAS to the PPA records on the CMS file.
- h. Before determining that a match is not present or contacting the Labeler for resolution, an allowance for two (2) quarters of CMS data.
- i. A calculation of interest, with one hundred percent (100%) accuracy, by acquiring interest rates on a weekly basis based on the yield of the ninety (90)-day Treasury bill auction rates (in calculating the interest, the Contractor must use the yield rates of the weekly auctions and the balance of the unpaid rebate to determine the daily amount of interest due), and demonstrate how this interest was calculated.
- j. The collection of all portions of unpaid balances without a minimum balance threshold.
- k. A review procedure to ensure that the current rebate payments received are made without financial regard to “disputed Units” or “previously paid amounts” from previous quarters.
- l. A provision for electronic payment of rebates by Labelers via secure wire transfer or other means approved by the State.

5.4.12 The Contractor shall develop corrected invoices within ten (10) Business Days after final analysis, with one hundred percent (100%) accuracy, with the total amount due and provide the State with electronic copies of the corrected invoices, documenting explanation of corrections, adjustments, modifications, and potential interest within five (5) Business Days of mailing to a Labeler. Upon State approval of corrected invoice amounts due, the Contractor shall notify Labelers within ten (10) Business Days requesting agreed final settlement amounts.

## **5.5 UNPAID REBATE BALANCES**

5.5.1 In collecting unpaid rebates, the Contractor shall:

- a. Research and resolve amounts invoiced in previous quarters with “0” amounts paid or amounts paid less than billed.



- b. Follow up with Labelers that have not fulfilled responsibilities relative to PQAS.
  - c. Contact Labelers and CMS regarding Claims data without corresponding URAs noted for the two (2) most recent consecutive quarterly rebate file.
  - d. Use the State adjustment form or other agreed upon process to submit corrected Units and for notifying the State's PBA or Fiscal Agent of necessary Unit changes in the system and for recouping incorrect payments to Providers after discussion and agreement with the Labelers.
- 5.5.2 The Contractor shall contact Labelers that do not respond to disputes or unpaid balances with:
- a. Second notices, to be mailed thirty (30) Calendar Days after the date of initial corrected invoice, and
  - b. Final notices, to be mailed sixty (60) Calendar Days after date of initial corrected invoices.
- 5.5.3 The Contractor shall provide, in writing, to the State information regarding Labelers who have not responded with remittances within thirty (30) Calendar Days of final notice as well as the Contractor's plan to remedy.
- 5.5.4 The Contractor must also inform the State, in writing, of Labelers who are uncooperative with payments or who are unwilling to complete the dispute process when two (2) quarters are in arrears. The Contractor's written notification to the State must occur within ten (10) Business Days of the end of the second quarter along with a plan of action as to how the Contractor will ensure collection.

## **5.6 CMS 64**

- 5.6.1 The Contractor shall provide the State with the 'CMS 64.9R' report no later than the fifteenth (15th) day of the month following invoicing for the quarter with one hundred percent (100%) accuracy and providing a narrative explaining seventy-five percent (75%) percent of the amount in disputes. The CMS 64.9R report must reconcile to check totals.

## **6 REPORT AND DATA-RELATED REQUIREMENTS**

### **6.1 REPORTING**

- 6.1.1 The Contractor's Solution must have the capability to:



- a. Provide reporting capabilities to allow the State to conduct Ad hoc queries against an online Solution to meet the State management information needs, including the ability to generate reports by rebate type, Labeler, time period or NDC of rebates billed, paid, and adjusted.
  - b. Allow Authorized Solution Users to create, generate, and store standard and Dashboard reports. At minimum, report features must include menu and prompt-driven reports and queries, user-selected criteria, reporting parameters for queries, scheduling, and automatic triggers and notifications.
  - c. Allow Authorized Solution Users to view and access ongoing reports that contain specific details derived from all Encounter and Claims data transmitted to the Contractor's database according to the scheduled frequency that is driven by dates of payments.
- 6.1.2 The Contractor shall maintain complete and accurate records of all checks received, Unit adjustments, write-offs, resolutions, interest paid, original and corrected Units, outstanding balances, and contacts with Manufacturers on current and prior drug rebates/invoice information in compliance with all federal and state reporting requirements.
- 6.1.3 The Contractor shall provide accurate electronic reports in accordance with the requirements mutually agreed upon during implementation of the Requirements Analysis Document (RAD).
- 6.1.4 The Contractor shall produce Ad hoc and other reports not previously identified or requested by the State for review and approval.
- 6.1.5 The Contractor shall provide a searchable, online repository of previously created and vetted reports to be used by Authorized Solution Users and State staff.
- 6.1.6 The Contractor shall provide the ability to export data and reporting results into various formats as requested by State.
- 6.1.7 The Contractor must provide any additional reports not requested previously but required by the State within the designated time parameters set at the time of the request with capabilities for flexibility, scalability, and changeability of the reporting tools.
- 6.1.8 The Contractor shall accumulate and monitor all records in paid Claims data which do not have a corresponding NDC or URA on the current CMS file, then submit these to the State, quarterly, in three (3) lists:
- a. One for NDCs on Claims that processed as POS.



- b. One for NDCs that are contracted under the Supplemental Rebate program.
  - c. One for those that processed as HCPCS.
- 6.1.9 The Contractor shall provide quarterly invoice summary reports detailing the rebate activity billed or adjusted for each billing period, by Labeler and quarter.
- 6.1.10 The Contractor must provide a drug rebate Accounts Receivable reporting module including but not limited to:
  - a. Claim Audits
  - b. CMS / ROSI discrepancies
  - c. CMS / drug file discrepancies
  - d. CMS / mismatches
  - e. Labeler differences
  - f. Contact anomalies
  - g. Drug (invoice) audits
  - h. Under threshold invoices
  - i. Suspended checks
  - j. ROSI / PQAS inconsistencies
  - k. Payments received; not allocated
- 6.1.11 The Contractor shall provide a daily transmittal to reflect the prior day's activity. Each daily transmittal shall list all the deposits by day and lockbox that have been posted against the invoices disbursed to the Labelers. The transmittal must include, but not be limited to, the following fields:
  - a. Labeler name and code
  - b. Total amount of the deposit
  - c. Actual amount paid per the invoice
  - d. Interest penalty if any was charged to the labeler related to delinquent payments deposit date
  - e. Entry date
  - f. Payment type



- g. Payment amount
- h. Labeler ID
- i. Year and Quarter
- j. Receipt Number

6.1.12 Within five (5) Business Days after the end of the preceding month's activity, the Contractor must send three (3) spreadsheets (one for Federal Rebates, one for Supplemental Rebates and one for CMO rebates) to the appropriate State Finance Director. Each spreadsheet must list all the deposits by day and lockbox that have been posted against the invoices disbursed to the Labelers. The spreadsheets should include but not be limited to the following fields:

- a. Labeler name and code
- b. Total amount of the deposit
- c. Actual amount paid per the invoice
- d. Interest penalty if any was charged to the Labeler related to delinquent payments Deposit Date
- e. Entry Date
- f. Payment Type
- g. Payment Amount
- h. Labeler ID
- i. Year and Quarter
- j. Receipt Number

6.1.13 The Contractor shall report monthly to State Finance all cash receipts in summary format.

6.1.14 The Contractor shall produce an annual report that details and summarizes rebate activities during the past year.

6.1.15 The Contractor must provide a drug rebate summary reporting module to include:

- a. Payment Summary
- b. Rebate Summary (Invoiced amount, payment received, disputed amount)



- c. Quarterly Payments
- d. Rebate Percent of Spend
- e. Dispute code report
- f. Dispute Amounts
- g. Dispute Activity
- h. Invoice Register
- i. Invoices for Quarter not Paid
- j. CMS 64 (must match AR report ending balance)
- k. Top 10 Balances
- l. Quarterly Accounts Receivable Reports
- m. Drug Type Summary

6.1.16 The Contractor shall provide a drug rebate detailed reporting module to include:

- a. NDC details
- b. NDC history
- c. Current Zero URA
- d. Contract
- e. Manufacturer summary
- f. ROSI / PQAS
- g. Unallocated Balance
- h. Provider Claims Listing
- i. Adjusted Claims
- j. Check/Allocation comparisons
- k. HCPCS code Claims paid
- l. Interest Override
- m. Dispute recapitulation



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## 6.2 DATA MANAGEMENT

### 6.2.1 The Contractor's Solution must be capable of:

- a. Interfacing with a variety of the State systems, as well as the State's Pharmacy Benefit Administrator's (PBA) systems, accommodating the maintenance of separate Medicaid FFS Pharmacy/J-Code Rebates, CMO Pharmacy/J-Code Rebates, and Supplemental Rebate files and processes, including separate invoicing and reconciliation processes.
- b. Receiving data from and/or send data to any given data source identified by the State. The Contractor's Solution must store all data for the life of the Contract and satisfy the turnover requirements specified in the Contractor's State-approved Turnover Plan.
- c. Understanding and handling the data structure of sources and knowing how to handle sources with different natures such as flat files with and without headers/trailers, re-defined areas, relational, hierarchical, XML, HTML, and other file structures.

6.2.2 The Contractor must work with the State and all the State-identified third-party vendors to accept its existing file formats either currently or with modifications prior to go live date. In the event any file formats are required to change, the Contractor shall conduct trouble-shooting or problem-solving exercises and make any necessary modifications to its existing file formats to effectuate information exchange at a cost agreed upon with the execution of a Deliverable Expectation Document (refer to Attachment C – Common Scope Requirements and Security Standards, Section 7.2 Deliverable Expectation Document (DED)).

6.2.3 For all established Pharmacy Drug Rebate Data Exchanges, the Contractor shall assist with defining the data elements that will be received and shall create the Extract, Transform, Load (ETL) process for the identified data elements. The Contractor shall ensure data synchronization between each State-identified third-party vendor to the greatest extent possible.

6.2.4 The Contractor shall ensure that all drug rebate data can be loaded onto the State's data warehouse.

6.2.5 The Contractor shall document all data elements, processes, methodologies, mechanisms, protocols, and other related information for each data source in an Interface Control Document. The Contractor shall create and maintain a separate Interface Control Document for each data source.

6.2.6 The Contractor shall make the necessary changes to data via the ETL process. Current State vendors will not be responsible for adjusting data

to meet the needs of the Contractor unless determined by the State and agreed to by the data source vendor.

- 6.2.7 Data transmission between the Contractor's Solution and other systems shall have the ability to use standard protocols [e.g., Secure File Transfer Protocol (SFTP), secure web services] and physical reports.
- 6.2.8 The State will not consider changes to third party vendors as new interfaces or Data Exchanges. The Contractor shall include possible changes to these standard, high priority Data Exchanges as ongoing maintenance.
- 6.2.9 All Data Exchange changes and modifications must be reviewed and approved by the State Change Control Board prior to implementation including, but not limited to, file layouts and values.
- 6.2.10 The Contractor shall be responsible for the costs of establishing and maintaining secure encrypted connections with State-identified third-party vendors and for any fees charged for establishing and maintaining the connections.
- 6.2.11 The Contractor shall execute the required Trading Partner Agreements with State-identified third-party vendors.

### **6.3 DATA GOVERNANCE**

- 6.3.1 The Contractor shall participate in the Data Governance process, as defined and administered by the State. The Data Governance process will define processes and adjudicate concerns for items including but not limited to:
  - a. Enterprise data lifecycle management processes (including master Data Management) and alignment to the State's Enterprise Data Management Strategy (EDMS).
  - b. Data synchronization processes.
  - c. Data formats for data exchanged by/between systems in the State's Enterprise.
  - d. Management of reference data (i.e., code list versions).
  - e. Dispute resolution for Data Management issues.
- 6.3.2 The Contractor shall design data and data processes consistent with the State's EDMS and with the standards from groups it references such as CMS, and HIPAA.



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## **6.4 DATA MODEL AND DATA DICTIONARY**

- 6.4.1 The Contractor shall organize the data within the Solution into a logical, flexible, scalable, and extensible configuration in which individual elements and tables can be linked to each other across conformed dimensions for multiple business uses.

## **6.5 EXTRACT, TRANSFORM, AND LOAD (ETL)**

- 6.5.1 The Solution must be able to extract data in different formats from the various source systems, transform the many different formats into a common format consistent with the Data Model and Data Dictionary, utilizing Data Cleansing procedures to ensure extracted data is standardized and aligned with data quality standards and then load the data to the appropriate data tables. The ETL processes must be extensible and scalable for ease of changes and to transform many different data structure formats.
- 6.5.2 The Contractor's Solution must provide the capability to exclude certain Providers and/or certain Claims from the extract based on state criteria.

# **7 PHARMACY DRUG REBATE SERVICES COMMON REQUIREMENTS**

## **7.1 OVERVIEW**

- 7.1.1 This section contains additional requirements related to those provided in Attachment C – Common Scope Requirements and Security Standards for which the Contractor is responsible.

## **7.2 DOCUMENT MANAGEMENT**

- 7.2.1 The Contractor shall maintain confidentiality of Labeler and State information in accordance with all federal and state confidentiality statutes, regulations, and requirements.

## **7.3 TRAINING**

- 7.3.1 The Contractor shall have all Contractor and Subcontractor staff complete Health Insurance Portability and Accountability Act (HIPAA) training prior to being given access to Protected Health Information (PHI), sensitive data, or the pharmacy Solution Components. Staff shall complete training on an annual basis and provide proof of completed training to the State.
- 7.3.2 The Contractor shall provide training on topics including, but not limited to:
- a. Rebate and Supplemental Rebate processes and timelines (as approved by the State).



- b. Electronic bid submission processes required by Labelers and the State.
- c. Training workshops for State staff, State stakeholders (e.g., Labelers, third-party vendors, Members) related to Pharmacy Drug Rebate Services.