



Bid Solicitation/Request for Proposal

Bid # 17DPP00144

For: T2679 – Employee Benefits: Pharmacy Benefit Management

Event	Date	Time
Vendor's {Bidder's} Electronic Question Due Date (Refer to Bid Solicitation {RFP} Section 1.3.1 for more information.)	5/23/2017	2:00 PM
Mandatory/Optional Pre-Quote {Proposal} Submission Conference (Refer to Bid Solicitation {RFP} Section 1.3.6 for more information.)	Not Applicable	
Mandatory/Optional Site Visit (Refer to Bid Solicitation {RFP} Section 1.3.5 for more information.)	Not Applicable	
Quote {Proposal} Submission Date (Refer to Bid Solicitation {RFP} Section 1.3.2 for more information.)	6/12/2017	2:00 PM

Dates are subject to change. All times contained in the Bid Solicitation {RFP} refer to Eastern Time. All changes will be reflected in Bid Amendments {Addenda} to the Bid Solicitation {RFP} posted on the Division of Purchase and Property website and on www.njstart.gov.

Small Business Set-Aside	Status	Category	
	☐ Not Applicable	☒ I	☐ IV
	☐ Entire Blanket P.O. {Contract}	☒ II	☐ V
	☐ Partial Blanket P.O. {Contract}	☒ III	☐ VI
	☒ Subcontracting Only		

Bid Solicitation {RFP} Issued By

State of New Jersey
Department of the Treasury
Division of Purchase and Property
Trenton, New Jersey 08625-0230

Using Agency/Agencies

State of New Jersey
Department of the Treasury
Division of Pensions and Benefits

Date: May 4630, 2017

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1.0 INFORMATION FOR VENDORS {BIDDERS}

NOTICE: This Bid Solicitation {Request for Proposal (RFP)} is part of the **NJSTART** Procurement Program. ***The Vendor {Bidder} is advised to thoroughly read all sections, as many have been revised, and follow all instructions contained in this Bid Solicitation {RFP}, including the instructions on the Bid Solicitation's {RFP's} Offer and Acceptance Page {Signatory Page} and read through all Quick Reference Guides (QRGs) located on the [NJSTART Vendor Support Page \(http://www.state.nj.us/treasury/purchase/njstart/vendor.shtml\)](http://www.state.nj.us/treasury/purchase/njstart/vendor.shtml), in preparing and submitting its Quote {Proposal}.***

Terminology is listed by new **NJSTART** term; {existing term} appears in braces.

1.1 PURPOSE AND INTENT

This Bid Solicitation {RFP} is issued by the Procurement Bureau, Division of Purchase and Property (Division), Department of the Treasury on behalf of Division of Pensions and Benefits (DPB). The purpose of this Bid Solicitation {RFP} is to solicit Quotes {Proposals} for Pharmacy Benefit Management Services for the active employees and retirees participating in the State Health Benefits Program/School Employees' Health Benefits Program (SHBP/SEHBP) in order to pre-qualify Vendors {Bidders} to utilize the Reverse Auction Tool in accordance with Bid Solicitation {RFP} 17DPP00106, Technical Assistance and Reverse Auction Services for Selection of a Pharmacy Benefits Manager.

Vendors {Bidders} will participate in an online automated reverse auction through the Reverse Auction Tool which has the capability to project SHBP/SEHBP costs based on the Vendor's {Bidder's} proposed pricing terms. Such projections will utilize code-based classification of drugs from nationally accepted data sources. Pre-qualified Vendors {Bidders} will be required to participate in mandatory training on the use of the Reverse Auction Tool. Public Law 2011, Chapter 78 (Chapter 78), created the State Health Benefits Plan Design Committee and the School Employees' Health Benefits Plan Design Committee (the Plan Design Committees), which are responsible for reviewing the SHBP/SEHBP Prescription Drug Plan Designs, and developing any changes therein that are determined to be cost effective and in the mutual best interests of the State, participating Local Employers, employees, retirees, and their Dependents.

Accordingly, the Plan Design Committees may make Plan Design changes during the term of the Blanket P.O. {Contract} that are not contemplated by this Bid Solicitation {RFP}. The State expects that such changes could include, but are not limited to, new eligibility groups, changes in Deductibles, Copayments, Out of Pocket (OOP) maximums, implementation of new clinical and/or health and productivity programs, and similar variables. In the event of any such change, appropriate changes to the Contract shall be made pursuant to Section 5.18 of the Bid Solicitation {RFP}.

The intent of this Bid Solicitation {RFP} is to award a Master Blanket Purchase Order (Blanket P.O.) {Contract} to that responsible Vendor {Bidder} whose Quote {Proposal}, conforming to this Bid Solicitation {RFP} is most advantageous to the State, price and other factors considered. The State may award any and all price lines. The State, however, reserves the right to separately procure individual requirements that are the subject of the Blanket P.O. {Contract} during the Blanket P.O. {Contract} term, when deemed by the Director of the Division of Purchase and Property (Director) to be in the State's best interest.

The State of NJ Standard Terms and Conditions (SSTC) accompanying this Bid Solicitation {RFP} will apply to all Blanket P.O.s {Contracts} made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in this Bid Solicitation {RFP} and should be read in conjunction with them unless the Bid Solicitation {RFP} specifically indicates otherwise.

The Procurement Bureau seeks to contract with an organization that:

- A. Can provide integrated Retail, 90-day Retail, Specialty and Mail Order Drug management;
- B. Has a Pharmacy Network, Retail Pharmacy 90-Day Network, Mail Order Pharmacy and Specialty Drug Pharmacy Network availability that will be sufficiently accessible to Plan Members;
- C. Has a technologically-advanced, state-of-the-art pharmacy management process;
- D. Focuses on quality improvement, clinical outcomes and customer satisfaction;
- E. Has financial capabilities and contractual arrangements with Participating Pharmacies and Pharmaceutical Manufacturers to support a commitment to deliver quality and lowest net cost pharmacy services;
- F. Will integrate its Pharmacy Benefit Management process effectively and seamlessly with SHBP/SEHBP Vendors {Contractors}; and
- G. Can administer a self-insured Employer Group Waiver Plan (EGWP) and Wraparound Benefit (WRAP).

The State expects the successful Bidder to be:

- A. Focused on service by providing a superior level of service and attention to the State during the implementation process, as well as on an on-going basis;
- B. Cost effective and transparent by quoting competitive, guaranteed Ingredient Cost Discounts, Administrative Fees and Rebates, practicing effective Pharmacy Benefits Management, and agreeing to be held accountable through Performance Standards and Financial Guarantees;
- C. Quality-focused by demonstrating high levels of quality, clinical programs and customer satisfaction; and
- D. Able to provide Pharmacy Network access to the vast majority of current employees and retirees.

1.2 BACKGROUND

This is a re-procurement of the services provided under the Employee Benefits: Pharmacy Benefit Management term Blanket P.O. {Contract}, presently due to expire on December 31, 2018; however, the Blanket P.O. {Contract} will be effective January 1, 2018. Vendors {Bidders} interested in the current Blanket P.O. {Contract} specifications and pricing information may review the current Blanket P.O. {Contract} T-2679 at <http://www.state.nj.us/treasury/purchase/pricelists.shtml> and are cautioned that this new Bid Solicitation {RFP} addresses current requirements.

The State Health Benefits Program (SHBP) was created in 1961 by the NJ State Health Benefits Program Act, N.J.S.A. 52:14-17.25 et seq., to provide health insurance coverage to State employees. The State Health Benefits Commission (SHBC) is charged with establishing health benefits programs for State and qualified local employees, retirees, and eligible Dependents and promulgating regulations, as necessary, to administer the Act. The SHBC is comprised of representatives of the State Treasurer (Chairman), the Commissioner of the Department of Banking

and Insurance, the Chairperson of the Civil Service Commission, a State employees' representative and a Local employees' representative, both chosen by the Public Employees' Committee of the AFL-CIO. The SHBC has the authority to provide health benefits in accordance with the Act. The DPB administers the SHBP on behalf of the SHBC.

The School Employees' Health Benefits Program (SEHBP) was established in 2007 by the School Employees' Health Benefits Program Act, N.J.S.A. 52:14-17.46 et seq., to provide health coverage to qualified local education employees, retirees, and eligible Dependents. The School Employees' Health Benefits Commission (SEHBC) is comprised of representatives of the State Treasurer, the Commissioner of the Department of Banking and Insurance, a member appointed by the Governor who is a New Jersey resident, a member representing the New Jersey School Boards' Association, three (3) members representing the New Jersey Education Association, a member representing the New Jersey State AFL-CIO, and a member appointed to be the chairperson.

The SHBC and SEHBC may be referred to herein, collectively, as the Commissions.

The DPB, specifically the Health Benefits Bureau and the Bureau of Policy and Planning, are responsible for the daily administrative activities of the SHBP and the SEHBP.

The SHBP/SEHBP covers State employees and retirees, as well as employees and retirees of local government and education employers who have elected to purchase coverage in the SHBP/SEHBP. Presently, the SHBP/SEHBP covers approximately 835,000 lives (including active, retired and COBRA individuals and their Dependents). All prescription drug Plans are self-insured.

The current benefit Plans include the elements described below. Please note that certain Plans are not available to certain employee or retiree groups.

- A. **Preferred Provider Organizations (PPOs)** - NJ DIRECT is administered by Horizon Blue Cross Blue Shield of New Jersey (Horizon). Aetna Freedom is administered by Aetna. There are five Plan Designs for each: PPO10, PPO15, PPO1525, PPO2030, and PPO2035 (offered to active employees only). All PPO Plans are self-insured except for Medicare-eligible retirees who choose an Aetna Plan or SHBP Medicare-eligible retirees who choose NJ DIRECT10 or NJ DIRECT15. These Members are enrolled in a Medicare Advantage Plan (the Prescription Drug Plan remains self-insured). NJ DIRECT10 and Aetna Freedom10 are not available to State active employees and certain State retirees. Aetna Freedom1525 and Aetna Freedom2030 are not available to Medicare-eligible retirees.
- B. **Health Maintenance Organizations (HMOs)** - The Commissions currently contract with two HMOs: Aetna HMO and Horizon HMO. There are four (4) Plan Designs for each: HMO, HMO1525, HMO2030, and HMO2035 (offered to active employees only). All HMO Plans are self-insured except for Medicare-eligible retirees who choose an Aetna Plan. These Members are enrolled in a Medicare Advantage Plan (the Prescription Drug Plan remains self-insured). Horizon HMO products are only available in New Jersey and bordering counties in New York, Pennsylvania, and Delaware. Aetna HMO2030 is not available to Medicare-eligible retirees. A Tiered Network Plan is also offered to active SHBP employees by both Aetna and Horizon.
- C. **High Deductible Health Plans (HDHPs)** - There are four HDHPs currently offered to SHBP/SEHBP Members: NJ DIRECT HD1500, Aetna Value HD1500, NJ DIRECT HD 4000, and Aetna Value HD4000. The HD4000 Plans are not available to Local education active employees. The HD1500 Plans are not available to any retiree. Medicare-eligible retirees are not permitted to enroll in any HDHP.

- D. **Medicare-Eligible Retirees** - For Medicare-eligible retirees, all plans coordinate their medical benefits with Medicare, with the exception of the Members in Medicare Advantage Plans. The State is currently providing Medicare-Eligible retirees with prescription drug coverage through a Medicare Part D Employer Group Waiver Plan (EGWP) with a WRAP benefit. A small number of retirees are enrolled in medical coverage only, because they have chosen to enroll in a non-SHBP/SEHBP Medicare Part D prescription drug Plan.
- E. **Prescription Drug Plans** - The State requires that all employees participating in SHBP/SEHBP Plans have access to prescription drug coverage. With the exception of the non-SHBP/SEHBP alternative prescription drug Plan, all pharmacy benefits are administered by the SHBP/SEHBP Pharmacy Benefits Manager (PBM). Presently, the State's PBM administers coverage for approximately 700,000 Members, which includes active employees, retirees, and Dependents. Such access is achieved for active employees through one of the following:
1. Employee Prescription Drug Plan, available to active State employees and active employees of participating local government and education employers who opt for coverage through this Plan;
 2. NJ DIRECT Prescription Drug Plan, Aetna Freedom Prescription Drug Plan, or HMO Prescription Drug Plan for employees of participating local government or education employers, in lieu of a stand-alone prescription drug Plan; or
 3. Non-SHBP/SEHBP alternative prescription drug plan offered by a participating local government or education employer.

Retirees receive prescription drug coverage based on the SHBP/SEHBP medical Plan that they have chosen. Plan Design differs by medical plan.

Copies of the current Plan Documents – Summary Program Description (SPD) and Member Handbooks for all Plans – are available at the Division of Pensions and Benefits website at <http://www.state.nj.us/treasury/pensions/shbp.htm>.

This Blanket P.O. {Contract} is issued in accordance with Chapter 67, Public Law 2016, which may be viewed at <http://www.state.nj.us/treasury/pensions/newlaw16.shtml>.

1.2.1 PRESCRIPTION DRUG PLAN DESIGNS

The SHBP/SEHBP prescription drug Plan Designs and current copayments are outlined in the tables displayed in Exhibits A, B, and C. Please note that these Plan Designs are subject to change during the Blanket P.O. {Contract} period. All Plan Designs offer the option of using a Mail Order Pharmacy. All designs include specialty pharmacy, and prior authorization is required for certain drugs. The State may establish quantity limits on any medication based on Food and Drug Administration (FDA) recommendations and medical appropriateness. Prior Authorization, Drug Utilization Review, Dose Optimization, Step Therapy, and other Programs may be employed to ensure medications covered under the Plan are the most clinically appropriate and cost effective. Quantity limits and days' supply restrictions currently apply to certain drugs such as sexual dysfunction drugs, e.g., Viagra. Currently, the commercial SHBP population uses a closed formulary. The commercial SEHBP population and all EGWP Members are enrolled in plans with an open formulary.

See Exhibit D for a complete list of clinical edits from the current Vendor {Contractor}.

1.3 KEY EVENTS

1.3.1 ELECTRONIC QUESTION AND ANSWER PERIOD

The Division will electronically accept questions and inquiries from all potential Vendors {Bidders} via the "Q&A" Tab of the Bid Solicitation {RFP} in [NJSTART](#).

- A. Questions should be directly tied to the Bid Solicitation {RFP} and asked in consecutive order, from beginning to end, following the organization of the Bid Solicitation {RFP}; and
- B. Each question should begin by referencing the Bid Solicitation {RFP} page number and section number to which it relates.

Vendors {Bidders} may refer to the QRG "Submit a Quote" for additional instruction. QRGs are located on the [NJSTART Vendor Support Page](#).

A Vendor {Bidder} must not contact the Using Agency and/or the Procurement Specialist directly, in person, by telephone or by e-mail, concerning this Bid Solicitation {RFP}.

The cut-off date for electronic questions and inquiries relating to this Bid Solicitation {RFP} is indicated on the Bid Solicitation {RFP} cover sheet. In the event that questions are posed by Vendors {Bidders}, answers to such questions will be issued by Bid Amendment {Addendum}. Any Bid Amendment {Addendum} to this Bid Solicitation {RFP} will become part of this Bid Solicitation {RFP} and part of any Blanket P.O. {Contract} awarded as a result of this Bid Solicitation {RFP}. Bid Amendments {Addenda} to this Bid Solicitation {RFP}, if any, will be posted as a File Attachment on the "Summary" page of the Bid Solicitation {RFP} in [NJSTART](#) after the cut-off date. (See Bid Solicitation {RFP} Section 1.4.1 for further information.)

1.3.1.1 EXCEPTIONS TO THE STATE OF NJ STANDARD TERMS AND CONDITIONS (SSTC)

Questions regarding the SSTC and exceptions to mandatory requirements must be posed during this Electronic Question and Answer period and shall contain the Vendor's {Bidder's} suggested changes and the reason(s) for the suggested changes.

1.3.2 SUBMISSION OF QUOTES {PROPOSALS}

In order to be considered for award, the Quote {Proposal} must be received by the Procurement Bureau of the Division at the appropriate location by the required time. Vendors {Bidders} shall submit a Quote {Proposal} either electronically through [NJSTART](#) or via hard copy.

Hard copy Quote {Proposal} must be submitted to the physical location noted below:

PROPOSAL RECEIVING ROOM – 9TH FLOOR
DIVISION OF PURCHASE AND PROPERTY
DEPARTMENT OF THE TREASURY
33 WEST STATE STREET, P.O. BOX 230
TRENTON, NJ 08625-0230

Directions to the Division are available on the web at <http://www.state.nj.us/treasury/purchase/directions.shtml>.

QUOTES {PROPOSALS} NOT RECEIVED PRIOR TO THE QUOTE {PROPOSAL} OPENING DEADLINE SHALL BE REJECTED. THE DATE AND TIME OF THE QUOTE {PROPOSAL} OPENING ARE INDICATED ON THE BID SOLICITATION {RFP} COVER SHEET AND IN THE "SUMMARY" PAGE OF THE BID SOLICITATION {RFP} IN [NJSTART](#).

Note: A Vendor {Bidder} using U.S. Postal Service regular or express mail services should allow additional time since the U.S. Postal Service does not deliver directly to the Proposal Receiving

Room. A Vendor {Bidder} should make every effort to submit its Quote {Proposal} well ahead of the Quote {Proposal} submission deadline to mitigate unforeseen delays or issues. The Vendor {Bidder} is solely responsible for the timely submission of its Quote {Proposal} in response to this Bid Solicitation {RFP}.

Procedural inquiries concerning this Bid Solicitation {RFP} may be directed to njstart@treas.nj.gov and/or (609) 341-3500.

The State will not respond to substantive questions related to the Bid Solicitation {RFP} or any other Blanket P.O. {Contract} via this e-mail address or phone number. For inquiries related to substantive questions refer to Section 1.3.1 (Electronic Question and Answer Period).

1.3.3 **NJSTART**

The Division is pleased to announce its new eProcurement solution “**NJSTART**.”

Vendor {Bidder} Support:

Vendors {Bidders} are strongly encouraged to visit the [NJSTART Vendor Support Page](#), which contains Quick Reference Guides (QRGs), supporting videos, a glossary of **NJSTART** terms, and helpdesk contact information.

The Vendor {Bidder} should utilize the QRGs before attempting to submit its Quote {Proposal} using the **NJSTART** process. It is the Vendor's {Bidder's} responsibility to ensure that the **NJSTART** Quote {Proposal} and attachments have been properly submitted.

1.3.4 **ELECTRONIC SIGNATURES**

Vendors {Bidders} submitting Quotes {Proposals} through **NJSTART** may sign the forms listed in Section 4.4.1 (Forms, Registrations and Certifications Required with Quote {Proposal}) and Section 4.4.2 (Forms, Registrations and Certifications Required Before Blanket P.O. {Contract} Award and That Should Be Submitted with the Quote {Proposal}) of this Bid Solicitation {RFP} electronically by typing the name of the authorized signatory in the “Signature” block as an alternative to downloading, physically signing the form, scanning the form, and uploading the form to **NJSTART**.

Vendors {Bidders} submitting Quotes {Proposals} in hard copy format, must provide forms with original, physical signatures, otherwise its Quote {Proposal} may be deemed non-responsive.

1.3.5 **MANDATORY/OPTIONAL SITE VISIT**

Not applicable to this procurement.

1.3.6 **MANDATORY/OPTIONAL PRE-QUOTE {PROPOSAL} CONFERENCE**

Not applicable to this procurement.

1.3.7 **PRE-QUOTE {PROPOSAL} DOCUMENT REVIEW**

A Vendor {Bidder} will need to review specific documents in order to prepare and submit accurate and comprehensive Quotes {Proposals}.

Each Vendor {Bidder} will be required to provide a signed copy of the Confidentiality/Non-Disclosure Agreement, signed by an officer or other authorized representative of the Vendor {Bidder}. This signed Agreement is required in order for the Vendor {Bidder} to receive the

confidential files outlined below. This information will enable the Vendor {Bidder} to complete the financial aspects of its bid.

Vendors {Bidders} may obtain the CD via mail, delivery service, or in person. Vendors {Bidders} planning on in person pick up must telephone Kierney Corliss at 609-984-0230. Vendors {Bidders} that opt for the mail/delivery service should send the Confidentiality/Non-Disclosure Agreement to:

Kierney Corliss
Division of Pensions and Benefits
Department of the Treasury
State of New Jersey
50 West State Street
P.O. Box 295
Trenton, New Jersey 08625-0295

Upon receipt of the original completed Confidentiality/Non-Disclosure Agreement, the State will overnight a CD. Therefore, in addition to the signed original Confidentiality/Non-Disclosure Agreement, Vendors {Bidders} must also include a postage-paid return envelope for overnight delivery. The original signed Confidentiality/Non-Disclosure Agreement must be submitted in advance of the Vendor's {Bidder's} Electronic Question Due Date (see Cover Page of this RFP) to allow enough time for the State to return the CD and the Vendors {Bidders} to review the data and submit questions, if necessary.

A. Material provided to Vendors {Bidders} on the CD upon receipt of a signed Non-Disclosure Agreement will include the following:

1. List of Clinical Edits, Exhibit D;
2. Audit File Layout, Exhibit E;
3. Census File (Active Members), Exhibit F;
4. Census File (Retiree Members), Exhibit G;
5. Census File (Retiree EGWP), Exhibit H;
6. Utilization Summaries, Exhibit I;
7. Detailed Claim Experience, Exhibit J;
8. Eligibility File Layout (HIPAA 834), Exhibit K;
9. Daily Return File Transmission Layout (HIPAA 999), Exhibit L;
10. Employer File Layout, Exhibit M.

1.4 ADDITIONAL INFORMATION

1.4.1 BID AMENDMENTS {ADDENDA}: REVISIONS TO THIS BID SOLICITATION {RFP}

In the event that it becomes necessary to clarify or revise this Bid Solicitation {RFP}, such clarification or revision will be by Bid Amendment {Addendum}. Any Bid Amendment {Addendum} to this Bid Solicitation {RFP} will become part of this Bid Solicitation {RFP} and part of any Blanket P.O. {Contract} awarded as a result of this Bid Solicitation {RFP}.

There are no designated dates for release of Bid Amendments {Addenda}. Those Vendors {Bidders} who are on the bid holder list either through commodity code registration in **NJSTART** or by acknowledging the bid in **NJSTART** should receive notification of any Bid Amendment(s) {Addenda}. If a Vendor {Bidder} is not on the bid holder list to receive notifications related to a Bid Solicitation {RFP}, Bid Amendments {Addenda} are still viewable on the "Summary" page of the Bid Solicitation {RFP} in **NJSTART**.

BID AMENDMENTS {ADDENDA} WILL BE ISSUED AS FILE ATTACHMENTS, AND ARE VIEWABLE ON THE "SUMMARY" PAGE OF THE BID SOLICITATION {RFP} IN **NJSTART.**

Vendors {Bidders} may refer to the QRG “Submit a Quote” for additional instruction. QRGs are located on the [NJSTART Vendor Support Page](#).

It is the sole responsibility of the Vendor {Bidder} to be knowledgeable of all Bid Amendments {Addenda} related to this procurement. An interested Vendor {Bidder} should check the [NJSTART](#) “Open Bids” Tab on a daily basis to ensure review of the most updated information.

1.4.2 VENDOR {BIDDER} RESPONSIBILITY

The Vendor {Bidder} assumes sole responsibility for the complete effort required in submitting a Quote {Proposal} in response to this Bid Solicitation {RFP}. No special consideration will be given after Quotes {Proposals} are opened because of a Vendor’s {Bidder’s} failure to be knowledgeable as to all of the requirements of this Bid Solicitation {RFP}.

1.4.3 COST LIABILITY

The State assumes no responsibility and bears no liability for costs incurred by a Vendor {Bidder} in the preparation and submittal of a Quote {Proposal} in response to this Bid Solicitation {RFP}.

1.4.4 CONTENTS OF QUOTE {PROPOSAL}

Quotes {Proposals} can be released to the public pursuant to [N.J.A.C. 17:12-1.2\(b\)](#) and (c), or under the New Jersey Open Public Records Act (OPRA), [N.J.S.A. 47:1A-1 et seq.](#), or the common law right to know.

After the opening of sealed Quotes {Proposals}, including Quotes {Proposals} submitted through the [NJSTART](#) electronic process, all information submitted by a Vendor {Bidder} in response to a Bid Solicitation {RFP} is considered public information notwithstanding any disclaimers to the contrary submitted by a Vendor {Bidder}. Proprietary and confidential information may be exempted from public disclosure by OPRA and/or the common law. When the Bid Solicitation {RFP} contains a negotiation component, the Quote {Proposal} will not be subject to public disclosure until a notice of intent to award a Blanket P.O. {Contract} is announced.

Pursuant to P.L. 2016, c. 67, Quote {Proposal} pricing will be revealed to all responsive Vendors {Bidders} during the negotiation process.

As part of its Quote {Proposal}, a Vendor {Bidder} may designate any data or materials it asserts are exempt from public disclosure under OPRA and/or the common law, explaining the basis for such assertion. The location in the Quote {Proposal} of any such designation should be clearly stated in a cover letter. The State reserves the right to make the determination as to what is proprietary or confidential, and will advise the Vendor {Bidder} accordingly. Any proprietary and/or confidential information in a Quote {Proposal} will be redacted by the State. **The State will not honor any attempt by a Vendor {Bidder} to designate its entire Quote {Proposal} and/or prices as proprietary, confidential and/or to claim copyright protection for its entire Quote {Proposal}.** Copyright law does not prohibit access to a record which is otherwise available under OPRA. In the event of any challenge to the Vendor’s {Bidder’s} assertion of confidentiality with which the State does not concur, the Vendor {Bidder} shall be solely responsible for defending its designation, but in doing so, all costs and expenses associated therewith shall be the responsibility of the Vendor {Bidder}. The State assumes no such responsibility or liability.

A Vendor {Bidder} shall not designate any price lists and/or catalogs submitted as exempt from public disclosure as the same must be accessible to State Using Agencies and Cooperative Purchasing Program participants (if the Blanket P.O. {Contract} has been extended to these participants) and thus must be made public to allow all eligible purchasing entities access to the pricing information.

1.4.5 ANNOUNCEMENT OF QUOTE {PROPOSAL} INFORMATION

On the date and time Quotes {Proposals} are due under the Bid Solicitation {RFP}, all information concerning the Quotes {Proposals} submitted may be publicly announced and shall be available for inspection and copying except as noted below:

- a. Information appropriately designated as proprietary and/or confidential shall not be available for inspection and copying; and
- b. Where negotiation is contemplated, only the names and addresses of the Vendors {Bidders} submitting Quotes {Proposals} will be announced, and the contents of the Quotes {Proposals} shall not be available for inspection and copying until the Notice of Intent to Award is issued by the Director. Notwithstanding the foregoing, pursuant to P.L. 2016, c. 67, Quote {Proposal} pricing will be revealed to all responsive bidders during the negotiation process.

1.4.6 PRICE ALTERATION IN HARD COPY QUOTES {PROPOSALS}

Hard copy Quote {Proposal} prices must be typed or written in ink. Any price change (including "white-outs") must be initialed. Failure to initial price changes shall preclude a Blanket P.O. {Contract} award from being made to the Vendor {Bidder}.

1.4.7 QUOTE {PROPOSAL} ERRORS

In accordance with N.J.A.C. 17:12-2.11, "Proposal errors," a Vendor {Bidder} may withdraw its Quote {Proposal} as described below.

1.4.7.1 QUOTE {PROPOSAL} WITHDRAWAL PRIOR TO QUOTE {PROPOSAL} OPENING

NJSTART: A Vendor {Bidder} may withdraw its Quote {Proposal} submission in **NJSTART** prior to the Quote {Proposal} opening; however, Vendors {Bidders} should note that while withdrawn **NJSTART** Quotes {Proposals} remain viewable by the Vendor {Bidder} on its Vendor Profile Homepage, they are removed from the Division's view and cannot be considered for Blanket P.O. {Contract} award. The Vendor {Bidder} may submit a revised Quote {Proposal} as long as the Quote {Proposal} is received prior to the announced date and time for Quote {Proposal} submission. Vendors {Bidders} may refer to the QRG "Submit a Quote" for additional instruction. QRGs are located on the [NJSTART Vendor Support Page](#).

Hard Copy: A Vendor {Bidder} may request that its hard copy Quote {Proposal} be withdrawn prior to the Quote {Proposal} opening. Such request must be made, in writing, to the Supervisor of the Proposal Review Unit at the address provided in Section 1.4.7.2 below. The Vendor {Bidder} may submit a revised Quote {Proposal} as long as the Quote {Proposal} is received prior to the announced date and time for Quote {Proposal} submission and at the place specified.

1.4.7.2 QUOTE {PROPOSAL} WITHDRAWAL AFTER QUOTE {PROPOSAL} OPENING, BUT PRIOR TO BLANKET P.O. {CONTRACT} AWARD

NJSTART and Hard Copy: If, after the Quote {Proposal} opening, but before Blanket P.O. {Contract} award, a Vendor {Bidder} discovers an error in its Quote {Proposal}, the Vendor {Bidder} may make a written request to the Supervisor of the Proposal Review Unit to withdraw its Quote {Proposal} from consideration for award. If the Vendor's {Bidder's} request to withdraw is made in good faith, and the State will not be significantly prejudiced by granting the withdrawal of the Quote {Proposal} beyond the loss of the benefit of the bargain to the State of the withdrawing Vendor's {Bidder's} offer, the request shall be granted. Evidence of the Vendor's {Bidder's} good faith in making this request can be demonstrated by one (1) or more of the following factors: A mistake is

so significant that to enforce the Blanket P.O. {Contract} resulting from the Quote {Proposal} would be unconscionable; that the mistake relates to a material feature or term of the Blanket P.O. {Contract}; and that the mistake occurred notwithstanding the Vendor's {Bidder's} exercise of reasonable care. After Quote {Proposal} opening, while pursuant to the provisions of this section a Vendor {Bidder} may request to withdraw its Quote {Proposal} and the Director may in her discretion allow said Vendor {Bidder} to withdraw it, the Division also may take notice of repeated or unusual requests to withdraw by a Vendor {Bidder} and take those prior requests to withdraw into consideration when evaluating the Vendor's {Bidder's} future Quotes {Proposals}.

All Quote {Proposal} withdrawal requests must include the Bid Solicitation {RFP} identification number and the final Quote {Proposal} submission date and be sent to the following address:

Department of the Treasury
Division of Purchase and Property
PO Box 039
33 West State Street – 9th Floor
Trenton, New Jersey 08625-0039
Attention: Supervisor, Proposal Review Unit

If during a Quote {Proposal} evaluation process, an obvious pricing error made by a potential Blanket P.O. {Contract} awardee is found, the Director or her designee shall issue written notice to the Vendor {Bidder}. The Vendor {Bidder} will have up to five (5) business days after receipt of the notice to confirm its pricing. If the Vendor {Bidder} fails to respond, its Quote {Proposal} shall be considered withdrawn, and no further consideration shall be given to it.

If it is discovered that there is an arithmetic disparity between the unit price and the total extended price, the unit price shall prevail. If there is any other ambiguity in the pricing, other than a disparity between the unit price and extended price and the Vendor's {Bidder's} intention is not readily discernible from other parts of the Quote {Proposal}, the Director may seek clarification from the Vendor {Bidder} to ascertain the true intent of the Quote {Proposal}. If the Vendor {Bidder} inadvertently completes the "Discount" field and the "Unit Cost" field, the Discounted Unit Cost will prevail.

1.4.8 JOINT VENTURE

If a Joint Venture is submitting a Quote {Proposal}, the agreement between the parties relating to such Joint Venture should be submitted with the Joint Venture's Quote {Proposal}. Authorized signatories from each party comprising the Joint Venture must sign the Offer and Acceptance Page {Signatory Page}. Each party to the Joint Venture must individually comply with all the forms and certification requirements in Sections 4.4.1 and 4.4.2 of this Bid Solicitation {RFP}.

1.4.9 RECIPROCITY FOR JURISDICTIONAL VENDOR {BIDDER} PREFERENCE

In accordance with N.J.S.A. 52:32-1.4 and N.J.A.C. 17:12-2.13, the State of New Jersey will invoke reciprocal action against an out-of-State Vendor {Bidder} whose state or locality maintains a preference practice for its in-state Vendors {Bidders}. The State of New Jersey will use the annual surveys compiled by the Council of State Governments, National Association of State Procurement Officials, or the National Institute of Governmental Purchasing or a State's statutes and regulations to identify States having preference laws, regulations, or practices and to invoke reciprocal actions. The State of New Jersey may obtain additional information as it deems appropriate to supplement the stated survey information.

A Vendor {Bidder} may submit information related to preference practices enacted for a State or Local entity outside the State of New Jersey. This information may be submitted in writing as part of the Quote {Proposal} response, including name of the locality having the preference practice, as

well as identification of the county and state, and should include a copy of the appropriate documentation, i.e., resolution, regulation, law, notice to Vendor {Bidder}, etc. It is the responsibility of the Vendor {Bidder} to provide documentation with the Quote {Proposal} or submit it to the Director within five (5) business days after the deadline for Quote {Proposal} submission. Written evidence for a specific procurement that is not provided to the Director within five (5) business days of the public Quote {Proposal} submission date may not be considered in the evaluation of that procurement, but may be retained and considered in the evaluation of subsequent procurements.

1.4.10 QUOTE {PROPOSAL} ACCEPTANCES AND REJECTIONS

N.J.A.C. 17:12-2.7(d), the Director's right to waive minor irregularities or omissions in a Quote {Proposal} and N.J.A.C. 17:12-2.2 which defines causes for Quote {Proposal} rejection, apply to all Quotes {Proposals}. In addition, pursuant to N.J.S.A. 52:34-12, the Director retains the right to reject all Quotes {Proposals} if it is in the public interest.

2.0 DEFINITIONS

2.1 CROSSWALK

<i>NJSTART</i> Term	Equivalent Existing New Jersey Term
Bid/Bid Solicitation	RFP/Solicitation
Bid Amendment	Addendum
Change Order	Contract Amendment
Master Blanket Purchase Order (Blanket P.O.)	Contract
Offer and Acceptance Page	Signatory Page
Quote	Proposal
Vendor	Bidder/Contractor

2.2 GENERAL DEFINITIONS

The following definitions will be part of any Blanket P.O. {Contract} awarded or order placed as a result of this Bid Solicitation {RFP}.

Definitions are listed by new *NJSTART* terminology; {existing terminology} appears in braces.

All-Inclusive Hourly Rate – An hourly rate comprised of all direct and indirect costs including, but not limited to: labor costs, overhead, fee or profit, clerical support, travel expenses, per diem, safety equipment, materials, supplies, managerial support and all documents, forms, and reproductions thereof. This rate also includes portal-to-portal expenses as well as per diem expenses such as food.

Best and Final Offer or BAFO – Pricing timely submitted by a Vendor {Bidder} upon invitation by the Bureau after Quote {Proposal} opening, with or without prior discussion or negotiation.

Bid or Bid Solicitation {RFP or Solicitation} – This series of documents, which establish the bidding and Blanket P.O. {Contract} requirements and solicits Quotes {Proposals} to meet the needs of the Using Agencies as identified herein, and includes the Bid Solicitation {RFP}, State of NJ Standard Terms and Conditions (SSTC), price schedule, attachments, and Bid Amendments {Addenda}.

Bid Amendment {Addendum} – Written clarification or revision to this Bid Solicitation {RFP} issued by the Division of Purchase and Property. Bid Amendments {Addenda}, if any, will be issued prior to Quote {Proposal} opening.

Business Day - Any weekday, excluding Saturdays, Sundays, State legal holidays, and State-mandated closings unless otherwise indicated.

Calendar Day – Any day, including Saturdays, Sundays, State legal holidays, and State-mandated closings unless otherwise indicated.

Change Order {Contract Amendment} – An alteration or modification of the terms of a Blanket P.O. {Contract} between the State and the Vendor(s) {Contractor(s)}. A Change Order {Contract Amendment} is not effective until it is signed and approved in writing by the Director or Deputy Director, Division of Purchase and Property.

Cooperative Purchasing Program – The Division's intrastate program that provides procurement-related assistance to New Jersey local governmental entities and boards of education, State and county colleges and other public entities having statutory authority to utilize select State Blanket P.O.s {Contracts} issued by the Division, pursuant to the provisions of N.J.S.A. 52:25-16.1 et seq.

Days After Receipt of Order (ARO) - Means the number of calendar days 'After Receipt of Order' in which the Using Agency will receive the ordered materials and/or services.

Director – Director, Division of Purchase and Property, Department of the Treasury, who by statutory authority is the Chief Contracting Officer for the State of New Jersey.

Discount - Means the standard discount applied by the Vendor {Bidder} to all items.

Discounted Unit Cost – Means "Unit Cost" field multiplied by (100 percent minus the "Discount" field percentage).

Division – The Division of Purchase and Property.

Evaluation Committee – A committee established or Division staff member assigned by the Director to review and evaluate Quotes {Proposals} submitted in response to this Bid Solicitation {RFP} and recommend a Blanket P.O. {Contract} award to the Director.

Firm Fixed Price – A price that is all-inclusive of direct cost and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction and any other costs.

Freight - Means Freight on Board (FOB) Destination.

Joint Venture – A business undertaking by two (2) or more entities to share risk and responsibility for a specific project.

Master Blanket Purchase Order ("Blanket P.O.") {Contract} – The Blanket P.O. {Contract} consists of the State of NJ Standard Terms and Conditions (SSTC), the Bid Solicitation {RFP}, the responsive Quote {Proposal} submitted by a responsible Vendor {Bidder} as accepted by the State, the notice of award, any Best and Final Offer, any subsequent written document memorializing the agreement, any modifications to any of these documents approved by the State and any attachments, Bid Amendment {Addenda} or other supporting documents, or post-award documents including Change Orders {Contract Amendments} agreed to by the State and the Vendor {Contractor}, in writing.

May – Denotes that which is permissible or recommended, not mandatory.

No Bid – The Vendor {Bidder} is not submitting a price Quote {Proposal} for an item on a price line.

No Charge – The Vendor {Bidder} will supply an item on a price line free of charge.

Ownership Disclosure Form – Refers to the Statement of Bidder/Vendor Ownership as utilized in [NJSTART](#).

Primary Form – An electronic form contained within a Vendor's {Bidder's} [NJSTART](#) profile designated by the Vendor {Bidder} as the primary or principal version of the required form.

Procurement Bureau - The Division unit responsible for the preparation, advertisement, and issuance of Bid Solicitations {RFPs}, for the tabulation of Quotes {Proposals} and for recommending award(s) of Blanket P.O.(s) {Contract(s)} to the Director and the Deputy Director.

Project – The undertakings or services that are the subject of this Bid Solicitation {RFP}.

QRGs – Quick Reference Guides.

Quote {Proposal} – Vendor's {Bidder's} timely response to the Bid Solicitation {RFP} including, but not limited to, technical Quote {Proposal}, price Quote {Proposal}, and any licenses, forms, certifications, or other documentation required by the Bid Solicitation {RFP}.

Retainage - The amount withheld from the Vendor {Contractor} payment that is retained and subsequently released upon satisfactory completion of performance milestones by the Vendor {Contractor}.

Revision – A response to a BAFO request or a requested clarification of the Vendors {Bidders} Quote {Proposal}.

Shall or Must – Denotes that which is a mandatory requirement. Failure to meet a mandatory material requirement will result in the rejection of a Quote {Proposal} as non-responsive.

Should – Denotes that which is permissible or recommended, not mandatory.

Small Business – Pursuant to N.J.A.C. 17:13-1.2, “small business” means a business that meets the requirements and definitions of “small business” and has applied for and been approved by the New Jersey Division of Revenue and Enterprise Services, Small Business Registration and M/WBE Certification Services Unit as (i) independently owned and operated, (ii) incorporated or registered in and has its principal place of business in the State of New Jersey; (iii) has 100 or fewer full-time employees; and has gross revenues falling in one (1) of the three (3) following categories: For goods and services - (A) 0 to \$500,000 (Category I); (B) \$500,001 to \$5,000,000 (Category II); and (C) \$5,000,001 to \$12,000,000, or the applicable federal revenue standards established at 13 CFR 121.201, whichever is higher (Category III); For construction services: (A) 0 to \$3,000,000 (Category IV); (B) gross revenues that do not exceed 50 percent of the applicable annual revenue standards established at 13 CFR 121.201 (Category V); and (C) gross revenues that do not exceed the applicable annual revenue standards established at CFR 121.201, (Category VI).

State – The State of New Jersey.

State Contract Manager or SCM – The individual, as set forth in Section 8.0, responsible for the approval of all deliverables, i.e., tasks, sub-tasks or other work elements in the Scope of Work. The SCM cannot direct or approve a Change Order {Contract Amendment}.

Subtasks – Detailed activities that comprise the actual performance of a task.

Subcontractor – An entity having an arrangement with a Vendor {Contractor}, whereby the Vendor {Contractor} uses the products and/or services of that entity to fulfill some of its obligations under its State Blanket P.O. {Contract}, while retaining full responsibility for the performance of all [the Vendor's {Contractor's}] obligations under the Blanket P.O. {Contract}, including payment to the Subcontractor. The Subcontractor has no legal relationship with the State, only with the Vendor {Contractor}.

Task – A discrete unit of work to be performed.

Unit Cost – All-inclusive, firm fixed price charged by the Vendor {Bidder} for a single unit identified on a price line.

Using Agency[ies] – A State department or agency, a quasi-State governmental entity, or a Cooperative Purchasing Program participant, authorized to purchase products and/or services under a Blanket P.O. {Contract} procured by the Division. This Blanket P.O. {Contract} may be used by the Using Agencies or quasi-governmental agencies specifically identified in the Bid Solicitation {RFP}. In addition, with the approval of the Director of the Division of Purchase and Property and the agreement of the Vendor {Contractor}, the Blanket P.O. {Contract} may be used by any Using Agency or quasi-State governmental entity.

Vendor {Bidder} – An entity offering a Quote {Proposal} in response to the Division's Bid Solicitation {RFP}.

Vendor {Contractor} – The Vendor {Bidder} awarded a Blanket P.O. {Contract} resulting from this Bid Solicitation {RFP}.

2.3 BLANKET P.O. {CONTRACT}-SPECIFIC DEFINITIONS/ACRONYMS

Account Management Team – The individuals designated by the Vendor {Contractor} to serve the DPB.

Adjudication – The process by which the Vendor {Contractor} reviews prescription Claims, determining the eligibility of the claimant and the services, and the applicable amount of coverage.

Administrative Fee – An all-inclusive monthly fee for Pharmacy Benefit Management (PBM) Services paid by the State to the Vendor {Contractor} comprised of all direct and indirect costs including, but not limited to: Program fees, Claims administration, labor costs, overhead, fee or profit, clerical support, travel expenses, per diem, safety equipment, materials, supplies, managerial support and all documents, forms, reports, and reproductions thereof. The Vendor's {Contractor's} monthly compensation is a function of the Administrative Fee multiplied by the number of participating public employees/retirees. Administrative Fees are to be paid on a Per Employee per Month (PEPM) basis for the Commercial Population and on a Per Member per Month (PMPM) basis for the EGWP Population. The Administrative Fee shall not be based on the plan's average membership or include a percentage of the savings realized.

Annual Notice of Change (ANOC) – Provides the Member with notification of changes that will be made in benefits and costs, including cost shares. The ANOC also includes a new, and if necessary, revised EOC, Low Income Subsidy Rider, Formulary and WRAP Certificate of Coverage for the new Blanket P.O. {Contract} year. This is required by CMS and shall be provided by the Vendor {Contractor} to Members enrolled in the EGWP + WRAP program 15 calendar days prior to the Open Enrollment Period.

Annual Reconciliation – The reconciliation that the Vendor {Contractor} completes on an annual basis whereby it compares the Financial Guarantees to the actual amounts (i) charged to the DPB

on Invoice Statements (for Ingredient Costs or Dispensing Fees); or (ii) credited to the DPB on Invoice Statements (for Rebates).

ARCPV – State enrollment files identify Members by employment status as either Active, Retired, COBRA, Part-Time, or O(V)er-Age (Chapter 375). These categories are listed by the first letter of each category (A, R, C, P, or V). The State uses the “ARCPV TYPE” designation to demarcate a Member’s employment status on the Eligibility File.

Average Annual Guarantee – The Vendor’s {Contractor’s} guaranteed pricing for each item listed in Bid Solicitation {RFP} Section 3.8.1.

Average Sales Price (ASP) – A manufacturer’s sales of a drug to all purchasers in the United States in a calendar quarter divided by the total number of units of the drug sold by the manufacturer in that same quarter, as reported to CMS.

Audit(s) – The DPB’s (or its agent’s or agents’) assessment of the Vendor’s {Contractor’s} satisfaction of all terms under the Blanket P.O. {Contract}.

Average Wholesale Price (AWP) – The average wholesale price of a prescription drug or medication dispensed, on the date the prescription or medication is dispensed, as set forth in the most recent edition of the Medi-Span pricing guide or supplement as of the dispensing date. The applicable AWP for all prescriptions dispensed at a Retail Pharmacy, Mail Order Pharmacy, and Specialty Pharmacy shall be based on all of the following: (i) the Unit AWP using the full NDC for the package size from which the medication was dispensed (not the package size of the prescription dispensed); (ii) the actual manufacturer’s AWP; and (iii) the actual Unit prescribed (an alternative Unit measure shall not be substituted, such as capsules for tablets, or tablets for capsules).

Benefit Change Form (BCF) – The form to make modifications to any Plan Design. The form of the BCF may be modified from time to time based on mutual written agreement by the DPB and the Vendor {Contractor}. Each BCF must be executed by the DPB and the Vendor {Contractor}.

Benefit Specification Form(s) – The form that is completed for each Plan that specifies the terms and provisions of the Plan Design(s) and the configuration of system edits, including but not limited to which prescription and OTC medications are covered by the Plan (and/or are not covered); Copayments and Coinsurance requirements; the Formulary selected; the Plan Design tier structure; any limitations on coverage such as Deductibles and Quantity Limits; and the Programs selected, together with the relevant protocols and services that must be rendered in connection with each Program. Each Benefit Specification Form must be executed by the DPB and the Vendor {Contractor}.

Biosimilar Drug – A large molecule drug that is approved through the FDA’s biosimilar pathway. A Biosimilar Drug is a biological product that is highly similar to a U.S. licensed reference biological product notwithstanding minor differences in clinically inactive components, and for which there are no clinically meaningful differences between the biological product and the reference product in terms of the safety, purity, and potency of the product.

Bona Fide Service Fees – As defined by 42 CFR 414.802, the fees paid by a manufacturer to an entity, that represent fair market value for a bona fide, itemized service actually performed on behalf of the manufacturer that the manufacturer would otherwise perform (or contract for) in the absence of the service arrangement, and that are not passed on in whole or in part to a client or customer of an entity, whether or not the entity takes title to the drug.

Brand Drug – A Covered Item classified as a Brand Drug, which shall be based on the requirements set forth in the Drug Classification section of the Bid Solicitation {RFP}. When a drug is identified as a Brand Drug, it shall be considered a Brand Drug for the purposes of calculating the satisfaction

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of Financial Guarantees, and calculating Generic Drug fill rates. For purposes of determining the Copayment or Coinsurance to be paid by the Member, other factors may be used, provided the Vendor {Contractor} uses the same methodology for all Claims.

A Covered Item classified as a Brand Drug, which shall be based on the requirements set forth in the Drug Classification section of the Bid Solicitation (RFP). When a drug is identified as a Brand Drug, it shall be considered a Brand Drug for all purposes by the Vendor {Contractor}, including but not limited to adjudicating the Claim, reimbursing the relevant pharmacy, invoicing the DPB, determining the Copayment or Coinsurance to be paid by the Member, calculating the satisfaction of Financial Guarantees, and calculating Generic Drug fill rates.

Chapter 375 – A reference to Chapter 375 of the Public Laws of 2005 enacted January 12, 2006, and effective May 12, 2006 to permit coverage of an adult child of an employee or retiree under certain conditions, as described in N.J.S.A. 52:14-17.29k. The legislation requires the SHBP to provide for an election of coverage by a child, following the termination of their Dependent coverage due to age, until their 31st birthday. After the enactment of the SEHBP in 2008, this provision for an election of continued coverage for certain adult children of an employee or retiree also applies to SEHBP Members.

Claim(s) – All claims transmitted or sent to the Vendor {Contractor} by any pharmacies or by Members, including reversed and rejected Claims.

Claim Adjudication Rate – The lowest unit price including the discount that Vendor {Contractor} will adjudicate each individual Claim for a Covered Item.

Claims Constituting Quantity Errors – Any Brand Drug Covered Items reflecting an Ingredient Cost Discount of 40% or greater.

Claim Processor Fee(s) – A payment made by Retail Pharmacies to the Vendor {Contractor}, or a fee withheld by the Vendor {Contractor} from Retail Pharmacy reimbursement when the Vendor {Contractor} processes an aggregated payment to a Retail Pharmacy. Claim Processor Fees ~~shall be considered Financial Benefits, Rebates, or DIR and~~ shall not be factored into Average Annual Guarantees for either Ingredient Costs or Dispensing Fees.

Claim Record – The State or Member data which is generated in conjunction with the adjudication of a Dispensed Claim under the Plan which shall be stored and transmitted in National Council for Prescription Drug Programs ("NCPDP") or X12 835 formats.

Clinical Program (Program) – Any clinical, safety, adherence or similar programs offered by the Vendor {Contractor} to promote cost savings for the State and Members under the Plan, including without limitation, prior authorization, step therapy, quantity limits and other programs.

CMS (Centers for Medicare & Medicaid Services) – The Federal Agency within the United States Department of Health and Human Services responsible for administering various Medicare programs.

COBRA – The Consolidated Omnibus Budget Reconciliation Act of 1985, 29 U.S.C.A. 1161-1168, as amended. This federal legislation gives workers and their families who lose their health benefits the right to choose to continue group health benefits provided by their group health Plan for limited periods of time under certain circumstances such as voluntary or involuntary job loss, reduction in the hours worked, transition between jobs, death, divorce, and other life events.

Commercial – A group or Plan for Members who are not enrolled in the Employer Group Waiver Plan (EGWP) program. Members enrolled in a Commercial group are: 1) Active employees and their Dependents; or 2) non-Medicare eligible Members covered under a retired group.

Compound Drug(s) - A drug that is created under a process wherein where a licensed pharmacist, a licensed physician, or, in the case of an outsourcing facility, a person under the supervision of a licensed pharmacist, combines, mixes, or alters ingredients of two (2) or more solids, semi-solids, or liquid ingredients, at least one (1) of which is a Covered Item, to create a medication tailored to the needs of an individual patient.

Coordination of Benefits (COB) Claims – Any Claims processed and paid first through another insurer, and then through the SHBP/SEHBP as secondary. (Currently, SHBP/SEHBP prescription Plans only accept COB Claims where Medicare B is the primary insurer.)

Copayment or Coinsurance – Those amounts collected from Members by the relevant pharmacy pursuant to each Plan Design as specified in each Benefit Specification Form, and if relevant, as amended in a Benefit Change Form. “Copayment” shall mean any flat amount that a Member is required to pay. “Coinsurance” shall mean any percentage amount that a Member is required to pay.

Coverage Effective Date – Date on which the Vendor {Contractor} is obligated to start processing Claims on behalf of Members. Under this Bid Solicitation {RFP} the Coverage Effective Date is December 23, 2017 for Members paid through the State’s Centralized Payroll Unit and January 1, 2018 for all others. The Coverage Effective date for Members who become eligible for coverage at a later date will be listed on the Eligibility File.

Covered Item(s) – The medications, supplies and small durable medical equipment (“DME”) items identified as covered in each Plan Design, as specified in its Benefit Specification Form, and, if relevant, as amended in a Benefit Change Form. Small DME items must have a valid Universal Product Code (UPC), Health Related Item Code (HRS) or National Drug Code (NDC) in the Medi-Span or First DataBank file. Small DME shall include, but need not be limited to, diabetic supplies.

Covered Medicare Part D Drugs – The Medicare Part D eligible drugs and drug products that are covered under the EGWP program in compliance with Medicare Laws and Regulations.

Customer Service Center – The toll-free phone line, dedicated to the State, whereby the Vendor {Contractor} responds to inquiries from Participating Pharmacies, providers and Members.

Daily Return File – The file sent by the Vendor {Contractor} to the DPB by the second business day after the transmission of an Eligibility File. The Daily Return File summarizes all changes effected by the Vendor {Contractor} as well as errors and unprocessed transactions.

Deductible – A fixed dollar amount per year paid by the Member for medical or prescription drug services prior to the application of Copayments or Coinsurance.

Dependent(s) – SHBP/SEHBP eligible Dependents include an employee's spouse, partner in a civil union couple, and the employee's children under the age of 26 years. For State employees and retirees, dependents also include an employee's domestic partner as defined in section 3 of P.L. 2003, c. 246 (C.26:8A-3). In addition, a Local Employer that has elected to participate in the SHBP/SEHBP may, by resolution, elect to include domestic partners as eligible Dependents, but is not required by statute to provide such coverage. Children include stepchildren, legally adopted children and children placed by the Division of Youth and Family Services in the Department of Children and Families, provided they are reported for coverage and are wholly dependent upon the employee for support and maintenance. Covered children attaining age 26 who are not capable of self-support due to mental illness or incapacity or a physical disability may also qualify for continuation of coverage. A person enlisting or inducted into military service is not considered a Dependent during the military service. Note: The DPB classifies adult children enrolled in the SHBP/SEHBP under the provisions of Chapter 375 as Subscribers, not as Dependents.

Direct and Indirect Remuneration (DIR) – Includes discounts, chargebacks or rebates, cash discounts, free goods contingent on a purchase agreement, up-front payments, coupons, goods in kind, free or reduced-price services, grants, or other price concessions or similar benefits from manufacturers, pharmacies or similar entities obtained by an intermediary contracting organization with which the Part D plan sponsor has contracted, regardless of whether the intermediary contracting organization retains all or a portion of the direct and indirect remuneration or passes the entire direct and indirect remuneration to the Part D plan sponsor and regardless of the terms of the contract between the plan sponsor and the intermediary contracting organization.

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Dispense as Written (DAW) Code – A Code indicating whether or not the prescriber's instructions regarding generic substitution were followed, as indicated in the relevant data field under the NCPDP D.0 data transmission standard.

Dispensed Claim(s) – Each Claim that is actually dispensed to a Member. With respect to any Claim, if the Claim is not dispensed, but is instead denied, rejected or reversed, the Claim shall not constitute a Dispensed Claim. If the Claim is adjusted in any way, the original Claim and the adjusted Claim(s) shall together constitute only one Dispensed Claim. If a Claim is partially filled, and subsequently the remainder of the Claim is filled, the fills will together constitute only one Dispensed Claim.

Dispensing Accuracy Rate – A measurement of the Mail Order Pharmacy's accuracy in dispensing prescriptions. The Dispensing Accuracy Rate is calculated by: (i) the number of all Mail Order Pharmacy prescriptions dispensed by Vendor {Contractor} in a Plan quarter less the number of those prescriptions dispensed by Vendor {Contractor} in such Plan quarter that are reported to and verified by the Vendor {Contractor} as having been dispensed with the incorrect drug, quantity, or strength; divided by (ii) the number of all Mail Order Pharmacy prescriptions dispensed by Vendor {Contractor} in such Plan quarter.

Dispensing Fee(s) – The fee charged to the State for a Participating Pharmacy to dispense a Covered Item to a Member in accordance with the terms of the Bid Solicitation {RFP}.

Disputes – Each identified case where the State reasonably believes and notifies Vendor {Contractor} of an error or inaccuracy in an invoice, Claims, or Plan data.

Division of Pensions and Benefits (DPB) – The Division of Pensions and Benefits, in the NJ Department of the Treasury.

Dose Optimization – A Program designed to increase patient compliance with drug therapies. Only drugs that have been approved by the Food and Drug Administration (FDA) for once daily dosing and have different strengths available at similar costs are included in the Program.

Drug Classification – The agreed upon methodology to classify Brand Drugs and Generic Drugs as set forth in this Bid Solicitation {RFP}.

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 forms of DUR: prospective (before dispensing), concurrent (at the time of prescription dispensing), and retrospective (after the therapy has been completed).

Electronic Prescribing Services or E-Prescribing – A process whereby a qualified prescriber submits a prescription to a pharmacy electronically.

Eligibility File – The file created by the State and transmitted daily to the Vendor {Contractor} listing the names and other pertinent information necessary for the Vendor {Contractor} to enroll Members, terminate enrollment, or to make changes to existing Member records.

Employer Group Waiver Plan (EGWP) – A Center for Medicare Services (CMS) approved Medicare Part D Plan, also known as a Series 800 Plan.

Evidence of Coverage and Disclosure Information (EOC) – A document based on the CMS provided standardized model, supplied by the Vendor {Contractor}, approved by the DPB, and thereafter issued by the Vendor {Contractor} to enrolled EGWP + WRAP Members disclosing and setting forth the prescription drug benefits and terms and conditions of coverage to which Members are entitled. The EOC includes the Formulary Booklet, which contains a list of the most commonly Covered Drugs, certain other attachments, and any amendments thereto.

Extended AWP – The product of the Unit AWP for a Dispensed Claim multiplied by the quantity of Units dispensed by the pharmacy for that Dispensed Claim.

Financial Contracted Terms – The (i) Administrative Fees; (ii) Average Annual Guarantees; (iii) Specialty Drug Minimum Guaranteed Discounts; (iv) Specialty Drug Overall Effective Discount, and (v) Rebate Guarantees.

Financial Guarantees – The Average Annual Guarantees, Rebate Guarantees, Specialty Drug Overall Effective Discount Guarantees, and the Specialty Drug Minimum Guaranteed Discounts.

First Call Resolution Rate – The total number of telephone calls made by a Member and resolved by the Vendor's {Contractor's} Customer Service Representative on the first call as measured by the Member not calling back the Customer Service Center within five (5) business days regarding the same inquiry; divided by the total number of telephone calls made by Members and received by the Customer Service Center.

First DataBank (FDB) – The publisher of pharmaceutical information that is used within healthcare information systems serving hospitals, physician practices, other providers, payers, retail pharmacies, state health programs and others for the purpose of medication decision support and negotiating reimbursement rates paid to pharmacies and other providers.

Floor Limit– The maximum Member account balance at which the Mail Order Pharmacy or Specialty Drug Pharmacy will dispense and ship a prescription without the required Copayment or Coinsurance being paid in advance.

Formulary – The list of clinically appropriate, cost-rational prescription drugs covered by the SHBP/SEHBP, organized into different 'tiers' or levels indicating how much the Member cost share (Copayment or Coinsurance) will be for each drug.

Fraud, Waste, and Abuse Program – The program established by the Vendor {Contractor} in order to fulfill CMS requirements as detailed in 42 C.F.R. §423.504(b)(4)(vi)(H).

Free/Not Free – A DPB data field providing a three character code to identify the primary payer for the cost of the prescription drug coverage. Combinations start with a letter, "F" (free) or "N" (not free), followed by two digits. Its purpose is to distinguish retiree billings which will be the Subscriber's responsibility (N, meaning coverage is not free to the retiree) or the responsibility of a payer other than the Subscriber (F, meaning coverage is paid in full or in part by the State or the former employer). This designation allows the Vendor {Contractor} to provide the State with cost reports that include data sorts by primary payer of the cost of the coverage.

Generic Drug(s) – A Covered Item classified as a Generic Drug, which shall be based on the requirements set forth in the Drug Classification section of the Bid Solicitation {RFP}. When a drug is identified as a Generic Drug, it shall be considered a Generic Drug for the purposes of calculating

the satisfaction of Financial Guarantees, and calculating Generic Drug fill rates. For purposes of determining the Copayment or Coinsurance to be paid by the Member, other factors may be used, provided the Vendor {Contractor} uses the same methodology for all Claims. A Covered Item classified as a Generic Drug, which shall be based on the requirements set forth in the Drug Classification section of the Bid Solicitation {RFP}.

Guarantee – A price, service or other metric that is guaranteed to be met by the PBM in its provision of services during the applicable Guarantee Period, each in accordance with the applicable terms set forth within the Bid Solicitation {RFP}.

Guarantee Period – Each separate time period segment used to measure the Guarantees set forth in the Bid Solicitation {RFP} commencing on the effective date of the Blanket P.O. {Contract} and each 12-month calendar year thereafter.

Health Insurance Portability and Accountability Act (HIPAA) – Law that 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.

Health Maintenance Organization (HMO) – Managed healthcare system that has participating physicians, and facilities that provide comprehensive medical services.

High-Deductible Health Plan (HDHP) – A healthcare benefit arrangement that requires that enrolled employees and retirees (and their Dependents) satisfy a Deductible that is typically much larger than other plan option Deductibles prior to the Plan paying any benefits. The HDHP may include a Health Savings Account to which the Plan sponsor and/or the employee may contribute funds on a pre-tax basis that can be used to pay for medical eligible expenses, both prior to and after satisfying the Deductible.

House Generic – A Brand Drug submitted with a DAW 5 code.

Identification Card – A wallet-size card issued by the Vendor {Contractor} that identifies the individual named thereon as a Member of the Plan. A pharmacy may ask any person claiming entitlement to Plan benefits to identify him/herself by presenting his or her membership Identification Card.

Independent Review Organization (IRO) – An external organization, independent of all bodies, that reviews Member appeals to determine whether a health care service is medically necessary and appropriate or experimental/investigational.

Ingredient Cost(s) – The costs paid by the State for a Covered Item on a Paid Claim, after application of the Lowest of Pricing Logic between the Claim Adjudication Rate, MAC or U&C, excluding Administrative Fees, Copayment, Dispensing Fees and taxes, in accordance with the terms of the Bid Solicitation {RFP}.

Ingredient Cost Discount(s) – The percentage difference between the applicable AWP for a Covered Item and the amount paid by the Vendor {Contractor} to a Participating Pharmacy, or charged by the Mail Order Pharmacy or the Specialty Drug Pharmacy for prescription drugs, OTCs and other services provided by such pharmacy to Members. The Ingredient Cost Discount excludes the Dispensing Fee, Copayment and sales tax, if any.

Invoice Statement(s) – The monthly statement submitted by the Vendor {Contractor} to the DPB that details the charges and fees (other than Claim payments) and credit for services provided in

the administration of the Plans. Invoice Statements shall include line items for, at a minimum, Administrative Fees, Postage, and Rebates.

Late Enrollment Penalty (LEP) – The penalty charged by CMS pursuant to 42 CFR Section 423.46(a).

Liquidated Damages – An estimate of the damages the State will sustain if the Vendor's {Contractor's} performance does not reach the Performance Standards.

Local Employer – Public employers, such as counties, municipalities and authorities, including independent State authorities not designated as "State employers" for SHBP purposes. For purposes of this RFP, Local Employer also includes local school district, regional school district, county vocational school district, county special services school district, jointure commission, educational services commission, State-operated school district, charter school, county college, any officer, board, or commission under the authority of the Commissioner of Education or of the State Board of Education, and any other public entity which is established pursuant to authority provided by Title 18A of the New Jersey Statutes. Local Employers include both Local Government and Local Education entities.

Low-Income Cost Sharing Subsidies (LICs) — Subsidies available to certain Medicare-eligible low-income individuals to reduce the individuals' cost-sharing amounts for certain Medicare Part D prescription drugs. LICs fund the difference between the reduced low-income cost-sharing amounts and the cost-sharing amount for the Plan.

Low-Income Premium Subsidy (LIPs) - A subsidy available to certain Medicare-eligible low-income individuals to cover the Medicare Part D premium for basic prescription drug coverage. The subsidy varies by the individual's income.

Lowest of Pricing Logic – A method of calculating the Member's cost sharing. The Member price of the drug will be the lowest of (i) the negotiated pharmacy rate, (ii) the U&C price, or (iii) the Copayment or Coinsurance.

MAC List –The list established and maintained by PBM of off patent drugs subject to MAC pricing and their corresponding unit prices.

Mail Order Pharmacy – One or more duly licensed pharmacies specified by Vendor {Contractor} where Covered Items are filled and delivered to Members via mail service.

Maintenance Identification Cards – Any new Identification Cards issued to individuals who first become Subscribers after the Coverage Effective Date and replacement Identification Cards for Subscribers who have lost or had their Identification Cards stolen.

Mandatory Generic Program – A Program whereby Members are required to use Generic Drugs, whenever such drugs are available, even if Members have obtained and present a prescription for a chemically equivalent Brand Drug.

Manufacturer Derived Administrative Fees – Those administrative fees received by Vendor {Contractor} or Vendor's {Contractor's} affiliate(s) from Pharmaceutical Manufacturers or intermediaries pursuant to a contract between Vendor {Contractor} or Vendor's {Contractor's} affiliate(s) and a Pharmaceutical Manufacturer to manage placement of Covered Items on Vendor's {Contractor's} Formulary and administering, invoicing, allocating and collecting Rebates that are attributable to Covered Items dispensed to Members.

Market Check – The evaluation of the Blanket P.O.'s {Contract's} Financial Contracted Terms to determine whether the Blanket P.O. {Contract} pricing is competitive in the marketplace.

Maximum Allowable Cost (MAC) – The maximum allowable cost of a Generic Drug, as established by the Vendor {Contractor} for certain drugs in connection with reimbursing Participating Pharmacies. MAC may also be used to calculate the Member's cost sharing in a Mandatory Generic Program for Brand Drugs that have a Generic available.

Medi-Span – A provider of prescription drug information and drug interactions database solutions for thousands of healthcare organizations and professionals worldwide for more than 35 years. More information can be found at www.medispan.com

Member – An individual who meets the conditions for eligibility in the SHBP/SEHBP and who is enrolled in the Plan. It includes employees, retired employees, employees on approved leaves of absence, their enrolled Dependents; and qualified beneficiaries under COBRA, Chapter 375, or similar state health benefit continuation laws. The term Member refers to both Subscribers and Dependents.

Most Favored Nation – The Vendor's {Contractor's} agreement that it shall provide to the State, throughout the life of this Blanket P.O. {Contract}, Financial Contracted Terms that are as good or better than those that the Vendor {Contractor} provides to:

1. Commercial clients with 600,000 or less covered lives,
2. EGWP + WRAP clients with 250,000 or less EGWP covered lives,
3. These clients will have similar benefit designs in terms of (a) Formulary (2-tier benefit, 3-tier benefit, and formulary related exclusions); (b) Mail/retail benefit designs (i.e. retail 90 benefit, open or mandatory mail); (c) Specialty drug usage (i.e. open or exclusive specialty); (d) Generic drivers such as mandatory mail, and step therapy programs; and (e) Similar network (broadest network, one chain excluded, narrow network).

National Drug Code (NDC or NDC-11) – A universal product identifier comprised of a unique, eleven-digit, three-segment number that identifies the labeler/vendor, product, and trade package size.

NCPDP – The National Council for Prescription Drug Programs.

New-To-Market – A drug or product that is newly introduced for sale by Pharmaceutical Manufacturers and made available for dispense at pharmacies after the Coverage Effective Date.

Non-Participating Pharmacy(ies) – Any out-of-network Retail Pharmacy, Mail Order Pharmacy, Specialty Pharmacy or other pharmacy type that has not entered into a pricing agreement with Vendor {Contractor} to dispense Covered Items to Members.

Non-Protocol Prescriptions – Mail Order Pharmacy prescriptions for Covered Items received by Vendor {Contractor} that are in stock and which do not require prescriber or Member contact or other non-standard procedures prior to dispensing by the Vendor {Contractor}.

Over-the-Counter Drug(s) or OTC Drug(s) – A Covered Item under a Plan Design that is not required by law to be dispensed pursuant to a prescription.

Paid-Through Date – The date through which the Member has paid the required monthly premium. Claims for COBRA, Part Time, and Chapter 375 Members are processed based on the Paid-Through Date.

Participating Employers – Local Employers that have elected to participate in the State's health benefits programs in accordance with the law and rules governing the SHBP/SEHBP.

Participating Pharmacy(ies) – Those Retail Pharmacies that have contracted with the Vendor {Contractor} to create a Pharmacy Network. In the event that any Plan or the DPB limits the Retail Pharmacies that can dispense Covered Items to Members, the Participating Pharmacies and Pharmacy Network for that Plan will only be those pharmacies allowed by the Plan. (See also Pharmacy Network)

Pass-Through Pricing – A pricing model in which the Vendor {Contractor} does not derive any profits or other remuneration whatsoever from any source from the difference between amounts invoiced to the DPB by the Vendor {Contractor} and amounts incurred by the Vendor {Contractor} for any Covered Item dispensed from a Retail Pharmacy. The Vendor {Contractor} invoices the DPB for every Retail Pharmacy Dispensed Claim at the actual cost incurred by the Vendor {Contractor} for both the Ingredient Cost and Dispensing Fee. Under this pricing model, the Vendor {Contractor} ensures that invoiced costs for Mail Order Drugs and Specialty Drugs meet the Average Annual Guarantees. The Pass-Through Pricing model includes those Covered Items included within Average Annual Guarantees, and those Covered Items excluded from Average Annual Guarantees (such as every 340(b) Claim, VA Claim, one cent Covered Item and Compound Drug). The Vendor's {Contractor's} agreement to invoice for every Coordination of Benefit Claim based on the Vendor's {Contractor's} exact amount paid for the Covered Item. The Vendor's {Contractor's} only profits or remuneration whatsoever, from any source shall be those that may be embedded in (i) Administrative Fees; and (ii) the costs invoiced from the Vendor {Contractor} to the State, which does not include Rebates, for Mail Order Drugs dispensed from the Mail Order Pharmacy and Specialty Drugs dispensed from the Specialty Drug Pharmacy.

PBM – The entity awarded this Blanket P.O. {Contract}, and all of its subsidiaries and related companies involved in providing PBM Services to the DPB and to the SHBP/SEHBP.

PBM/Participating Pharmacy Contract(s) – All Blanket P.O.s {Contracts}, Change Orders {Contract Amendments} or Bid Amendments {Addenda} thereto, letter agreements, or other written or oral agreements in any form, setting forth any terms between the Vendor {Contractor} and any Participating Pharmacy, Mail Order Pharmacy or Specialty Drug Pharmacy, whether independent, owned by, or affiliated with the Vendor {Contractor}.

PBM/Pharmaceutical Manufacturer Contract(s) – All contracts, amendments, or addenda thereto, letter agreements, or other written or oral agreements in any form, providing that any Rebates shall be paid or provided to the PBM by any Pharmaceutical Manufacturer. This includes, but not be limited to, all: rebate agreements, administrative fee agreements, other fee agreements, service agreements, health or disease management agreements, data sales agreements, discount agreements, prompt payment agreements, bulk purchase agreements, pricing agreements, pricing sheets or term sheets or discount sheets providing pricing terms, etc., or other any other agreement wherein such similar terms appear.

Per Employee Per Month (PEPM) – Determined by the then-current Eligibility File submitted by the State.

Percentage of the Vendor's {Contractor's} Aggregate Book of Business – The total amount paid to Participating Pharmacies (Ingredient Costs plus Dispensing Fees) by the Vendor {Contractor} on behalf of the DPB, divided by the total amount paid to Participating Pharmacies (Ingredient Costs plus Dispensing Fees) by the PBM on behalf of all the PBM's clients including the DPB.

Performance Standards – The standards for the Vendor's {Contractor's} performance. Failure to meet Performance Standards shall result in the Vendor's {Contractor's} obligation to pay Liquidated Damages.

Pharmaceutical Manufacturer(s) – Any pharmaceutical manufacturer or company, any drug wholesaler or distributor, or any other third party, that provides Rebates to the Contractor.

Pharmacy Benefit Management Services or PBM Services – Claims processing, eligibility verification, all contracting and management and administration of contracts with Participating Pharmacies and/or Pharmaceutical Manufacturers, Formulary and clinical support, and all other services described in this Bid Solicitation {RFP} or performed by the Vendor {Contractor} as a result of this Contract.

Pharmacy Network -- Those Pharmacies that have contracted with the Vendor {Contractor} to create a network of Participating Pharmacies. In the event that any Plan or the DPB limits the Pharmacies that can dispense Covered Items to Members, the Participating Pharmacies and Pharmacy Network for that Plan will only be those pharmacies allowed by the Plan. (See also Participating Pharmacy(ies)).

Pharmacy and Therapeutic (P&T) Committee – The Vendor's {Contractor's} committee, usually composed of pharmacists and physicians from various medical specialties. The P&T Committee reviews new and existing medications and selects medications to be included in the Formulary based on safety and efficacy.

Plan – The prescription coverage the State provides to several different groups of Members. The State reserves the right to add or eliminate Plans during the period when this Blanket P.O. {Contract} is in effect. See Section 1.2 for a list of current Plans.

Plan Design(s) – The Formulary, Copayments or Coinsurance, Deductibles, Programs and Program protocols, Quantity Limits, Claims processing variables and other matters identified in a separate Benefit Specification Form for each Plan, and where applicable, for separate groups within each Plan.

Plan Design Committees – The State Health Benefits Plan Design Committee and School Employees' Health Benefits Plan Design Committee, created by Public Law 2011, Chapter 78 (Chapter 78), which are responsible for reviewing the SHBP and SEHBP Prescription Drug Plan Designs and developing any changes therein that are determined to be cost effective and in the mutual best interests of the State, participating Local Employers, employees, retirees, and their Dependents.

Plan Document – Document which describes the benefits, limitations and rights of Membership under the Plan, typically the Plan Handbook.

Plan Year – A twelve-month period, i.e., January 1 through December 31. The SHBP/SEHBP Plan Year for benefit purposes is a calendar year. Rate-setting also occurs on a calendar year basis.

Preferred Brand(s) – Brand Drug(s) determined by the Vendor {Contractor} to be clinically appropriate, cost effective alternatives for prescription drug products with comparable therapeutic efficacy within a therapeutic class. Preferred Brand Drugs are typically assigned the middle Member cost share tier when a three-tier Formulary benefit design is utilized. Preferred Brands have the lowest brand Member Copayment.

Preferred Provider Organization (PPO) – Managed healthcare benefit arrangement designed to supply services at a discounted cost by providing incentives for Members to use designated healthcare providers (who contract with the PPO at a discount), but which also provides coverage for services rendered by healthcare providers who are not part of the PPO network.

Prescriber – A health care practitioner licensed or authorized by law to issue an order for a prescription drug or a prescription non-drug product.

Pricing Proposal – The pricing components submitted by Vendor {Contract} in conjunction with the Bid Solicitation {RFP}, including without limitation, Claim Adjudication Rates, average Ingredient Cost Guarantees, Administrative Fees, Rebate Guarantees, and other pricing and Guarantee components of the Bid Solicitation {RFP}.

Pricing Source – Any third-party drug pricing database that is generally accepted and commonly used in the prescription drug industry to standardize drug pricing and/or classification (e.g., Medi-Span, FDB).

Prime Rate – The United States Prime Lending Rate as listed in the Eastern print edition of the Wall Street Journal.

Prior Authorization – The process of obtaining certification or authorization from the PBM for specified medications or specified quantities of medications. The process involves clinical appropriateness review against pre-established criteria.

Prior Authorization Program – a Program in which certain drugs are reviewed by the Vendor {Contractor} prior to dispensing to ensure that drug-specific criteria have been met.

Program(s) – Any Pharmacy Benefit Management Program that a Plan chooses to implement, in writing, via a Benefit Specification Form and/or Benefit Change Form, based on specified protocols provided to the Vendor {Contractor}, in writing, including but not limited to a: Prior Authorization Program, Step Therapy Program, Mandatory Generic Program, or Quantity Limit Program.

Pro Rata Share – The proportion of total Rebates that the Vendor {Contractor} collects from third parties that the Vendor {Contractor} is required to pass through to the DPB. For Rebates directly tied to the State's utilization, the Pro Rata Share is 100% of said Rebates. For Rebates indirectly tied to the State's utilization, the Pro Rata Share is based on the Percentage of the Vendor's {Contractor's} Aggregate Book of Business. The Pro Rata Share is based on the Percentage of the Vendor's {Contractor's} Aggregate Book of Business.

Protected Health Information (PHI) – Protected Health Information shall have the same meaning as in 45 C.F.R. 160 and includes any information that, if disclosed, would specifically identify an individual Member, including but not limited to a Member's name, address, Social Security Number, Member Identification Number, and telephone number.

Quantity Limit – The maximum quantity of a Covered Item that may be dispensed over a specified time period.

Quantity Limit Program – A Program in which specific Quantity Limits are imposed on specified Covered Item(s), and/or Members are required to obtain authorization for quantities of drugs greater than those outlined in written protocols.

Rebates – All concurrent, past and future revenue/financial remuneration and credits received by the Vendor {Contractor} from outside sources attributed to, directly or indirectly, the utilization of the SHBP/SEHBP or enrollment in SHBP/SEHBP Programs. These include but are not limited to: all Manufacturer Administration Fees, Formulary Access Rebates, Market Share Rebates, Performance/Incentive Rebates, Data Fees, Compliance Program Funding, Clinical Program support/funding, Education Fees, Marketing Grants for Clinical Studies, Specialty Drug Rebates, Specialty Clinical/Case Management Funding, Specialty Compliance Program Funding, etc., or any other form of revenue/financial remuneration received by Vendor {Contractor} from outside sources attributed to, directly or indirectly, the utilization of the SHBP/SEHBP or enrollment in SHBP /SEHBP Programs, regardless of how such benefits are otherwise characterized by Vendor {Contractor} and relevant third parties.

Rebate Guarantees – The amount of Rebates that the Vendor {Contractor} guarantees will be paid to the DPB.

Retail Pharmacy – Any chain or independent duly licensed pharmacy where a Covered Item may be filled and provided to a Member through face-to-face transaction.

Retail Pharmacy 90-Day Network – A Retail Pharmacy network that offers an 84-90 day supply of medications for chronic conditions also known as maintenance medications.

Reverse Auction Tool – The online automated platform through which Vendors {Bidders} submit price Quotes {Proposals}.

School Employees' Health Benefits Program (SEHBP) – The health benefits program established pursuant to N.J.S.A. 52:14-17.46.1 et seq.

SEL – Employers that participate in the SHBP/SEHBP are categorized by the following types of employer: State, Education, or Local (Government) Employer. In DPB records this information is found in the SEL TYPE field. State employers include State agencies and State colleges and universities. Local Education employers include employers such as county colleges and boards of education. Examples of Local Government employers include counties, municipalities, and authorities (including certain State authorities with independent purchasing authority that permits them to elect coverage other than that provided by the SHBP). State employers are required to participate in the SHBP. Local Education and Local Government employers must elect to participate in the SEHBP/SHBP.

Specialty Drug(s) – Those injectable and non-injectable drugs on the Specialty Drug List, which must have a cost exceeding \$670 per 30 day's supply and have one or more of the following key characteristics: frequent dosing adjustments and intensive clinical monitoring to decrease the potential for drug toxicity and increase the probability for beneficial treatment outcomes; intensive patient training and compliance assistance to facilitate therapeutic goals; limited or exclusive product availability and distribution; and/or specialized product handling and/or administration requirements.

Specialty Drug List – The list(s) of Specialty Drugs and the corresponding Specialty Drug Minimum Guaranteed Discounts applicable to Dispensed Claims for Specialty Drugs dispensed at a Participating Pharmacy. The Specialty List is maintained and updated by Vendor {Contractor} from time to time in order to add New-To-Market Drugs and to improve pricing on existing Specialty Drugs.

Specialty Drug Minimum Guaranteed Discount – The drug-specific pricing guaranteed for each Specialty Drug by NDC.

Specialty Drug Overall Effective Discount – The overall Ingredient Cost Discount that shall apply to all Specialty Drugs.

Specialty Drug Pharmacy – The specialty pharmacy that the Vendor {Contractor} uses to service the DPB.

State Health Benefits Commission/School Employees' Health Benefits Commission (Commissions) – The entities created by N.J.S.A. 52:14-17.27 and N.J.S.A. 52:14-17.46.3 charged with overseeing the SHBP/SEHBP. The DPB administers the SHBP/SEHBP pursuant to N.J.S.A. 52:14-17.25 and N.J.S.A. 52:14-17.46.1.

State Health Benefits Program (SHBP) – The health benefits program established pursuant to N.J.S.A. 52:14-17.25 et seq.

Step Therapy Program – The practice of beginning drug therapy for a medical condition with the most cost-effective and safest 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 Program 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.

Subscriber – An employee, retiree, survivor, COBRA beneficiary or Chapter 375 Member enrolled in the SHBP/SEHBP.

Supplies – Ancillary equipment, supplies, products and services provided or coordinated by a Participating Pharmacy in connection with dispensing Covered Items to a Member under the Plan, including without limitation, nursing/clinical supplies, in-home infusion and related supplies, patient monitoring supplies, medication pumps, tubing, syringes, gauze pads, sharps containers, lancets, test strips, other supplies, and durable medical equipment.

Telephone Abandonment Rate – The (i) number of incoming telephone calls received by the Customer Service Center during a Plan quarter which are abandoned by the caller after a selection is made either to the IVRU (Interactive Voice Response Unit) system or a Customer Service Representative, divided by (ii) the total number of incoming telephone calls received by the Customer Service telephone line during such Plan quarter.

Trailing Rebates – Any Rebates collected from any Pharmaceutical Manufacturer after the Vendor's {Contractor's} Annual Reconciliation, including those Rebates collected after the termination of the Blanket P.O. {Contract}.

True Out of Pocket Costs (TrOOP) - Payments for Medicare Part D medications made by or on behalf of the Member. TrOOP as defined by CMS includes any Deductible, Copayments or Coinsurance, Coverage Gap Manufacturer Discount, and Low Income Copayment Subsidies, TrOOP does not include non-Medicare D drugs or payments made by the SHBP or SEHBP.

Usual and Customary Retail Price (U&C) –The walk-in price on the date dispensed charged by a Retail Pharmacy to customers who are without prescription drug coverage. The DPB shall never be charged more than the U&C for a transaction.

Unit(s) – The unit of measure dispensed, such as tablet, capsule, milliliter of liquid, gram of cream, or other unit measure.

Unit AWP – The Unit of measure price, as defined by the NCPDP, with the Unit of measure being per tablet, or per capsule, or per milliliter of liquid, or per gram of cream, or per other Unit, dispensed.

Wraparound Benefit (WRAP) – The additional benefit provided around the EGWP Plan (i.e. the wraparound Plan), which is self-insured, to provide the full benefits that the State provides beyond what is available through the Medicare Part D Benefit. The intent is for the program to match the Early Retiree Plans.

Wholesale Acquisition Cost (WAC) – List price for wholesalers, distributors, Pharmaceutical Manufacturers, and/or other direct accounts before any Rebates, discounts, allowances or other price concessions that might be offered by the supplier of the product.

Zero Balance Claim (ZBC) – A Claim whose total cost is equal to or less than the Member Copayment and for which no payment is due on the Claim transaction from the State.

3.0 SCOPE OF WORK

3.1 NETWORK ACCESS / PHARMACY DISTRIBUTION CHANNELS

3.1.1 RETAIL PHARMACY NETWORK

The Vendor {Contractor} shall:

- A. Establish and maintain a network of Participating Pharmacies that have agreed to discount their charges for prescription drugs;
- B. Ensure that its PBM/Participating Pharmacy Contracts satisfy all State and federal licensure, record-keeping, access and consumer protection requirements;
- C. Ensure that a minimum of 98.0% of all Members have an available Retail Pharmacy in the pharmacy network within a ten (10) mile radius of their residence;
- D. Provide advance written notification to the State of any change in the Pharmacy Network that will affect a 1.0% or greater change in the number of Participating Pharmacies in the Pharmacy Network or a disruption that would impact 3.0% or greater of the Members in the SHBP/SEHBP. This written notice of change should be provided at least 45 calendar days prior to the change. The Vendor {Contractor} must provide the State, at the same time, a list of the names of the Members that will be affected by the discontinuation;
- E. Provide a detailed written notification to the impacted Members of such network change described in 3.1.1 (e). This should be provided to the impacted Members at least 30 calendar days prior to the change. Notification to the Member should include but need not be limited to:
 - 1. Name of impacted pharmacy;
 - 2. Name of alternate pharmacy;
 - 3. Distance to alternate pharmacy;
 - 4. Address of alternate pharmacy;
 - 5. Phone number of alternate pharmacy; and
 - 6. Directions on how to move prescriptions to alternate pharmacy;
- F. Provide the State with an improved pricing offer if the number of Participating Pharmacies in the Pharmacy Network is reduced by more than 3.0% before the effective date or any point during the term of the Blanket P.O. {Contract}. This offer should be provided at least 90 calendar days prior to the effective date of the change. The reduction in network size must be approved in writing by the SCM; and
- G. Ensure that Retail Pharmacy Claims are paid within 30 calendar days of receipt by the PBM.

3.1.2 RETAIL PHARMACY 90-DAY NETWORK

The Vendor {Contractor} must:

- A. Have a network of pharmacies to dispense 90-day supplies of maintenance medications;
- B. Maintain a network of pharmacies that have agreed to discount their charges for 90-day supplies of prescription drugs;

- C. Ensure that the 90-day Retail Pharmacy contracts satisfy all State and federal licensure, record-keeping, access and consumer protection requirements;
- D. Ensure that a minimum of 98.0% of all Members have an available Retail Pharmacy in the Pharmacy Network within a ten (10) mile radius of their residence;
- E. Provide advance written notification to the State of any change in the Retail Pharmacy 90-Day Network that will affect a 1.0% or greater change in the number of Participating Pharmacies in the Retail Pharmacy 90-Day Network or a disruption that would impact 3.0% or greater of the Members in the SHBP/SEHBP. This written notice of change should be at least 45 calendar days prior to the change. The Vendor {Contractor} must provide the State, at the same time, with a list of the names of the Members that will be affected by the discontinuation;
- F. Provide a detailed written notification to the impacted Members of such network change as described in 3.1.2 (d). This should be provided to the impacted Members at least 30 calendar days prior to the change. Notification to the Member should include but need not be limited to:
 - 1. Name of impacted pharmacy;
 - 2. Name of alternate pharmacy;
 - 3. Distance to alternate pharmacy;
 - 4. Address of alternate pharmacy;
 - 5. Phone number of alternate pharmacy; and
 - 6. Directions on how to move prescriptions to alternate pharmacy; and
- G. Provide the State with an improved pricing offer if the number of Participating Pharmacies in the Retail Pharmacy 90-Day Network is reduced by more than 3.0% before the effective date or any point during the term of the Blanket P.O. {Contract}. This offer should be provided at least 90 calendar days prior to the effective date of the change. The reduction in network size must be approved in writing by the SCM.

3.1.3 MAIL ORDER PHARMACY

The Vendor {Contractor} shall, in conjunction with the Mail Order Pharmacy:

- A. Ensure at least 95.0% of all Non-Protocol Prescriptions are dispensed within two (2) business days following receipt of the prescription;
- B. Ensure at least 98.0% of Mail Order Pharmacy Covered Items that require intervention are dispensed within five (5) business days following receipt of the prescription. Intervention means that the physician or Member must be contacted to clarify the order before the prescription can be dispensed;
- C. Provide detailed justification, including formulas used, for any requested increase in postage costs. Postage costs shall be a separate line item on the monthly invoice statements;
- D. Ensure that the MAC price used for Mail Order Pharmacy Covered Items is not higher than the MAC price used for Covered Items dispensed from a Retail Pharmacy;
- E. Be responsible for outstanding balances owed by Members of Commercial groups;

- F. Be responsible for outstanding balances owed by Members of EGWP groups if the balance is a result of Vendor {Contractor} error;
- G. Ensure the Member is provided with a check for monies owed as opposed to maintaining a credit at the Mail Order Pharmacy, if requested by the DPB;
- H. Ensure the Mail Order Pharmacy does not substitute products that will result in higher Member Copayment without first obtaining approval from the Member. This approval must be obtained each time the prescription is filled;
- I. Ensure the Mail Order Pharmacy is equipped to obtain open refill files from the State's current mail order vendors at least 30 calendar days prior to the Coverage Effective Date;
- J. If a dispensed Covered Item is lost in the mail, fund the replacement and facilitate the Member picking up a short-term supply at a local Retail Pharmacy;
- K. Notify the Member of any delays beyond three (3) business days in the shipment of prescriptions to the Member;
- L. Ensure that the Floor Limit for the Mail Order Pharmacy is not less than \$100.00 per Member; and
- M. Prorate Copayments at the Mail Order Pharmacy for Claims that are processed for less than a 90-day supply, if requested by the SCM.

3.1.4 SPECIALTY PHARMACY

The DPB may establish certain Specialty Drug protocols to be implemented for all Plans, or for certain Plans. Only Brand Drugs will be considered Specialty Drugs. The DPB will determine the appropriate method of communication to Members regarding said protocols. Protocols may include, without limitation:

- A. A requirement that Members purchase certain identified Specialty Drugs - or all Specialty Drugs - through the Specialty Drug Pharmacy, after a certain specified number of fills (including none at all) have been dispensed through a Retail Pharmacy; and/or
- B. A requirement that Members purchase certain identified Specialty Drugs through Retail Pharmacies, not the Specialty Drug Pharmacy, and that the Specialty Drug Pharmacy be blocked from dispensing the identified Specialty Drugs; and/or
- C. A requirement that the Vendor {Contractor} adjudicate, but not dispense, certain Specialty Drugs, which shall instead be dispensed from an alternative designated third party Specialty Drug pharmacy if the State carves out said Specialty Drug(s) from the Vendor's {Contractor's} dispensing responsibilities.

The State reserves the right to deny the addition of a new-to-market drug or to change coverage of existing drugs on the Specialty Drug list if any of the following criteria are met:

- A. The drug is widely available through the Vendor's {Contractor's} Pharmacy Network;
- B. The drug does not require patient education and support beyond traditional dispensing activities;
- C. The total monthly cost of the drug is less than \$670.00; or

- D. The drug is deemed by the State to be covered by the medical plan.

The Vendor {Contractor} shall, in conjunction with the Specialty Pharmacy:

- A. Ensure only the Specialty Drugs and any new-to-market Specialty Drugs that have been approved by the SCM, are dispensed;
- B. Notify the SCM in writing of any new-to-market drug that it wishes to add to the Specialty Drug list. The notification shall contain, at a minimum, the following:
 - 1. Approved clinical profile (dosing and administration, safety profile, efficacy data, FDA-approved indications, unique handling distribution, or administration requirements);
 - 2. Potential cost impact;
 - 3. Recommended utilization management guidelines; and
 - 4. Drug availability through specialty and/or Retail Pharmacies;
- C. Invoice the DPB as further described in Section 3.6 in the event that the Vendor {Contractor} must dispense a new-to-market drug that it deems to be a Specialty Drug prior to the DPB's approval of the addition of the drug to the Specialty Drug list;
- D. Limit Specialty Drugs to a 30-day supply;
- E. Ensure Specialty Drugs are not dispensed from the Mail Order Pharmacy. If a Specialty Drug is dispensed from a Mail Order Pharmacy, the lower of discounts will apply;
- F. Work with the State's medical vendors to transition certain Specialty Drugs from the State's medical plans, if requested by the SCM; and
- G. Ensure the Specialty Drug Pharmacy ships to the appropriate location, such as the Member's home or doctor's office.

3.2 MAC LISTS

Not applicable.

~~The Vendor {Contractor} shall:~~

- ~~A. Provide a copy of PBM's current MAC List in comma-separated values (".csv") format with drug code (NDC, GCN, GPI), unit price and effective dates for each MAC drug listed to the State or its designee prior to the Coverage Effective Date and thereafter upon the State's reasonable request;~~
- ~~B. Establish, maintain and update the MAC List provided:
 - 1. Unit prices may only be increased due to: (i) AWP increases, or (ii) other reasonable market conditions;
 - 2. Once a Covered Item is included in the MAC List (either on the initial MAC List or added thereafter) it shall not be removed from the MAC List (i.e., it shall always be on the MAC List and subject to MAC pricing); and
 - 3. If a Covered Item is on the MAC List, all claims for such Covered Item shall be subject to MAC pricing.~~

3.3 CLINICAL CAPABILITIES

3.3.1 CLINICAL PROGRAMS (PROGRAMS)

The Vendor's {Contractor's} Programs must focus on the same drug classes as identified in Exhibit D. Individual targeted drugs may be different due to differences in clinical philosophies and formularies. The Vendor {Contractor} shall administer the following Programs:

- A. Controlled substance excessive use – Actively manages the use of controlled medications (including monitoring of acetaminophen toxicity). The Program should include the following:
 - 1. Identification of Members with drug seeking behaviors;
 - 2. Identification of prescribers with abnormal prescribing patterns;
 - 3. Identification of Pharmacies with abnormal dispensing patterns;
 - 4. Appropriate management at point of sale, including Drug Utilization Review (DUR) edits and Quantity Limits;
 - 5. Extensive identification of potential issues;
 - 6. Extensive attempts to contact prescribers and/or Members;
 - 7. Referral to case management;
 - 8. Creation of action plans for each Member;
 - 9. The ability to lock in a Member to a prescriber and/or a pharmacy; and
 - 10. Quarterly reporting to include, but not be limited to:
 - a. Identifying number of Members;
 - b. Prescribers;
 - c. Pharmacies;
 - d. Number of prescriber and/or Member contacts;
 - e. Case management referrals;
 - f. Created action plans; and
 - g. Number of Members limited to a certain prescriber and/or Pharmacy;
- B. Drug utilization review, concurrent (CDUR) – Send alert messages and warnings to pharmacists for review at the point of service, prior to dispensing;
- C. Drug utilization review, retrospective (RDUR) – Utilize a retrospective review of drug usage, with targeted messages to Members and physicians with the goal of ensuring appropriate prescribing;
- D. Medication adherence – Improve Member adherence to maintenance medications. The Program should target the following conditions: Diabetes, Hypertension, High Cholesterol, Osteoporosis, and Asthma/COPD.
- E. Member communications about lower cost alternatives – Utilize targeted communications to drive Members towards alternative drugs (usually generics) that are lower in cost and equally effective;
- F. Prior Authorization Program – Review certain drugs prior to dispensing to ensure that drug-specific criteria have been met. The Vendor {Contractor} shall be responsible for initial review, and all appeals, related to Prior Authorizations. Initial Prior Authorization (PA) responses should be made by telephone or other telecommunication device within 24 hours of the initial request. The Vendor {Contractor} shall respond to 95.0% of PA requests within two (2) business days;
- G. Quantity Limit Program – Impose specific Quantity Limits on specified Covered Item(s), and/or require Members to obtain authorization for quantities of drugs greater than those outlined in written protocols;

- H. Step Therapy Program – Certain drugs are dispensed only after Members have tried alternative, less expensive, therapeutically similar or equivalent drugs, including OTC Drugs, based on written Step Therapy Program protocols. The Vendor {Contractor} shall create a hard edit for each identified drug that will prevent the drug from being dispensed unless an alternative identified first-line-of-treatment drug has been dispensed and tried within a specific look back period;
- I. Dose Optimization Program – Drive appropriate frequency of medication therapy, such as targeting medications that are prescribed twice a day when they are normally used once a day, with the goal of improving compliance and reducing cost of therapy;
- J. Mandatory Generic Program – Members are required to use Generic Drugs, even if Members have obtained and present a prescription for a chemically equivalent Brand Drug. If the Member obtains the chemically equivalent Brand Drug, the Member must pay the difference between the costs of the Brand Drug and the Generic Drug (this applies to certain plans). The Vendor {Contractor} shall
 - 1. Have the ability to override the Mandatory Generic Program based on the Plan's over-ride protocols. The Vendor {Contractor} shall be responsible for approving or denying every override, recording its reasons for doing so, and in all instances where an override is allowed, issuing a formal waiver and retaining documentation of the waiver. The Vendor {Contractor} shall also be required to input into its computer Claims data a flag indicating a waiver has been issued;
 - 2. Ensure that its computer systems accurately inform all pharmacies concerning the appropriate amounts to be paid by Members impacted by the Mandatory Generic Program; and
 - 3. Ensure that the total of the Member's cost-share plus the amount invoiced to the DPB does not exceed the Ingredient Cost of the Brand Drug dispensed plus the Dispensing Fee for Brand Drugs;
- K. Mandatory Mail Order – Members are required to use the Mail Order Pharmacy for specific maintenance prescriptions (this applies to certain plans).

The Vendor {Contractor} shall administer all Programs that are currently required by CMS for Medicare Part D Plans, as well as any that may be required in the future.

The cost of all Programs shall be included in the Vendor's {Contractor's} Administrative Fee. The Vendor {Contractor} shall not be entitled to any shared savings from the Programs.

In regard to the aforementioned Programs, the Vendor {Contractor} shall:

- A. Implement protocols for each Program as specified in writing by DPB, including, at a minimum:
 - 1. The specific drugs that can be included in each Program, in whole or in part;
 - 2. The procedures to be used in administering each Program; and
 - 3. Certain specifics related to certain Programs (e.g., in connection with the Step Therapy Program, the look-back period; or in connection with the Quantity Limit Program, the Quantity Limits for each drug);
- B. Provide support to the DPB in evaluating and recommending Programs and Program protocols to ensure each Plan has the ability to maximize savings opportunities;
- C. Confer with the DPB concerning requests to change Program protocols, provide whatever information is necessary to evaluate them, determine if they are operationally

feasible, and/or make suggestions as to how to make them operationally feasible within 60 calendar days of the DPB's initial request. Any requested Program change shall be implemented within 60 calendar days, unless an alternate timeframe is mutually agreed upon in writing;

- D. Inform DPB of all recommended changes to expand or eliminate or alter any Program or Program protocol the Vendor {Contractor} may have to the Program or Program protocol. However, the Vendor {Contractor} shall not implement any recommendations to a Program, unless the DPB has approved the changes in writing;
- E. Produce quarterly activity reports on each identified program to include but not limited to number of Members impacted, number of messages delivered to Pharmacy, impact on adherence, number of Member communications delivered, Prior Authorizations performed;
- F. Produce quarterly discrepancy reports on the administration of each Program, with such reports covering the performance of the Program and any errors identified, if requested by the SCM; and
- G. Provide recommendations to the State policies and procedures for coverage of injectable drugs.

In the event that the FDA or other reliable source has issued a drug recall, a black box warning, or made other statements with regard to patient risks ("Recall/Warning"), the Vendor {Contractor} shall perform and complete an evaluation of the information related to the Recall/Warning, in order to implement hard edits and communicate a recommendation to the SCM within two (2) business days of the announcement or issuance of the Recall/Warning. If the DPB elects to accept the hard edit recommendation, the Vendor {Contractor} should implement such edit within 72 hours of DPB's decision. Additionally, the Vendor {Contractor} shall draft Member and prescriber communications regarding the specific Recall/Warning and coordinate the mailing of the communication to the affected Members and/or their prescribing physicians and other qualified prescribing professionals. These communications may suggest therapeutic alternatives to the recalled product(s) as appropriate and approved by the DPB.

3.3.2 PHARMACY AND THERAPEUTIC COMMITTEE AND FORMULARY DEVELOPMENT

The Vendor {Contractor} shall:

- A. Maintain a national Pharmacy & Therapeutic (P&T) Committee with independent provider representation from across the country which shall meet quarterly;
- B. Supply the SCM with the identity and background of P&T Committee members upon request, provided the SCM executes any requested confidentiality agreement, as permitted by agreements with the P&T Committee members. In the event that P&T Committee members' contracts require that their identities not be released, the Vendor {Contractor} may redact any identifying information;
- C. Organize and operate the P&T Committee in a manner that ensures the objectivity and credibility of its recommendations by:
 - 1. Requiring the committee members to submit conflict of interest statements identifying and disclosing in writing, any investment, contracts or agreements, interest, association or relationship that might interfere with or influence their independent judgment or recommendations. The Vendor {Contractor} shall make clear in obtaining conflict of interest statements that P&T Committee members must

disclose any and all financial or other interests in, or payments received from, any Pharmaceutical Manufacturer. The Vendor {Contractor} shall provide the SCM with conflict of interest statements, upon request;

2. Ensuring the committee is operated in a manner that safeguards the objectivity and credibility of its recommendations by having an ongoing obligation to update and supplement conflict of interest statements, if and when necessary;
3. Ensuring that any member who is determined to have a conflict of interest discloses in writing to the Vendor {Contractor} the nature of the interest creating the conflict and recuse himself or herself and exit the room during votes concerning the item(s)/subject matter in which he or she has such interest, and not review materials or furnish opinions regarding the matter raising the conflict; and
4. Keeping and maintaining a written record of any conflicts of interest that have been disclosed to the Vendor {Contractor} by the P&T Committee members and instances in which such P&T Committee members recused themselves from such meeting concerning the item(s)/subject matter in which he has such interest. The written record shall be made available to the State upon request;

D. The P&T Committee responsibilities should include:

1. Developing, managing and updating a standardized Formulary;
2. Developing, managing and updating, and/or providing advice concerning, Programs and Program protocols; and
3. Considering the pertinent guidelines of professional organizations, national standard-setting bodies and evidence-based best practices;

E. Upon request, the Vendor {Contractor} and its P&T Committee shall also:

1. Provide specific drug and/or class reviews;
2. Provide new drug reviews on new Brand Drugs entering the market. These drug reviews should be available no more than three (3) months after the drug enters the market. The reviews shall include the following components: Brand Drug Name, Generic Components, Manufacturer, Dosage forms, Strengths, Administration, Date of Approval by FDA, FDA approved indications, Clinical Trials Summary, Cost (AWP), Rebate information (if available), and comparators. The Vendor's {Contractor's} clinical team shall make recommendations on appropriate management strategies;
3. Provide reviews on drug products for which there is no other therapeutically equivalent drug product to ensure it demonstrates some degree of therapeutic uniqueness and a clear clinical value and medical necessity to patients and physicians;
4. Identify new formulations and strengths of existing Brand Drugs, and first time Generic Drugs, on a monthly basis and make recommendations on appropriate management strategies. The Vendor's {Contractor's} recommendation shall be based on relevant and applicable factors, including without limitation: existing products in the therapeutic class, safety and effectiveness of the agent, cost of the agent and cost of comparative products; and
5. Assist DPB in evaluating and developing programs, program protocols, clinical policies and/or clinical criteria;

F. Ensure that individuals employed by the Vendor {Contractor} do not represent greater than 30% of the decision-making P&T Committee members;

G. Upon request, the P&T Committee shall assist the DPB in developing a customized Formulary;

- H. Be able to modify its EGWP Formulary so that EGWP Members are charged the same cost sharing as Commercial Members, if requested in writing by the SCM.

3.4 MEMBER AND CLIENT MANAGEMENT SERVICES / PROGRAMS

3.4.1 ACCOUNT MANAGEMENT

The Vendor {Contractor} shall create an Account Management Team for the State consisting of the following individuals (or individuals with equivalent titles and authority):

- A. Account Executive- Responsible for overall compliance with Blanket P.O. {Contract} requirements;
- B. Account Manager- Primary point of contact and responsible for day to day management of the Blanket P.O. {Contract};
- C. Clinical Account Executive- Possesses clinical expertise with Programs and pharmaceuticals;
- D. Financial Analyst- Analyzes the financial performance of the Plans;
- E. IT Analyst (with specific expertise in Commercial and EGWP eligibility)- Responsible for coordination of all programming logic and data transfers;
- F. EGWP Subject Matter Expert (SME)- Possesses expertise in CMS requirements as related to EGWP Plans;
- G. Executive Sponsor- A high level manager assigned to oversee the Blanket P.O. {Contract}; and
- H. Eligibility Consultant- Ensures accurate processing of Eligibility Files.

The State reserves the right to request a new Account Management Team member or entire Account Management Team at any time, and have its request timely honored by the Vendor {Contractor}. The State shall have the right to interview any new Account Management Team members before they are assigned to the State.

The Vendor {Contractor} shall:

- A. Notify the State at a minimum 14 business days in advance of any proposed change being made to Account Management Team. In the event the Vendor {Contractor} wishes to substitute staff, the Vendor {Contractor} shall follow the procedures as outlined in Section 5.6;
- B. Provide representatives who are subject matter experts for Commission and/or Plan Design Committee meetings (generally monthly);
- C. Meet with the DPB and DPB-designated consultants on a quarterly basis. The Vendor {Contractor} shall perform the following at each quarterly meeting:
 - 1. Provide benchmarking information and comparisons concerning PBM services provided to other large clients (with at least 100,000 Members each). Specific components of this review shall include the following:
 - a. Financial performance, including per Member per month cost, utilization rate, and average Claim costs; and

- b. Drug utilization pattern comparisons, including Generic Drug dispensing patterns and/or targeted therapeutic classes;
 2. Provide and discuss the trending reports identified in Section 3.5.6 of this RFP;
 3. Provide and discuss new drug pipeline (products yet to be approved by the FDA) and new generic drug pipeline (Brand Name products nearing patent expiration) to inform DPB of potential financial impact as a result of changing market factors;
 4. Discuss, review, and update the Specialty Drug Minimum Guaranteed Discounts, to the extent required;
 5. Provide information to DPB concerning the relative net costs to DPB of specified drugs on a quarterly basis, factoring in the Pro Rata Share of Rebates that the Vendor {Contractor} acquires from PBM/Pharmaceutical Manufacturer Contracts and is obligated to pass through in their entirety, if requested;
 6. Provide a disruption analysis, including but not limited to, the number of unique Members, number of Claims, financial impact to Members and to DPB if certain specified drugs are added or deleted from the Program or a Formulary, if requested;
 7. Provide financial analysis to DPB to enable DPB to access the savings that might result if certain specified drugs are added to or deleted from a Program or Formulary if requested. Specific Rebate information shall be made available through face-to-face meetings or through onsite Audits. No copies of any PBM/Pharmaceutical Manufacturer Contract need be provided to DPB, although DPB (or its auditor) may review said PBM/Pharmaceutical Manufacturer Contracts at the PBM's offices, if need be;
 8. Be prepared to discuss any issues that may arise in connection with Rebate Guarantees and any quarterly or annual Audits;
 9. Discuss any changes to the Vendor's {Contractor's} standard Formulary;
 10. Recommend changes to the DPB customized Formulary, if applicable; and
 11. Recommend changes for any Programs or Program protocols;
- D. Perform semi-annual reviews for the DPB, setting forth benchmarks and other relevant criteria as agreed to by the DPB and the Vendor {Contractor};
- E. Provide the DPB with an on-site, comprehensive annual review of SHBP/SEHBP performance, including analyses of the Vendor's {Contractor's} satisfaction (or lack thereof) of each Financial Guarantee and Performance Standard, projected changes that may be occurring in the Vendor's {Contractor's} PBM Services, and trending and forecasting information. The Vendor {Contractor} shall also provide a thorough Plan analysis and shall make specific recommendations for Plan Design changes, Program changes, etc. All such recommendations shall focus on decreasing clinical risks and decreasing the DPB's costs, while taking into account Member disruption and access. Where relevant, the Vendor's {Contractor's} recommendations shall be accompanied by spreadsheets identifying specific cost savings (or increases) and information related to Member disruption; and
- F. Develop an annual satisfaction survey, in conjunction with DPB that shall be transmitted by the Vendor {Contractor} to a sample of Members. The Vendor {Contractor} shall be responsible for tallying the responses of the survey and presenting the results to the DPB. The Vendor {Contractor} shall provide all actual survey responses to the DPB, if requested by the SCM.

3.4.1.1 ACCOUNT EXECUTIVE

The Account Executive shall:

- A. Have decision making authority for the Blanket P.O. {Contract};

- B. Ensure satisfactory administration of all aspects of the Blanket P.O. {Contract}, coordinate the resources of the Vendor {Contractor} to meet the needs of the State, and act as a facilitator toward that end;
- C. Ensure that the Vendor {Contractor} follows DPB procedures and directives concerning marketing, attendance at health fairs, timeliness and accuracy of materials available to Members, reporting (financial and other), and other procedural and requirements of the Blanket P.O. {Contract};
- D. Be accessible to the DPB at all times during normal business hours (The State is agreeable to the Account Executive's designee or an appropriate Account Management Team member representing the Account Executive for this item);
- E. Update contact information for the Account Management Team as appropriate, including key contact information (office, fax and cell phone numbers, email, and physical mailing addresses) for each Account Management Team member;
- F. Attend all meetings as assigned or requested by the DPB;
- G. Communicate effectively and professionally, conducting and facilitating meetings with organized and well thought-out agendas;
- H. Fully inform the DPB of changes of key staff members, Vendor {Contractor} policies that may affect the Blanket P.O. {Contract}, pending mergers, investigations or inquiries by regulatory, state or federal agencies, or new financial arrangements with other contractors or Subcontractors that may have an effect on the SHBP/SEHBP, e.g., loss of providers or pharmacies or other third party vendors; and
- I. Expeditiously and effectively address issues or problems as they arise, work to resolve problems, and communicate solutions to the DPB.

3.4.2 CUSTOMER SERVICE / MEMBER SERVICES

3.4.2.1 CUSTOMER SERVICE CENTER

The Vendor {Contractor} shall be responsible for responding to inquiries from Participating Pharmacies, prescribers and Members regarding the services provided by the Vendor {Contractor} through a toll-free phone line dedicated to the State.

The Vendor's {Contractor's} Customer Service Center shall:

- A. Be operational and accessible throughout the United States, 24 hours a day, 7 days a week, 365 days a year, except for scheduled maintenance for internet applications or telephone switches or hardware;
- B. Be available in English and Spanish;
- C. Maintain the availability of TTY services or comparable services for the deaf and hard of hearing;
- D. Provide Members with direct access to Registered Pharmacists, 24 hours a day;
- E. Have access to a comprehensive list of all Participating Pharmacies and their locations;
- F. Be able to run test Claims; and

- G. Have access to the case tracking system in order to respond to incoming inquiries.

The Vendor {Contractor} must record 100.0% of all Customer Service Center calls and be able to pull a recorded call within 3 business days if requested by the SCM. The Vendor {Contractor} shall retain all Customer Service Center records for the greater of three (3) years or the number of years required by law.

3.4.2.2 WEB SERVICES

- A. The Vendor {Contractor} shall create and maintain an integrated website that shall:
1. Support the retail, specialty and mail order functions;
 2. Be accessible to Members 24 hours a day, 7 days a week, 365 days a year (subject to routine downtime for maintenance, repair or other interruptions); and
 3. Be subject to the State Technology and Standards as set forth at Section 3.11 of this Blanket P.O. {RFP}; and
- B. The Vendor's {Contractor's} website shall provide the following web based services:
1. The ability to obtain secure access, through a secure sign-on to the Vendor's {Contractor's} website;
 2. The ability to search for: (i) Participating Pharmacies by or near any address or location; (ii) medication information, including pricing information, and generic equivalents or therapeutically similar drugs to Brand Drug medications;
 3. The ability to order refills through the Mail Order Pharmacy and Specialty Drug Pharmacy, and the ability to check prescription status;
 4. The ability to obtain access to personal information, including to track Claims; view a list of all medications ordered in last 12 months; obtain details including dates, quantities, Copayments and/or Coinsurance for Covered Items; and review the amounts the Member paid for Covered Items; and
 5. The ability to view an accurate and current copy of the relevant Formulary.

3.4.3 BENEFIT COVERAGE AND PLAN DESIGN

- A. The Vendor {Contractor} shall ensure that the Plan Designs conform to current Plans as described in RFP Section 1.2 and the *Prescription Drug Plans Member Handbook* available at <http://www.state.nj.us/treasury/pensions/pdf/handbook/hp0506.pdf>; and
- B. The Vendor {Contractor} shall implement such changes within 60 calendar days of receipt of an executed Benefit Specification Form or Benefit Change Form in the event that changes are made to existing Plan Designs, or new Plans are created.

The State reserves the right to provide coverage for all FDA-approved prescription drugs, unless specifically excluded, e.g., drugs used for primarily cosmetic purposes. A list of excluded categories can be found on page 18 of the *Prescription Drug Plans Member Handbook*. The State reserves the right to make the final decision as to whether or not a drug is covered under the Plan.

The State reserves the right to change Plan Designs and/or Copayments, Coinsurance and out-of-pocket maximums over the course of the Contract. The State may establish Quantity Limits on any medication based on Food and Drug Administration (FDA) recommendations and medical appropriateness. Quantity Limits currently apply to certain drugs such as sexual dysfunction drugs, e.g., Viagra.

3.4.4 SPECIFIC REQUIREMENTS RELATED TO THE EGWP + WRAP PROGRAM

- A. The Vendor {Contractor} shall administer the EGWP + WRAP program for all Medicare-eligible retirees and/or their Medicare-eligible spouses. The current Plan Designs for this program are described in RFP Section 1.2 and the *Prescription Drug Plans Member Handbook* available at <http://www.state.nj.us/treasury/pensions/pdf/handbook/hp0506.pdf>. The Vendor's {Contractor's} EGWP + WRAP program shall conform to said specifications, unless otherwise requested by the DPB or required by CMS or by federal statutes, rules, regulations or guidelines;
- B. In administering the EGWP + WRAP, the Vendor {Contractor} shall comply with all applicable federal statutes, rules, regulations and guidelines, including all CMS guidance related to coverage for, and communications to, Members;
- C. The Vendor {Contractor} shall assist the State in connection with any CMS audit; and
- D. The Vendor {Contractor} shall:
 - 1. Receive on DPB's behalf all CMS monies related to the DPB's EGWP + WRAP program, (including, without limitation, all CMS direct subsidies, LIPs, LICs, and Catastrophic Coverage reinsurance);
 - 2. Monitor and analyze the accuracy of the amounts paid and received; and
 - 3. Timely and fully pass through to the DPB all such revenues no later than one month after receiving said revenues. In connection with all such payments, the Vendor {Contractor} shall provide to the DPB all CMS data and reports that accompanied the provision of all such revenues (without redacting any DPB-related information).

3.4.4.1 EGWP + WRAP ENROLLMENT

The Vendor {Contractor} shall:

- A. Provide all information and assistance requested by the DPB during enrollment to ensure that all enrollments satisfy Medicare laws and regulations;
- B. Accept enrollment and/or disenrollment into the EGWP Plans via the State's Eligibility Files. The Vendor {Contractor} shall not require an election form from each participant;
- C. Ensure that only Members who are Medicare-eligible and whose employment status on the State's Eligibility File is "Retired" are enrolled in an EGWP Plan;
- D. Be able to administer split coverage for Medicare-eligible retirees who have non-Medicare-eligible Dependents as well as non-Medicare retirees who have Medicare-eligible Dependents. Please note that the coverage is not transmitted as split on the Eligibility File. The Vendor {Contractor} shall be responsible for splitting contract levels;
- E. Notify the State and provide the correct HICN to the State in the event that there is a discrepancy between the Member's Health Insurance Claim Number (HICN) on file with the State and the HICN supplied by CMS;
- F. Notify the DPB in writing within five (5) business days, and transmit a written statement to the relevant Member within ten (10) calendar days in the event that a Member's enrollment is rejected by CMS;

- G. Ensure that any enrollment received on or before the last calendar day of the month is processed with an effective date of the first day of the following month;
- H. Assist the DPB in disenrolling the Member in conformance with Medicare laws and regulations in the event that a Member must be disenrolled from the EGWP + WRAP Plan on an involuntary basis. The Vendor {Contractor} shall ensure that all disenrollments received before the 7th day of the month are effective as of the last day of that month;
- I. Only process disenrollments that are received via the Eligibility File or at the request of DPB staff. In the event that a Member contacts the Vendor {Contractor} and requests disenrollment, the {Contractor} must direct the Member to contact the DPB;
- J. Process Member level Plan changes retroactively;
- K. Upon receipt of notice of a Member's death or loss of eligibility from CMS, the Vendor {Contractor} shall notify the DPB of said Member's death or loss of eligibility within five (5) business days. Disenrollment must take place as of the last day of the calendar month in which the death or loss of eligibility occurred. In the event that the DPB is notified of a Member's death prior to the CMS notification, the DPB will send a termination on the Eligibility File using code M09. The Vendor {Contractor} shall process a disenrollment for the deceased Member and any Medicare-eligible Dependents with an effective date of the last day of the month of the Member's death, regardless of whether or not CMS has notified the Vendor {Contractor} of the Member's death. This disenrollment shall be processed retroactively, if necessary; and
- L. The Vendor {Contractor} shall use good faith efforts to provide the DPB with updates concerning any material change in the DPB's disenrollment record retention obligations under Medicare Laws and Regulations. Pursuant to 42 CFR Section 423.505(e)(1)(iv), the Vendor {Contractor} and the DPB shall be responsible for maintaining and having available disenrollment records for a period of 10 years. The DPB (or its auditor) shall have timely access to all such records, on an as-needed basis, upon request.

3.4.4.1.1 EGWP LATE ENROLLMENT PENALTIES

The Vendor {Contractor} shall comply with all applicable CMS requirements regarding Late Enrollment Penalties (LEP).

The Vendor {Contractor} shall:

- A. Be responsible for transmitting a letter to an EGWP Member in the event possible gaps in creditable coverage appear and/or a LEP is assigned by CMS. The Vendor {Contractor} shall inform the Member of the LEP, provide the Member with a reconsideration form, and solicit information about creditable prescription drug coverage from the Member. The Vendor {Contractor} shall send attestation documents to each such Member so that the Member can attest to whether he/she had creditable prescription drug coverage for the period in question;
- B. Accept and retain all creditable coverage information (including attestation documents) in the event such information is obtained by the DPB from Members. The creditable coverage information or attestation documents should include the Members' names and dates of creditable coverage. If the DPB attests to creditable coverage on behalf of any Member, but said individual has also provided creditable coverage information, the Vendor {Contractor} shall use the information most favorable to the Member. Accordingly, the information

provided by the DPB shall supersede the Member's signed attestation only if it would eliminate or reduce the LEP;

- C. Abide by the DPB's decision to either absorb or to charge Members the LEP, provided the election is made prior to any applicable Plan Year; and
- D. Transmit LEP information as described in Section 3.5.6.2.

The Vendor {Contractor} should not require that the Member provide proof of prior creditable prescription drug coverage since the Member's signature on an attestation form (or verbal attestation) affirms that the information he/she has provided is true and correct to the best of his/her knowledge. The Vendor {Contractor} should also enable the Member to provide telephonic attestation of creditable coverage information, rather than relying on the Member to complete and return the form.

3.4.4.1.2 EGWP LOW INCOME SUBSIDIES

The Vendor {Contractor} shall:

- A. Notify the State on a monthly basis of any EGWP Members who are identified by CMS as eligible for a Low Income Premium Subsidy (LIPS). The notification must be received by the 8th of the month for the prior month, including any retroactively reported subsidies;
- B. Provide the State with the LIPS proceeds so that the State is able to refund the Member as required by CMS;
- C. Comply with all Medicare laws and regulations regarding Low Income Cost Sharing Subsidies (LICS);
- D. Notify pharmacies, at the point of sale, that a Member is eligible for a LICS cost-sharing adjustment, and instruct said pharmacies to collect the correct Copayment or no Copayment at all, as applicable;
- E. Make any retroactive adjustment to LICS, and issue a refund to the DPB, if necessary; and
- F. Pay the State within 90 calendar days any LICS determined to be owed following a final reconciliation with CMS based on actual experience.

3.4.4.1.3 EGWP + WRAP CLAIMS

The Vendor {Contractor} shall:

- A. Provide coverage through the WRAP for all drugs that are covered by the State's Commercial Plans even if they are excluded from the EGWP Formulary;
- B. Have edits in place to identify and reject Medicare B eligible prescription Claims. The Vendor {Contractor} shall provide messaging to Retail Pharmacies to identify that such Claims must first be submitted to Medicare B; and
- C. Ensure that all Medicare B eligible prescription Claims are processed through Medicare B prior to being processed through the State's EGWP + WRAP Plan. This applies to Claims dispensed through Retail Pharmacies, the Mail Order Pharmacy or the Specialty Drug Pharmacy.

3.4.4.1.4 EGWP + WRAP COMMUNICATIONS

The Vendor {Contractor} shall:

- A. Draft and transmit to the DPB for review all notices, forms and other documents required under Medicare Laws and Regulations, and/or by CMS, and/or by the DPB. The Vendor {Contractor} shall bear the cost of all required mailings. The Vendor {Contractor} shall be responsible for transmitting all required mailings to prospective Members who are eligible to become enrolled in the EGWP + WRAP program;
- B. Prepare and transmit all enrollment notices and other documents, unless otherwise agreed to in writing. All such notices and documents shall satisfy Medicare Laws and Regulations and any applicable Plan requirements. All such notices and other documents shall provide Members with the ability to opt out of enrollment in a manner that allows such individuals to enroll in another plan of their choice on a timely basis and in accordance with Medicare Laws and Regulations;
- C. Provide a notice to each Member who is to be disenrolled involuntarily. The notice must state that the DPB intends to disenroll the Member from the EGWP + WRAP program. This notice must be provided at least 21 calendar days prior to the effective date of the Member's disenrollment and must include an explanation on how to contact Medicare for information on other Part D options that may be available;
- D. Transmit a disenrollment confirmation notice to any Member who has been disenrolled pursuant to Medicare Laws and Regulations;
- E. Promptly notify all enrolled Members of the termination of coverage if the DBP or the Vendor {Contractor} terminates this Blanket P.O. {Contract} pursuant to the accepted termination procedures. The Vendor's {Contractor's} termination notice must include an explanation on how to contact Medicare for information on other Part D options that may be available to Members;
- F. Promptly submit to the DPB for review and approval all notices to Members of any proposed change to an ANOC, such as Copayments or Coinsurance requirements, or a change in Covered Items. After review or approval has been obtained by the Vendor {Contractor}, the Vendor {Contractor} shall promptly transmit said notice to Members. Similarly, the Vendor {Contractor} shall be responsible for promptly notifying Members of any other changes affecting the Members' benefits or obligations under an EGWP + WRAP Plan. In the event that any of the above-referenced changes are part of an annual change that will become effective at the beginning of a new Plan Year, the Vendor {Contractor} may transmit its notice of the change through its ANOC process, provided such notice transmittal is in accordance with Medicare laws and regulations. In the event that the Vendor {Contractor} fails to provide any of the above-described notices of change to Members, the Vendor {Contractor} shall be solely liable for its failure to do so, unless CMS requires the DPB to be the sole deliverer of said notices and the DPB has failed to timely deliver such notices; and
- G. Prepare, submit for approval, and transmit an Evidence of Coverage (EOC) to Members. If the EOC that is transmitted includes information that is not specifically relevant to the DPB's EGWP + WRAP program, the Vendor {Contractor} shall prepare a cover letter - to be reviewed and approved by the DPB - to accompany the EOC that will explain to DPB's Members those portions of the EOC that do not apply to the DPB's Members.

3.4.5 COMMUNICATIONS

The Vendor {Contractor} shall:

- A. Distribute Member and prescriber communication materials in English at the DPB's request. All Member communication materials should be written at a 5th grade level. The Vendor {Contractor} shall transmit communication materials in Spanish on a case-by-case basis, if requested in writing by the SCM;
- B. Submit all Member communications to the DPB for prior review and approval;
- C. Submit prescriber communication materials to the DPB for prior review and approval, if specifically related to SHBP/SEHBP Members;
- D. Develop, refine and provide prescriber profiling and educational intervention materials to support utilization management initiatives in conjunction with the DPB, at the DPB's request.

3.5 ELIGIBILITY / ENROLLMENT

3.5.1 OPEN ENROLLMENT

The Vendor {Contractor} must:

- A. Support the annual open enrollment period established by the Commissions. The Vendor's {Contractor's} support shall include the provision of materials, where all materials shall be approved by the DPB prior to distribution;
- B. Support any special open enrollment period. The support may include communication to the employers and Subscribers. A special open enrollment is triggered when the Commissions deem it necessary; and
- C. Agree to attend any open enrollment meetings as required by the State. Typically, there will be anywhere from 50 to 200 meetings each year held in various locations around the State of New Jersey. The number of meetings is typically dependent on the level of changes in the Plan Designs in any given year.

3.5.2 IDENTIFICATION CARDS

The Vendor {Contractor} must produce and distribute Member Identification Cards to enrolled Members within 5 business days of the following:

- A. The receipt and processing of an Eligibility File updating a Commercial Member's eligibility record;
- B. The receipt of CMS approval of a Member's enrollment into an EGWP plan; or
- C. The receipt of a change warranting the production and release of a new Member Identification Card, for example, a name change;

The format of the Identification Card must be approved by the SCM. One ID card must be sent to an individual Subscriber, while 2 ID cards must be sent to a family. Additionally, the Vendor {Contractor} shall:

- A. **Not** print the Subscriber's full Social Security Number on the ID cards;
- B. **Not** charge a Member or the State any additional fee to provide a replacement ID card, and may allow replacement ID cards to be printed from the Vendor's {Contractor's} website;

- C. Accommodate and provide approximately 20 concurrent ID card designs; and
- D. A toll-free number for the Vendor's {Contractor's} Customer Service Center – for Members, and for providers and pharmacies - shall appear on the ID Card.

3.5.3 ELIGIBILITY FILE

The DPB processes all prescription drug enrollments, changes, and terminations for active, retired, COBRA, Part-time, and Chapter 375 Members. The file that is sent each day is referred to herein as the Eligibility File and is described in Exhibit K.

The Vendor {Contractor} shall:

- A. Accept the processed information each business day via Secure Plus from IBM's Sterling Software in the HIPAA 834 format via an SNA connection or secured internet based connection;
- B. On a daily basis:
 - 1. Accept, process and report any errors or omissions back to the SCM; and
 - 2. Send the DPB a Daily Return File before 8:30 a.m. ET, after updating its Eligibility File, by the second business day after the transmission. The Daily Return File shall:
 - a. List the number of enrollments, terminations, and changes effected;
 - b. List any errors that prevented proper processing of any enrollment, termination, or change on the Eligibility File;
 - c. Contain detailed records for the unprocessed transactions and the DPB-specified reason codes as set forth in the Daily Return File Layout (HIPAA 999); and
 - d. Be sent via Secure Plus using an SNA connection or secured internet based connection;
- C. Report within one (1) business day of discovery any events or conditions adversely affecting the processing of enrollments or Claims to the persons designated by the SCM;
- D. Provide DPB personnel with online query access to the Vendor's {Contractor's} enrollment system;
- E. Retain at least 60 months of the daily Eligibility Files for review and audit purposes;
- F. Be able to accept multiple files in a single day, on a Saturday, Sunday, or on a State holiday;
- G. Complete the remainder of the Eligibility File and not reject the entire file in the event of a segment failure or syntax error. Examples of syntax errors are an invalid date of birth, invalid country code, or an invalid character present in a field;
- H. Enroll groups according to union code for active State employees;
- I. Maintain its records so that it can categorize Members in the following way:
 - 1. Whether the Member is:
 - a. An Active Subscriber
 - b. An Active Dependent
 - c. A Retired Subscriber (non-Medicare)
 - d. A Retired Dependent (non-Medicare); and

- e. An EGWP Member (both Medicare-Eligible Retirees and Medicare-Eligible Dependents)
 - 2. State, Local Education, or Local Government (SEL Type);
 - 3. Active, Retired, COBRA, Part Time, or Chapter 375 (ARCPV);
 - 4. Location number;
 - 5. For retirees, the Free/Not Free code;
 - 6. For retirees, the type of retirement; and
 - 7. Service ID (Health Plan);
- J. Maintain concurrent employment status information for a given Member. For example, the Vendor {Contractor} must be able to maintain the record of a person with a given SSN having a future termination date on coverage information due to active and retired coverage at the same location. The future effective date must be available for online inquiry when it is received;
- K. Maintain concurrent employer location eligibility information for a given Member. For example, the Vendor {Contractor} must be able to maintain the record for a person with a given SSN having a future termination date on coverage information due to employment at two different work sites or employer locations. The future effective date must be available for online inquiry when it is received;
- L. Ensure that its records are maintained so that no Member is covered by more than one SHBP/SEHBP account at any given time pursuant to N.J.S.A. 52:14-17.31 which prohibits any individual from having more than one prescription or medical coverage under the SHBP/SEHBP;
- M. Support termination from one SEL Type experience group and enrollment in another SEL Type experience group in the same day;
- N. Support termination of coverage and the addition of coverage with a new Coverage Effective Date on the same day;
- O. Create new groups in the Vendor's {Contractor's} enrollment system at the request of the State. Any new groups shall be available to accept enrollments via the Eligibility File within 45 calendar days of the State's request. If the DPB sends enrollments before the programming of the Vendor's {Contractor's} system has been completed, the Vendor {Contractor} shall be able to hold the enrollment data in a pending status and process it when the group set-up is complete, without requiring the DPB to re-send the data;
- P. Accept Eligibility File Coverage Effective Dates that may be up to six (6) months in the future;
- Q. Coordinate enrollment into EGWP for Medicare-eligible retirees and Medicare-eligible spouses of retirees. This includes submitting the enrollment to CMS and documenting the approval and/or denial of enrollment. In the event that the enrollment is denied by CMS, the Vendor {Contractor} shall notify the DPB within five (5) business days;
- R. Ensure that Medicare-eligible retirees and/or their Medicare-eligible spouses who have a retired Coverage Effective Date that does not typically fall on the first day of the month are covered under a Commercial group until the EGWP coverage is effective;
- S. Ensure that EGWP eligible Members are covered under a Commercial group until the EGWP coverage is effective in the event that the Vendor {Contractor} is not notified by CMS of the approval for EGWP enrollment prior to the Effective Date of the EGWP coverage;

- T. Ensure that any Claims paid under any Commercial group after the approved EGWP effective date are reprocessed under the EGWP group if CMS grants a retroactive effective date of EGWP enrollment;
- U. Use a secure transmission protocol if the Vendor {Contractor} transmits information to another organization with which it has contracted to perform services;
- V. Receive the entire plan layout or selected 834 segments, using Positive Transaction Reporting format via the HIPAA 834 Benefit Enrollment and Maintenance layout, to identify changes in attributes and to apply those changes related to person, eligibility, and coverage. For example, if there is an address change, HD segments (coverage) are NOT included in the packaging for the Commercial population. For the EGWP population, activity will exclude coverage level as the HD carries the EGWP enrollment date even if no coverage change is occurring. If HD segments are not included in the packaging, the Vendor {Contractor} shall ensure that no coverage changes are effected;
- W. Support the DPB's peak daily transmission activity of at least one (1) million records;
- X. Store historical information by Member with the Social Security Number as an access key;
- Y. Support retroactive enrollments and terminations of up to one (1) year for Members;
- Z. Store Dependent information as sent by the DPB and only pay Claims for those Dependents actively covered on the file. Any Dependent Claim that is denied based on ineligibility should be reported to the SCM on a monthly basis in a mutually agreed upon format;
- AA. Maintain both foreign addresses and post office boxes;
- BB. Ensure that only DPB-originated eligibility information and changes will be reflected on the Plan records contained in the Vendor's {Contractor's} files;
- CC. Provide edits/security to ensure the integrity of the data in the Vendor's {Contractor's} files;
- DD. Accept alternative sequence numbers in lieu of actual SSNs for newborns and foreign nationals and shall also be able to replace such number with an SSN, if one becomes available;
- EE. Accept corrections to SSNs via the Eligibility File if needed for both Subscribers and their covered Dependents. The corrections shall be processed within seven (7) business days;
- FF. Have a process to replace its current employer file with a new employer file supplied by the DPB on a monthly basis. The layout for the Employer file is attached as Exhibit M;
- GG. Process coverage termination date changes on the Eligibility File without an intervening add of coverage. For example, if the State sends a coverage termination effective 7/1/17 and at a later date sends an 8/1/17 termination date, the Vendor {Contractor} must reinstate coverage for the month of July without the State sending an add, then a drop. The example may also be reversed with a termination date being 8/1/17 and later changed to 7/1/17;
- HH. Implement a one (1) month grace period when processing Claims for self-pay Members (COBRA, Chapter 375 Subscribers, part-time employees). The Vendor {Contractor} shall accept the Paid-Through Date which is transmitted with the Eligibility File using the 2000 loop REF segment of the HIPAA 834 format. The Vendor {Contractor} shall have processes

in place to ensure that Claims are not paid past the Paid-Through Date. The Vendor {Contractor} shall reimburse the State for any Claims paid after the Paid-Through Date;

- II. Under extraordinary circumstances, manually update the Paid-Through Date at the request of the SCM; and
- JJ. Accept eligibility changes for Members, including the following:
 - 1. Identify Members exceeding or nearing a Plan's limiting age;
 - 2. Administer lapses and/or overlaps in coverage; and
 - 3. Process marriage, birth and/or termination on the same day.

3.5.4 TECHNICAL STAFFING / COMMUNICATIONS

The Vendor {Contractor} shall:

- A. Resolve and accommodate all data processing problems and changes within a mutually agreed upon time period, and the required changes must be implemented in a timely manner;
- B. Ensure that all Member data that is stored in the Vendor's {Contractor's} systems is encrypted at no less than the minimum industry standard;
- C. Provide for maintenance of records at the end of the Blanket P.O. {Contract};
- D. Participate in IT system status meetings during implementation (from Blanket P.O. {Contract} award until the January 1, 2018 Coverage Effective Date) and on a regular basis thereafter. This includes, at a minimum, the Account Executive, IT, Eligibility and Claims Managers. The meetings will focus on open IT problems and changes and any issues associated with them; and
- E. Test IT system changes (either State or Vendor {Contractor} generated) as required by the State, prior to implementation.

The Vendor {Contractor} shall not charge any programming fees for requirements listed in the Scope of Work.

There may be special projects requiring IT resources beyond those allocated for general support initiated by the SCM. For these types of projects, the Vendor {Contractor} must develop a proposal that provides cost projections for the project and submit for prior approval by the SCM pursuant to the procedure set forth in Section 5.16.

3.5.5 COORDINATION WITH SHBP/SEHBP VENDORS

The Vendor {Contractor} shall:

- A. Share and accept data files from other State contractors and/or vendors as required at mutually agreed upon intervals. The data files shall be in a mutually agreed upon format. These files may be used for disease management, wellness programs, case management and integrated health and productivity programs;
- B. Accept health claims data from the administrator of those Plans and send pharmacy Claims data to those Plan administrators to enable optimal use of data for disease and care management;

- C. Accept medical claim feeds, out of pocket accumulators, and Deductible data from the medical vendors and send the medical vendors pharmacy Claim feeds to facilitate claim management operations; and
- D. Electronically coordinate prescription drug Claims with appropriate medical plan vendors in order to comply with federal health care reform requirements regarding overall out of pocket maximums for medical and prescription drug Plans.

3.5.6 REPORTING

3.5.6.1 GENERAL DATA REPORTING

The Vendor {Contractor} shall:

- A. Provide the SCM with all standard reports that the Vendor {Contractor} provides to its ~~Retail, Mail Order, and Specialty Pharmacy Networks~~ book of business, as requested by the SCM;
- B. Ensure that all reports and reporting that are provided electronically to the DPB (or to any third party designated by the DPB, including without limitation medical plan administrators) are provided via a secure connection, e.g., secure email, secure Vendor {Contractor} website, or transmission using Secure Plus;
- C. Report to the SCM any Federal or State enacted and/or proposed legislation that may impact the Plan. Upon request, the Vendor {Contractor} shall provide an estimated cost associated with implementing any changes to the Plan's benefit provisions and/or administrative procedures that the DPB is considering as a result of said legislation;
- D. Provide ongoing, standard reports to the DPB (and its designated consultant) through a secure online system that can be downloaded into various applications, e.g., Microsoft Excel or Access. Access to the online system shall be provided to a minimum of 5 State employees. Additional users may be added at any time at the State's request. The Vendor {Contractor} shall provide access to a maximum of 20 new users within 15 business days of the initial request;
- E. Provide online access to the State for reports concerning enrollments, eligibility, and distributions of ID cards. Further, the Vendor {Contractor} shall ensure electronic reports are secured when they are provided to and/or made accessible to the State;
- F. Include report-writing software for analyzing pharmacy Claims data in the web-based reporting system. The report-writing tool should allow DPB to analyze pharmacy Claims data in a near real-time environment, with Claims data available for analysis the day following processing by PBM;
- G. Provide the DPB with online report writer software to access and generate ad hoc reports created by the DPB using data available in the system; and
- H. Ensure that the web portal that will be provided to the DPB will enable the DPB to have access to all required information fields. The Vendor {Contractor} shall ensure that the above-referenced access will enable the DPB to generate its own reports, sorting information in numerous ways, including without limitation, by SEL, ARCPV and Free/Not Free information fields, by the Commercial Plans and the EGWP Plans, and by each specific Plan, concerning numerous matters, without consultation with the Vendor {Contractor}. The Vendor {Contractor} should also ensure that the web portal will enable the DPB to generate reports for the categories identified below, without limitation:

1. Enrollment, Termination and Disenrollment Report: A report sortable by Member, Plan, etc.;
2. Prior Authorization Report: A report related to Prior Authorizations, sortable by Prior Authorizations, or by Covered Item, or by Member, etc.;
3. Utilization Report: A report related to the utilization of Covered Items, sortable by Covered Item, therapeutic class, cost, Member, etc.; and
4. Member Claims Report: A report related to Member Claims history, sortable by Covered Item, prescriber, pharmacy, and therapeutic class.

3.5.6.2 EMPLOYER GROUP WAIVER PLAN REPORTING

The Vendor {Contractor} shall:

- A. Provide to CMS, in a timely manner, on behalf of the DPB, all reports mandated by federal statutes rules and regulations. Each such report shall simultaneously be provided, without redaction, to the SCM;
- B. Review and monitor all data and reports received from CMS, and upon receipt, immediately forward all such data and reports to the SCM;
- C. To the extent requested by the SCM (or DPB's auditor), provide to the SCM all reports and data that it receives from CMS and or from Pharmaceutical Manufacturers;
- D. Provide in connection with the EGWP program, the following reports to the DPB. All files shall include Member level detail:
 1. Weekly detailed snap shot of eligibility and enrollment, including those enrolled, disenrolled, pending and rejected with CMS reason codes;
 2. Monthly subsidy detail file including CMS's direct subsidy, LICs payments, LIPs payments, and Late Enrollment Penalties. The report shall match the total monthly CMS subsidy to be wired to the DPB by the 15th of each month and detail shall enable the DPB to comply with CMS regulations concerning the reimbursement of LIPs to Members. This information must also be provided as a flat file;
 3. Monthly Coverage Gap detail file, cumulative and split by incurral year; and
 4. Quarterly detail file of Catastrophic Coverage claimants' Claim amounts, with monthly amounts and showing cumulative totals split by incurral year.
- E. Provide in connection with the EGWP program to the DPB the following report including Member level detail:
 1. Quarterly DIR report with SEL and Plan service ID level breakout showing all DIR.

3.5.6.3 QUARTERLY ENROLLMENT SUMMARY REPORTS

- A. The Vendor {Contractor} must provide the DPB with quarterly enrollment reports broken down by the following variables, without limitation:
 1. Employer Type:
 - a. State;
 - b. Local Education; and
 - c. Local Government;
 2. Member Type:
 - a. Active;
 - b. Early Retiree;

- c. Medicare Retiree;
- d. COBRA; and
- e. Chapter 375;

3. Prescription Drug Plan Type:

- a. Active Freestanding Employee Prescription Drug Card;
- b. Active NJ DIRECT Prescription Drug Plan;
- c. Active Aetna Freedom Prescription Drug Plan;
- d. Active HMO Prescription Drug Plan;
- e. Retiree PPO Prescription Drug Plan; and
- f. Retiree HMO Prescription Drug Plan;

b. Free/Not Free code; and

c. Service ID.

3.5.6.4 PERIODIC REPORTING

A. The Vendor {Contractor} must provide the following additional reports:

- 1. Daily Return File, (reported separately for Commercial Plans and for EGWP + WRAP Plans);
- 2. Weekly detailed snap shot of eligibility and enrollment including those enrolled and those disenrolled (reported separately for Commercial Plans and for EGWP + WRAP Plans);
- 3. Quarterly enrollment reconciliation audit report (reported separately for Commercial Plans and for EGWP + WRAP Plans); and
- 4. Bi-weekly Invoice Paid detail register;

B. In addition to the above-described reports, the Vendor {Contractor} shall provide the following quarterly reports, each within 45 calendar days of the end of the quarter unless otherwise specified, which the Vendor {Contractor} shall also annualize 90 calendar days after the completion of the Plan Year to enable the Vendor {Contractor} to meet with the DPB to review the Plan's pharmacy Claim experience, and all Financial Guarantees and Performance Standards identified in the Blanket P.O. {Contract}:

- 1. A quarterly summary by the report parameters, displaying amount paid by Plan and amount paid by Members;
- 2. A quarterly prescription drug Claims summary;
- 3. A quarterly drug utilization report comparing this Blanket P.O. {Contract} to the drug utilization of the Vendor's {Contractor's} book of business; and
- 4. A quarterly report of the year-to-year increase in Claim cost per Subscriber and per Member, delineating increases due to cost and utilization for active versus retiree and for State, local government, and local education;

C. The Vendor {Contractor} shall provide a quarterly report capturing the Vendor's {Contractor's} satisfaction of the Performance Standards to be provided within 45 calendar days of the end of each quarter, with Vendor {Contractor} indicating each quarter, and annually, whether Vendor {Contractor} has satisfied each Performance Standard;

- D. The Vendor {Contractor} shall provide a quarterly report identifying all new-to-market Brand Drugs;
- E. The Vendor {Contractor} shall provide quarterly reports that analyze the following, split by employer and employee type:
 - 1. Total quantity of drugs dispensed;
 - 2. Number of days' supply;
 - 3. Total AWP and total Ingredient Costs, broken down by Brand Drug and Generic Drug, and broken down by Retail Pharmacy/Retail Pharmacy 90-Day/ Mail Order Pharmacy and Specialty Drug Pharmacy;
 - 4. Ingredient Cost Discounts provided by the Vendor {Contractor} (broken down by each of the Average Annual Guarantees, including and excluding for each Annual Average Guarantee;
 - 5. Employee cost share, both in dollars and as a percentage of total drug spend;
 - 6. Net paid amount;
 - 7. Formulary adherence rates;
 - 8. Generic fill rates;
 - 9. Utilization of Specialty Drugs, broken down on a drug-by-drug basis, and broken down by Specialty Drugs dispensed from Retail Pharmacies and Specialty Drugs dispensed from the Specialty Drug Pharmacy, and identifying the average Ingredient Cost Discount provided for each drug, at Retail Pharmacies, and at the Specialty Drug Pharmacy;
 - 10. Utilization differences by Plan;
 - 11. Top 25 drugs by Dispensed Claim spend;
 - 12. Top 25 drugs by total number of prescriptions;
 - 13. Top 25 Specialty Drugs by Dispensed Claim spend for the EGWP program;
 - 14. Top 25 Specialty Drugs by total number of prescriptions for the EGWP program; and
 - 15. The number of Prior Authorizations and appeals by drug class and Program type; and
- F. The Vendor {Contractor} shall provide, on a quarterly basis, a Specialty Drug report identifying all new-to-market Specialty Drugs.

3.5.6.5 ADDITIONAL REPORTING

- A. The Vendor {Contractor} must provide a report to the DPB detailing open issues raised by the DPB within 15 business days of the end of each quarter (Open Issues Report). The Open Issues Report must identify all issues brought up by the State. Each issue must indicate the date it was raised, the date it was resolved, or if the work to resolve the issue is still in progress, what has been done, what remains to be done, and the proposed resolution date; and
- B. At any time the State may require a special report that is not specified in the Blanket P.O. {Contract} or otherwise provided by the Vendor {Contractor} (Special Report). Upon written request by the SCM, the Vendor {Contractor} must promptly develop the Special Report consistent with the specification in the request. The State may request development of Special Reports to be used one time, or to be issued on a regular reporting schedule. Special Reports are expected to be completed within five (5) business days of the close of the reporting period unless otherwise agreed upon, in writing, by the SCM and the Vendor {Contractor}. All such Special Reports shall be provided at no cost unless Vendor {Contractor} notifies the State in writing prior to development of the Special Report that IT programming time is required, in which case the charges for developing such Special Reports shall be determined in each instance based on actual IT programming time and shall not exceed the hourly IT programming rate. Once a Special Report is developed and

accepted by the State, the State will not pay any additional costs for the ongoing delivery of the Special Report.

3.5.6.6 RENEWAL REPORTING

- A. During the annual rate renewal process, the Vendor {Contractor} must assist in the development of recommended premium rates necessary to cover Claims and expenses anticipated for the next Plan Year;
- B. The Vendor {Contractor} must develop cost projections and trend assumptions upon renewal and cost projections for any proposed benefit changes; and
- C. The Vendor {Contractor} shall meet with the DPB during the renewal process, as requested, to discuss cost projections, trends, benefit changes and cost optimization strategies.

3.5.6.7 FINANCIAL REPORTING

- A. The Vendor {Contractor} shall provide the following reports on a biweekly (every two weeks) basis:
 - 1. Notification of the biweekly total of Dispensed Claims due under the Blanket P.O. {Contract}. This information must be provided by fax, telephone followed by details in writing, or agreed upon electronic format. It must be reported before 11 AM on State work days. Separate reports shall be provided for Commercial and EGWP groups. The reports shall be broken down by SEL and, for the Commercial groups, active/early retirees;
- B. The Vendor {Contractor} shall provide the following reports on a monthly basis:
 - 1. Banking reconciliation reports. These must be available to the DPB on or before the 10th day of the succeeding month;
- C. The Vendor {Contractor} shall provide the following reports on a quarterly basis:
 - 1. Paid Detail register. The Vendor {Contractor} must provide the DPB a quarterly list of billed Dispensed Claims by Member and account type via a secure electronic format in Microsoft Access 2007 format or other formats acceptable to the DPB no later than the 15th day of the month following the end of the quarter. The totals must match the total biweekly amounts wired to the Vendor's {Contractor's} bank including SEL and ARCPV breakdowns and a full and complete listing of all debits and credits and all applicable data elements;
 - 2. Summary of Dispensed Claims;
 - 3. Detailed Report of Rebates, every quarter, beginning at the end of the second quarter after the effective date, and continuing until the Vendor {Contractor} has collected from Pharmaceutical Manufacturers, and passed through to the DPB, all Rebates that are owed to the DPB. These reports shall include the information described that Section. The reports shall also be broken down into SEL, active, retired and Medicare, by service id and shall match the amount of the Rebate wired amount; and
 - 4. Quarterly Coverage Gap report for the EGWP program shall be provided within 30 days of the manufacturer payment date and shall be accompanied by payment. Reports shall include SEL breakout and match total monies due to the State; and
- D. Annual reports – On or before June 20, the Vendor {Contractor} must provide the DPB with estimates as of June 30 each year of the following for each SEL and ARCPV group:

1. Incurred unpaid Claims; and
2. Unpaid Administrative Fees, if any.

3.6 CLAIM MANAGEMENT SERVICES

3.6.1 CLAIMS ADMINISTRATION

The Vendor {Contractor} shall:

- A. Perform the following services upon receipt of a Claim:
 1. Verify eligibility electronically through an online Claims processing system that the patient for which the prescription has been dispensed is a Member;
 2. Verify that the item that is requested is a Covered Item under the relevant Plan;
 3. Determine all information necessary to process the Claim, including without limitation, the Ingredient Cost, Dispensing Fee, Copayment or Coinsurance, Deductible, maximum benefit allowed, sales and/or use tax, and LIPS and LICS and other potential Medicare Part D matters, if relevant;
 4. Perform all Plan Design edits and controls applicable to the Claim, including, at a minimum, Quantity Limits, exclusions, and Drug Utilization Reviews, as well as any other reviews required by Programs implemented by the relevant Plan;
 5. Communicate through electronic messaging to the pharmacy any discrepancy which does not allow the Claim to be processed or paid in full; and
 6. Communicate to the relevant pharmacy all Member requirements that are relevant to process the Claim;
- B. Ensure that Member Copayments and/or Coinsurance are calculated using Lowest of Pricing Logic;
- C. Ensure that all requirements of the Federal Department of Health and Human Services (DHHS) with regard to HIPAA-mandated electronic data interchange (EDI) for Claims transactions are met. File and field formats must conform to ANSI ASC X12N guidelines;
- D. Maintain current, complete and accurate records of all Claims and correspondence associated with each Claim. Each Claim shall, upon receipt, be immediately assigned an appropriate tracking number;
- E. Have controls in place to ensure Dispensed Claims are paid only for eligible Members. The Vendor {Contractor} shall reimburse the State for Dispensed Claims paid for ineligible individuals within 30 calendar days of confirmation of the error (as determined by DPB) when it is the Vendor's {Contractor's} error;
- F. Ensure that each of its PBM/Participating Pharmacy Contracts requires each Retail Pharmacy to include as its transmitted U&C price to the Vendor {Contractor} any and all U&C discounted prices that the pharmacy provides to non-insured customers;
- G. Claims files shall be reconciled with enrollment files;
- H. Invoice the DPB for Dispensed Claims only (and may not invoice the DPB for denied, rejected or reversed Claims, and may invoice only once for adjusted or partially filled Claims);
- I. Ensure that invoiced Dispensing Fees for any Covered Items dispensed from Retail Pharmacies are based on the Vendor's {Contractor's} actual payment to the Retail Pharmacy. Dispensing Fees for Mail Order Drugs dispensed from the Mail Order Pharmacy

and Specialty Drugs dispensed from the Specialty Drug Pharmacy shall be based on the stated Dispensing Fee;

- J. Allocate the entire U&C charge to the Ingredient Cost, and shall not allocate any of the U&C charge to the Dispensing Fee for every Dispensed Claim that the Vendor {Contractor} reimburses to the Retail Pharmacy based on U&C;
- K. Not dispense repackaged products from the Mail Order Pharmacy or Specialty Drug Pharmacy unless requested in writing by the DPB;
- L. Not pay Claims to Retail Pharmacies for repackaged products unless requested in writing by the DPB;
- M. Request in writing from the prescriber, the SCM, or, if appropriate, the Member, whatever additional information is necessary for the appropriate disposition of the Claim if the Vendor {Contractor} finds during the adjudication process that information essential to the accurate coding and subsequent determination of benefits has not been provided;
- N. Provide Electronic Prescribing Services;
- O. Maintain appropriate systems edits and critically examine charges for all prescriptions that appear aberrant, excessive or fraudulent. The Vendor {Contractor} shall examine such prescriptions with the prescriber, when necessary and appropriate;
- P. Maintain standardized edits to enable the necessary dispensing of Covered Items. These standardized edits shall include, but not be limited to, the following:
 - 1. Vacation overrides;
 - 2. Lost/stolen/spilled overrides;
 - 3. Emergency overrides; and
 - 4. School supply and facility overrides;
- Q. Maintain non-standardized edits for certain Plans, if directed in a Benefit Specification Form or Benefit Change Form;
- R. Notify Members in writing of denied Claims and the reason for the denial;
- S. Review denied Claims that are appealed by a Member to the Vendor {Contractor} in accordance with standards established by the Commissions or by law. In order to do so, the Commissions delegate to Vendor {Contractor} the authority, responsibility and discretion to initially interpret and construe the provisions of the Plan, as necessary to reach factually supported conclusions and to make a full and fair review of each Claim and to notify each Member in writing of each Claim that has been denied. The Vendor {Contractor} must inform each Member, whose Claim is denied after exhausting the Vendor's {Contractor's} internal appeals process, that the Member has a right to appeal to a Vendor {Contractor} subcontracted External Independent Review Organization (IRO) as required by federal law. The Vendor {Contractor} shall provide a quarterly report to the DPB on all appeals referred to the IRO and the outcome of those appeals;
- T. Comply with all internal review timelines required by federal law. See Chart of Time Limits for Claims and Internal Appeals attached to this RFP as Exhibit O. These timeframes are subject to change as per federal law;

- U. Make a reasonable effort to recover Claim amounts overpaid or paid in error and refund the recoveries to the State or credit these recoveries against any amounts payable by the State. The Vendor {Contractor} may pursue the overpayment with the provider and/or Member;
- V. Make all reasonable efforts to recover Claims paid in error when the Member has been involved in a workplace accident. Reasonable efforts include, but are not limited to: asserting liens, appearing in workers' compensation court to recover liens and corresponding with the Member's attorney;
- W. Never pursue legal remedies such as dunning or placing liens for overpayment with regard to recovery of overpayment to Members, with the exception of workers' compensation cases. After reasonable attempts are made to recover the overpayment, the Vendor {Contractor} may deduct the overpayment from future payments to the Member. If the overpayment was the result of an error of the Vendor {Contractor}, the overpayment shall be immediately absorbed by the Vendor {Contractor} and will not be charged to the State or to the Member. If the overpayment was the result of an error of the Vendor {Contractor}, and it has already been invoiced, the overpayment shall be reimbursed to the State and to the Member;
- X. Disclose and fully account to the State any and all funds received by the Vendor {Contractor} as a recovery of an overpayment or incorrect payment;
- Y. Disclose, account for and credit the State all monies recovered, such as through a Worker's Compensation claim or lien;
- Z. All Administrative Fees shall assume the State will be the Claim fiduciary;
- AA. Accept liability for Claim processor negligence or fraud;
- BB. Provide on-line inquiry access for the SCM or designated State representatives to the Vendor's {Contractor's} Claim payment system;
- CC. Be responsible for ensuring that Participating Pharmacies do not recover any unpaid balances due or claimed to be due from Members (i.e., no balance billing);
- DD. Provide Members with a Claim form for use to obtain reimbursement for Covered Items provided by pharmacies. When a Claim is submitted on the approved form, the Vendor {Contractor} shall process the Claim according to the relevant Plan Design;
- EE. Be responsible for ensuring that the State is not invoiced for any Zero Balance Claim; and
- FF. Notify the DPB of all proposed class action settlements relating to any drug, or manufacturer or distributor of any drug, for which Claims have been paid by the SHBP/SEHBP prescription drug Plans. Upon authorization by the DPB, the Vendor {Contractor} shall provide the DPB with all data required so that the State may file a claim in the class action settlement.

3.6.2 SUBROGATION (ONLY OUTSIDE OF NEW JERSEY)

- A. The Vendor {Contractor} should inquire of the Member whether a third party may be liable for the cost of the prescription received, and, if so, request that the identity of the third party, and if known, the name of the third-party's insurer, for purposes of instituting subrogation; and
- B. The Vendor {Contractor} should actively pursue the State's right of subrogation to recover Claim payments from third parties, including pursuing payments made when there is a work related accident or illness.

3.6.3 FRAUD, WASTE, AND ABUSE

- A. The Vendor {Contractor} shall develop procedures to identify providers, pharmacies and/or Members who appear to be committing fraud, and work with the State and appropriate law enforcement agencies to pursue prosecution; and when notified by the State that a Member, provider and/or pharmacy is being prosecuted, provide all Claim information and participate as an expert witness as necessary;
- B. In addition, the Vendor {Contractor} shall provide quarterly fraud reports as follows:
 - 1. Fraud cases investigated and closed (no fraud involved);
 - 2. Fraud cases currently under investigation; and
 - 3. Fraud cases confirmed and disposition of findings; and
- C. The Vendor {Contractor} must provide to the DPB and the Department of Law & Safety, Office of the Attorney General, upon request, all information concerning any case of fraud or suspected fraud that may impact the SHBP/SEHBP.

3.7 FINANCIAL

3.7.1 GENERAL FINANCIAL

- A. The Vendor {Contractor's} Financial Contracted Terms shall be in effect for the entire Blanket P.O. {Contract} period and must not require the State to implement any Plan Designs or Programs that are different from the Plan Design and Programs currently in place. In addition, for Plan Designs not currently using a formulary with exclusions, the State shall not be required to accept any exclusions and the Vendor {Contractor} shall not reduce Rebate Guarantees.In addition, if the Vendor {Contractor} excludes drugs from its Formulary, the State shall not be required to accept any exclusions and the Vendor {Contractor} shall not reduce Rebate Guarantees;
- B. Administrative Fees shall be based on a mature basis accounting for the fact that when the Blanket P.O. {Contract} expires or is terminated, run-out Claims shall continue to be processed with no additional fees. Administrative or other fees based on a percentage of savings are not permissible;
- C. The Vendor {Contractor} shall only charge fees as specified on the pricing sheet;
- D. The Vendor {Contractor} shall not charge the State or the Member for a Retail Pharmacy Claim payment that is greater than the actual amount paid by the Vendor {Contractor}.
- E. In addition to savings that must be passed on to the DPB, the Vendor {Contractor} must pass on the full discounted amounts that are negotiated with Participating Pharmacies. In addition, the dollar for dollar reimbursement paid to Participating Pharmacies shall be the exact amount charged to the DPB for Claims;
- F. The Vendor {Contractor} must adjudicate all of the State's Claims based on its most recent and most favorable PBM/Participating Pharmacy Contracts, unless said PBM/Participating Pharmacy Contracts are specific to clients using a network that is more limited than that used by the DPB;
- G. To the extent that Vendor {Contractor} has negotiated – or will negotiate – multiple contracts, or alternative financial terms within the same contract – with any Retail Pharmacy(ies), the Vendor {Contractor} shall pass through to the DPB the terms most favorable for (and least

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expensive to) DPB, unless the multiple contracts or alternative financial terms were negotiated for purposes of providing terms to clients dissimilar to the DPB, such as Workers Compensation providers, 340(b) providers, a Staff Model Pharmacy, or a long term care pharmacy provider. In connection with the DPB's Commercial Plans, dissimilar clients will also include the Vendor's {Contractor's} Medicare or Medicaid or Dual Eligible clients. In connection with the DPB's EGWP Plans, dissimilar clients will include the Vendor's {Contractor's} Commercial or Medicaid accounts;

- H. In the event there is a change in the marketplace in connection with AWP reporting or any methodology impacting pricing and/or guarantees (including but not limited to a change in Medi-Span's or First DataBank's information fields related to Brand Drug and Generic Drug classification), the State and the Vendor {Contractor} shall meet and agree upon changes in the pricing terms and Financial Guarantees contained in this Blanket P.O. {Contract} so as to enable the DPB and the Vendor {Contractor} to maintain the same financial relationship and obligations set forth in this Blanket P.O. {Contract}. The Vendor {Contractor} may not make any changes in pricing terms or Financial Guarantees in this Blanket P.O. {Contract}, unless the DPB agrees to such changes in writing, and the changes are memorialized as a written amendment to this Blanket P.O. {Contract}. This notification should be at least 120 days prior to the proposed change;
- I. The Vendor {Contractor} shall rely on current (updated weekly or more frequently by the Vendor {Contractor}), electronic data provided by Medi-Span to calculate all pricing related to this Blanket P.O. {Contract}, including without limitation, all: invoices to DPB, reimbursements to Participating Pharmacies, and the calculation of the Vendor's {Contractor's} satisfaction of all Financial Guarantees identified in this Blanket P.O. {Contract}, to the extent Medi-Span is needed for said calculations. The Vendor {Contractor} shall also ensure that all such calculations are based on Medi-Span data (that has been timely loaded weekly or more frequently into the system by the Vendor {Contractor}) as of the date each prescription is dispensed to Members. For all Covered Items (whether Retail Pharmacy, Mail Order Pharmacy or Specialty Pharmacy dispensed Covered Items), the dispensing date shall be the date the pharmacy fills the prescription for the Member (the fill date), not the date the transaction is submitted to the Vendor {Contractor} (the adjudication or submittal date);
- J. The Vendor {Contractor} shall provide pricing to the DPB that is at least as good as the Financial Guarantees; and
- K. The Vendor's {Contractor's} invoiced Ingredient Cost and compounding fee invoiced to the DPB for Compound Drugs shall be the same as the Ingredient Cost and compounding fee reimbursed to the Retail Pharmacy.

3.8 PASS THROUGH PRICING

3.8.1 PASS-THROUGH PRICING GUARANTEES

- A. The Vendor's {Contractor's} Pass-Through Pricing shall be subject to Average Annual Guarantees, Specialty Drug Overall Effective Discounts, Rebate Guarantees, and Specialty Drug Minimum Guaranteed Discounts;
- B. Compound Drugs shall be excluded from the calculation of all Financial Guarantees;
- C. The Contractor shall provide the following Average Annual Guarantees for Dispensed Claims:

- 1. Retail Brand Drug Dispensing Fee;

2. Retail Generic Drug Dispensing Fee;
3. Retail Brand Drug Ingredient Cost Discount;
4. Retail Generic Drug Ingredient Cost Discount;
5. Retail 90 Brand Drug Dispensing Fee;
6. Retail 90 Generic Drug Dispensing Fee;
7. Retail 90 Brand Drug Ingredient Cost Discount;
8. Retail 90 Generic Drug Ingredient Cost Discount;
9. Mail Brand Drug Dispensing Fee;
10. Mail Generic Drug Dispensing Fee;
11. Mail Brand Drug Ingredient Cost Discount;
12. Mail Generic Drug Ingredient Cost Discount;
13. Specialty Drug Overall Effective Discount;
14. Specialty Drug Dispensing Fee;
15. EGWP Long Term Care (LTC) Brand Drug Dispensing Fee;
16. EGWP LTC Generic Drug Dispensing Fee;
17. EGWP LTC Brand Drug Ingredient Cost Discount;
18. EGWP LTC Generic Drug Ingredient Cost Discount;
19. EGWP Home Infusion Brand Drug Dispensing Fee;
20. EGWP Home Infusion Generic Drug Dispensing Fee;
21. EGWP Home Infusion Brand Drug Ingredient Cost Discount; and
22. EGWP Home Infusion Generic Drug Ingredient Cost Discount;

- D. The Vendor {Contractor} shall be responsible for calculating and satisfying each of the Average Annual Guarantees separately (i) for all Commercial Plans; and (ii) for all EGWP + WRAP Plans. The Vendor {Contractor} shall not offset any Average Annual Guarantee breaches by the Vendor {Contractor} against the Vendor's {Contractor's} excess satisfaction of any other Financial Guarantees. In the event that the Vendor {Contractor} fails to satisfy any Average Annual Guarantee(s) for either type of Plan (Commercial or EGWP), the Vendor {Contractor} shall be fully liable for its breach of that Average Annual Guarantee, regardless of the Vendor's {Contractor's} success in exceeding any other Financial Guarantee;
- E. In calculating each Average Annual Guarantee for Ingredient Cost Discounts, the Vendor {Contractor} shall categorize Brand Drugs and Generic Drugs based on the definitions contained in this Bid Solicitation {RFP}, and shall include all Dispensed Claims for Covered Items (including, if they are Covered Items, all OTC drugs and insulin supplies, test strips and insulin products, and all Specialty Drugs dispensed from a Retail Pharmacy but excluding Claims Constituting Quantity Errors, coded and uncoded compound medications, all VA Dispensed Claims and 340b Dispensed Claims, Member submitted Claims, and Coordination of Benefits (COB) Claims. The Vendor {Contractor} shall include all Dispensed Claims described as being included in this paragraph, regardless of whether the Vendor {Contractor} reimbursed a pharmacy using an Ingredient Cost Discount price, a MAC price or a non-MAC price; in instances where the Vendor {Contractor} used U&C to reimburse the Retail Pharmacy, the Vendor {Contractor} shall allocate the entire cost to the Ingredient Cost;
- F. In calculating each Average Annual Guarantee for Dispensing Fees, the Vendor {Contractor} shall categorize Brand Drugs and Generic Drugs based on the definitions contained in this Bid Solicitation {RFP}, and shall include all Dispensed Claims for Covered Items (including, if they are Covered Items, all OTC drugs and insulin supplies, test strips and insulin products, Claims Constituting Quantity Errors, and all Specialty Drugs dispensed from a Retail Pharmacy, but excluding coded and uncoded compound medications, all VA Dispensed Claims and 340b Dispensed Claims, Member submitted Claims, and COB Claims. The Vendor {Contractor} shall include all Dispensed Claims described as being included in this paragraph, but shall exclude U&C Claims;

- G. In calculating each Average Annual Guarantee, the Vendor {Contractor} shall not include any savings brought about by any Program implemented by DPB, such as the savings resulting from the DPB's payment for a Generic Drug, rather than a Brand Drug, as a result of the DPB's implementation of a Mandatory Generic Drug Program. The Ingredient Cost Discount for the Brand Drug dispensed shall be factored into the applicable Brand Drug Average Annual Guarantee, and the Vendor {Contractor} shall not include the DPB's savings resulting from the differential between the cost of the Generic Drug and Brand Drug. Similarly, in connection with other Programs (such as the Prior Authorization Program and Step Therapy Program), the invoiced cost to the DPB of the drug dispensed shall be the only figure used to determine the Vendor's {Contractor's} satisfaction of Average Annual Guarantees, and any savings resulting from the Program shall not be factored into calculating satisfaction of Average Annual Guarantees;
- H. Notwithstanding DPB's right to audit the Vendor's {Contractor's} satisfaction of its Average Annual Guarantees, the Vendor {Contractor} shall also transmit an Annual Reconciliation on or before the fifteenth (15th) month following the Coverage Effective Date, in which the Vendor {Contractor} (i) calculates for the DPB (and/or its auditors) the Vendor's {Contractor's} actual Dispensing Fees and actual Ingredient Cost Discounts for all Dispensed Claims dispensed to the DPB's Members during the previous Contract year for each of the Average Annual Guarantees identified for each of the two types of Plans (Commercial and EGWP) and compare said rates to (ii) the Average Annual Guarantees that the Vendor {Contractor} guaranteed that it would satisfy. The Vendor {Contractor} shall provide all documents and data to enable the DPB to determine the accuracy of the Vendor's {Contractor's} calculations, if requested by the DPB (and/or its auditors);
- I. In the event that any of the Vendor's Contractor's actual Dispensing Fees and actual Ingredient Cost Discounts for the DPB in connection with either of the two types of Plans (Commercial or EGWP) be less favorable for DPB than its related Average Annual Guarantees, the Vendor {Contractor} shall provide the DPB with a payment constituting the difference for each such Average Annual Guarantee breach. All such payment(s) shall be made to the DPB at the time the Vendor {Contractor} transmits the information described in subsection (i) above. The DPB (or the DPB's auditor) may also independently audit the Vendor's {Contractor's} satisfaction of each -- or any -- of the Vendor's {Contractor's} Average Annual Guarantees to determine the Vendor's {Contractor's} satisfaction of said Average Annual Guarantees;
- J. On or before the end of the 9th month after the Coverage Effective Date, and each Anniversary of said 9th month thereafter that this Blanket P.O. {Contract} remains in effect, the DPB and the Vendor {Contractor} shall in good faith agree upon new Average Annual Guarantees for the subsequent Contract year. The newly negotiated Average Annual Guarantees shall be at least as favorable as the existing Average Annual Guarantees. The newly negotiated Average Annual Guarantees shall be memorialized each year, in writing as an amendment to this Blanket P.O. {Contract} prior to the beginning of the new Contract year;
- K. Notwithstanding the DPB's right to conduct Audits of the Vendor's {Contractor's} satisfaction of its Average Annual Guarantees, three months after the conclusion of each Contract year that this Blanket P.O. {Contract} remains in effect, the Vendor {Contractor} shall provide Annual Reconciliations as described in Section 3.6.2.1 (i) of this Bid Solicitation {RFP}, using either the Pricing Schedules or newly negotiated Average Annual Guarantee rates; and

- L. In the event that any of the Vendor's {Contractor's} actual Dispensing Fees or actual Ingredient Cost Discounts in any of the remaining years of this Blanket P.O. {Contract} are less favorable than its newly-negotiated Average Annual Guarantees, the Vendor {Contractor} shall provide the DPB with a lump sum payment constituting the difference between any actual Dispensing Fees or actual Ingredient Cost Discounts and its related Average Annual Guarantee, in each Contract year. All payment(s) by the Vendor {Contractor} to the DPB for breaches of its Average Annual Guarantees shall be made at the time the Vendor {Contractor} transmits the information described in Section 3.6.2.1(i) above.

3.8.2 PASS-THROUGH PRICING – PRICING GUARANTEES FOR SPECIALTY DRUGS

- A. The Vendor {Contractor} shall invoice for each Specialty Drug dispensed from the Specialty Drug Pharmacy using the Specialty Drug Minimum Guaranteed Discounts;
- B. Biosimilar Drugs will be priced at prevailing market rates and will be subject to the same considerations in Section 3.1.4, Specialty Pharmacy. The Vendor {Contractor} shall ensure the DPB receives Most Favored Nation pricing for any Biosimilar Drug that is approved by the FDA during the term of this Blanket P.O. {Contract};
- C. The Vendor {Contractor} shall provide guaranteed pricing for all Specialty Drugs dispensed from the Specialty Drug Pharmacy. Such pricing must satisfy (1) the Specialty Drug Overall Effective Discount; and (2) the Specialty Drug Minimum Guaranteed Discounts;
- D. For New-to-Market Specialty Drugs that enter the market immediately before or after the Coverage Effective Date, and at any time during the period when this Blanket P.O. {Contract} is in effect, the Vendor {Contractor} may dispense a new-to-market Specialty Drug from the Specialty Drug Pharmacy without the DPB's prior approval. Within 30 calendar days of initial dispensing of said new-to-market Specialty Drug, the Vendor {Contractor} and the DPB will negotiate and set a Specialty Drug Minimum Guaranteed Discount for said new-to-market Specialty Drug. All new-to-market Specialty drugs must also satisfy the Specialty Drug Overall Effective discount;
- E. The Vendor {Contractor} shall not offset any Specialty Drug Overall Effective Discount or Specialty Drug Minimum Guaranteed Discount breaches by the Vendor {Contractor} against the Vendor's {Contractor's} excess satisfaction of any other Specialty Drug Minimum Guaranteed Discount (or its excess satisfaction of any other Financial Guarantee). In the event that the Vendor {Contractor} fails to satisfy the Specialty Drug Overall Effective Discount or any Specialty Drug Minimum Guaranteed Discount for any Specialty Drug dispensed from the Specialty Pharmacy, the Vendor Contractor shall be fully liable for said violation(s);
- F. For each Specialty Drug dispensed from the Specialty Drug Pharmacy, each Dispensed Claim shall be repriced according to the identified Specialty Drug Minimum Guaranteed Discount. Should the amount calculated be less than the amount invoiced to the DPB, the Vendor {Contractor} shall pay the difference to the DPB; and
- G. Specialty Drug pricing must also satisfy the Specialty Drug Overall Effective Discount.

3.8.3 PASS-THROUGH PRICING – REBATES

- A. The Vendor {Contractor} shall be responsible for negotiating and executing contracts with Pharmaceutical Manufacturers, and monitoring, invoicing for, collecting, passing through, and providing disclosures to the DPB on all Rebates;

- B. Subject to the requirements of the Medicare Part D program for the EGWP Plans, the Vendor {Contractor} shall ensure that the DPB's Pro Rata Share of all Rebates shall be passed through by the Vendor {Contractor} to the DPB, and not to any Member, regardless of whether a Member pays a Copayment or Coinsurance;
- C. The Vendor {Contractor} shall pass through to the DPB its Pro Rata Share of all Trailing Rebates, including if said Trailing Rebates are collected after any Annual Reconciliation or after the termination of this Blanket P.O. {Contract};
- D. On or before the 9th month of each year this Blanket P.O. {Contract} remains in effect, the Vendor {Contractor} and the DPB shall meet and agree, in good faith, on revised Rebate Guarantees for the subsequent year. The newly negotiated Rebate Guarantees shall be based on guarantees available in the marketplace and shall ensure that the DPB's Financial Guarantees remain competitive during the life of this Blanket P.O. {Contract}. In no event shall said newly negotiated Rebate Guarantees be less favorable than the Rebate Guarantees originally agreed to in this Blanket P.O. {Contract}. The Vendor's {Contractor's} and the DPB's annual agreements concerning any newly negotiated Rebate Guarantees shall be memorialized in writing as an Amendment to this Blanket P.O. {Contract} on or before the beginning of the subsequent Plan Year;
- E. The Vendor {Contractor} shall pass through to the DPB its Pro Rata Share (as described below) of all Rebates that the PBM receives from all PBM/Pharmaceutical Manufacturer Contracts;
- F. The DPB's Pro Rata Share of Rebates shall include, at a minimum, the following:
1. In connection with any PBM/Pharmaceutical Manufacturer Contract that calls for the payment of a flat amount per prescription (or per Dispensed Claim), the Vendor {Contractor} shall pass through to the DPB that amount times the number of prescriptions (or Dispensed Claims) dispensed to Members;
 2. In connection with any PBM/Pharmaceutical Manufacturer Contract that calls for the payment of a percentage amount (of the total AWP, or total WAC, or total ASP, etc.) dispensed, the Vendor {Contractor} shall pass through to DPB the percentage amount times the total AWP, or total WAC, or total ASP of the drugs dispensed to Members;
 3. In connection with any PBM/Pharmaceutical Manufacturer Contract that calls for the payment of tiered additional payments, based on any factor (such as the added market share, or added number of prescriptions dispensed, etc., by the Vendor {Contractor} through its aggregate book of business), the Vendor {Contractor} shall multiply the total amount paid as a tiered additional payment, by the Percentage of the Vendor's {Contractor's} Aggregate Book Of Business that the DPB represents; and
 4. In connection with any PBM/Pharmaceutical Manufacturer Contract that calls for a flat payment of money unrelated to any drugs dispensed (e.g., the payment by a Pharmaceutical Manufacturer of a health management fee, or data sales fee, or educational grant, etc.), the Vendor {Contractor} shall calculate the DPB's Pro Rata Share of said payment by multiplying the amount of the payment, by the Percentage of the Vendor's {Contractor's} Aggregate Book Of Business that the DPB represents;
- G. The Vendor {Contractor} shall provide Rebate Guarantees for all Commercial and EGWP Plans for each of the following categories:
1. Retail Brand Drug Dispensed Claims;
 2. Retail 90 Brand Drug Dispensed Claims;
 3. Mail Brand Drug Dispensed Claims; and

4. Specialty Brand Drug Dispensed Claims; and

H. In calculating the Vendor's {Contractor's} satisfaction of any Rebate Guarantees, the Contractor shall not include any of the following:

1. Member submitted paper Claims or Compound Drug Claims;
2. Dispensed Claims representing drugs dispensed in connection with government programs that receive rebates, discounts or other forms of price reduction, and that preclude the Vendor {Contractor} from payment of Rebates to the DPB as a result.

3.8.4 ~~WHOLESALE DISCOUNTS (IF ANY)~~ PASS THROUGH PRICING – REBATE PAYMENTS

A. The Vendor {Contractor} shall provide a report accompanying the Invoice Statement at the end of the 3rd month after the Coverage Effective Date, detailing:

1. The total amount of Rebate Guarantees paid to the DPB resulting from Dispensed Claims included on each of the biweekly invoices that were transmitted during the previous two months; and
2. The number of Brand Drug Dispensed Claims;

B. The Vendor {Contractor} shall provide a report accompanying the Invoice Statement at the end of each month, beginning at the end of the 4th month after the Coverage Effective Date and continuing until 6 months after the termination date, detailing:

1. The total amount of Rebate Guarantees paid to the DPB resulting from Dispensed Claims included on each of the biweekly invoices that were transmitted during the previous month; and
2. The number of Brand Drug Dispensed Claims;

C. Accompanying each monthly report, the Vendor {Contractor} shall make a payment to the DPB, by check or wire transfer, of all Rebates owed to the DPB;

D. On or about the beginning of the first month of each Plan Year, beginning in the second year this Blanket P.O. {Contract} is in effect and continuing until the beginning of the year after the termination of this Blanket P.O. {Contract}, the Vendor {Contractor} shall transmit to the DPB a reconciliation calculating the difference between the amount of payments that were owed based on the Rebate Guarantees, and the amount of Rebates and that were actually paid. Should the total Rebates paid be less than the guaranteed amounts, the Vendor {Contractor} shall pay the DPB the differential at the time of the Reconciliation. Should the total credits paid in connection with Invoice Statements be more than the guaranteed amounts, the DPB will not owe the Vendor {Contractor} the differential;

E. The Vendor {Contractor} shall perform the following Rebate Reconciliations:

1. On or about the beginning of the 10th month of each year, beginning in the second year after the Coverage Effective Date and continuing until the year after termination of the Blanket P.O. {Contract}, the Vendor {Contractor} shall perform an Annual Reconciliation calculating the difference between (i) the Rebates that were passed through during the previous year in the form of Rebate payments on monthly Invoice Statements, and the (ii) actual Rebates collected by the Vendor {Contractor} from Pharmaceutical Manufacturers and due and owing to the DPB as the DPB's Pro Rata Share of Rebates for the previous Plan Year. Should the credits paid in item (i) above be less than the amounts calculated in item (ii) above, the Vendor {Contractor} shall pay the DPB the difference, at the time the Vendor {Contractor} transmits its Rebate Annual Reconciliation. Should the credits paid in item (i) above be more than

the total Rebates calculated in item (ii) above, the DPB shall not owe the Vendor {Contractor} the differential. The Contractor shall also re-file its report(s) to CMS to assure the report(s) represent an accurate statement of all Rebates, including monies transferred between the Parties in connection with the Annual Reconciliation; and

2. The DPB (and/or its auditor) shall have a right to question any Annual Reconciliation provided by the Vendor {Contractor}. Notwithstanding the provisions of this Section, the DPB shall not be obligated to raise any questions concerning any Annual Reconciliation, and shall not waive its future right to do so in a subsequent Audit, should the DPB fail to transmit questions to the Vendor {Contractor} after the DPB receives the Vendor's {Contractor's} Annual Reconciliation;
- F. Notwithstanding the Vendor's {Contractor's} obligation to provide Annual Reconciliations, the DPB shall have the right to conduct its own Audit to determine whether the Vendor {Contractor} has satisfied its obligations under this Blanket P.O. {Contract};
- G. The PBM shall disclose and pass through to the DPB its Pro Rata Share of all Rebates that the PBM receives and that are due and owing to the DPB under the terms of this Blanket P.O. {Contract}, regardless of:
1. When the PBM receives such Rebates;
 2. Whether the PBM receives such Rebates after the termination of this Blanket P.O. {Contract}; or
 3. Whether the PBM and the DPB remain in privity of Contract; and
- H. In the event that the Vendor {Contractor} collects Rebates from any Pharmaceutical Manufacturer after this Blanket P.O. {Contract} has been terminated, and the Rebates represent Rebates due and owing to the DPB as described above, the Vendor {Contractor} shall pay the DPB its Pro Rata Share of said Rebates -- and any interest and/or penalties the Vendor {Contractor} collects thereon -- based on the Percentage of the Vendor's {Contractor's} Aggregate Book Of Business that the DPB represents, as of the date of termination of this Blanket P.O. {Contract}. Pursuant to CMS rules and regulations, the Vendor {Contractor} shall transfer all EGWP Rebates owed to the DPB, regardless of when the Vendor {Contractor} collects said Rebates. After this Blanket P.O. {Contract} has terminated, should the DPB request information from the Vendor {Contractor} concerning Trailing Rebates, the Vendor {Contractor} shall report to the DPB concerning any ongoing or previously settled disputes with any Pharmaceutical Manufacturers from which Trailing Rebates may be due and owing to the DPB. If no such Trailing Rebates exist, the DPB may request, and the Vendor {Contractor} shall provide, an affidavit confirming that all Rebates and/or DIR that may be due and owing to the DPB have been paid.

3.8.5 FORM OF COMPENSATION AND PAYMENT

- A. The Vendor {Contractor} shall request reimbursement for eligible Dispensed Claims biweekly (every two weeks); or twice monthly, as mutually agreed upon. The Vendor {Contractor} shall advise the SCM, as well as his/her designee(s), of the total amount of funding requested, via electronic mail, facsimile, or other agreed-upon method by 11:00 AM ET, in order for the total amount, determined to be appropriate, to be funded by wire transfer to the Vendor's {Contractor's} designated bank within three (3) business days. If the amount to be funded is not provided by the Vendor {Contractor} to the DPB by 11:00 AM ET, then no charges shall be assessed against the State and the amount will be wired to the Vendor {Contractor} by the fourth business day;
- B. Should the State fail to timely provide funds to the bank, the Vendor {Contractor}, after timely notice, may cease disbursement of benefit payments until the requested funds have been

provided. The Vendor {Contractor} shall provide one (1) business days' notice of the State's failure to provide the deposit of said funds and the notice must be provided by 1) telephone, 2) e-mail, and 3) in writing via facsimile machine, or by overnight delivery to the SCM and the person(s) with responsibility for receiving these notifications identified by the State;

- C. Administrative Fees are calculated based on the eligibility headcounts as maintained within the DPB's enrollment system. Administrative Fees will be payable to the Vendor {Contractor} by the State within 31 calendar days after the beginning of the monthly coverage period based on the State's eligibility headcounts. Administrative Fees and other charges will be wired to a bank selected by the Vendor {Contractor};
- D. The Vendor {Contractor} agrees that if in the normal course of business, it, or any other organization with which the Vendor {Contractor} has a working arrangement, chooses to advance any funds that are due to any provider, subsidiary or Subcontractor, the cost of such advance shall not be charged back to the State except the DPB will reimburse the Vendor {Contractor} as set forth in this Blanket P.O. {Contract};
- E. The Vendor {Contractor} shall disclose, fully account for, and remit to the State any and all funds received by the Vendor {Contractor} as the result of a recovery of an overpayment or incorrect payment or subrogation of a claim or lien. Any discounted or negotiated rates or payment arrangements, any price adjustment, or refunds, and any retroactive or supplemental payments or credits negotiated with regard to covered services received by State Members shall be remitted to the State. Administrative Fees shall take this provision into consideration; and
- F. The Vendor {Contractor} shall submit to the State a monthly Invoice Statement.

3.9 IMPLEMENTATION

- A. The Vendor {Contractor} shall not charge a separate implementation fee. The Vendor {Contractor} may provide an implementation credit to pay for the DPB's transition costs, including but not limited to, claims history files, out of pocket/deductible accumulator files and open refill transfer files, but not including its pre-implementation Audit;
- B. The Vendor's {Contractor's} implementation team shall meet with the SCM within five (5) business days after Blanket P.O. {Contract} award. The Vendor {Contractor} shall assign an implementation project manager, and create an implementation project team, including, at a minimum, representatives from account management, clinical management, communication team, and information systems. All key project staff shall attend all implementation meetings and conference calls. State project staff will provide access and orientation to the Plans and necessary information as requested by the Vendor {Contractor};
- C. The Vendor {Contractor} shall provide a Transition Plan no later than 14 calendar days after Blanket P.O. {Contract} award. The Transition Plan should at least include:
 - 1. The Vendor's {Contractor's} proposed approach to transition containing project plan highlighting specific timelines, deliverables, Plan Design, Member website and customer services testing process;
 - 2. The Vendor's {Contractor's} documentation update procedure during transition including change control process; and
 - 3. The Vendor's {Contractor's} strategy for communicating to Members, including Open enrollment website access for Members;

- D. The Vendor {Contractor} shall complete and submit a HIPAA Business Associate Agreement to the State Contract Manager within ten (10) business days after the Blanket P.O. {Contract} award;
- E. The Vendor {Contractor} shall provide training to DPB staff during the transition. Such training should be completed at least 90 calendar days prior to the Coverage Effective Date;
- F. The Vendor {Contractor} shall accurately load each Plan Design, test its load, and report on results no later than 45 calendar days prior to the Coverage Effective Date. The State (or a designated representative) shall have the right to perform its own independent test no less than 30 calendar days prior to the Coverage Effective Date;
- G. The State (or a State designated representative) will conduct a quality review of the Plan Designs that have been loaded by the Vendor {Contractor} at least 20 business days prior to the Coverage Effective Date. The Vendor {Contractor} shall pay the cost of this review, up to \$50,000 for the Commercial Plans and \$50,000 for the EGWP Plans. All information needed for this on-site review must be provided by the Vendor {Contractor} to allow for the review of the Claims administration system in a test environment that would be the live Claim processing system;
- H. The Vendor {Contractor} must be equipped to receive the State's Eligibility File 45 calendar days prior to the Coverage Effective Date;
- I. The Vendor {Contractor} must be equipped to receive the State's Claims data files from the incumbent vendor 30 calendar days prior to the Coverage Effective Date. The file shall be tested with the Vendor's {Contractor's} Claim system and Plan Design, and be ready for Claim payment by the Coverage Effective Date;
- J. The Vendor {Contractor} shall be equipped to receive the incumbent vendor's scheduled mail order fills (including Specialty Drug Claims) 30 calendar days prior to the Coverage Effective Date, and to commit to stripping out all Specialty Drugs identified in this Blanket P.O. {Contract} to assign them to be filled at the Specialty Drug Pharmacy, and to ensure no Member disruption with respect to either Members' scheduled Mail Order Pharmacy or Specialty Drug Pharmacy refills;
- K. The Vendor {Contractor} must ensure that all Members currently undergoing drug treatment for any therapeutic condition are transitioned without any disruption in drug therapy or Program involvement. Loading of detailed historical Plan documentation and Member Claim history must be completed in all instances where data is available from the incumbent vendor. Loaded information must include, but not be limited to, Member history related to: Step Therapy, Prior Authorization, Quantity Limits, and Drug Utilization Review;
- L. Member ID card design shall be available for approval by the State at least 60 calendar days prior to the Coverage Effective Date and have protocols in place for returned mail of ID cards;
- M. The Vendor {Contractor} shall ensure that Members receive ID cards no less than seven (7) calendar days before the Coverage Effective Date. The Vendor {Contractor} shall have protocols in place for returned mail of ID cards;
- N. The Vendor's {Contractor's} toll-free telephone number and trained and dedicated Customer Service Center shall be operational 90 calendar days prior to the Coverage Effective Date. The Vendor (Contractor) shall have open enrollment groups set up, completed, and tested with all Plan Designs requirement in order for Customer Service Center to price accurately new benefits for Members; and

- O. The Vendor's {Contractor's} SHBP/SEHBP-specific website shall be accessible 15 calendar days prior to the Coverage Effective Date.

3.10 QUALITY CONTROL/AUDITS

- A. The State reserves the right to perform Audits to verify the Vendor {Contractor} has performed its obligations under the Blanket P.O. {Contract}. The DPB reserves the right to review and audit (or have its designated auditor review and audit) all records associated with the administration of the Plans at any time during the normal business hours of the Vendor {Contractor} after providing written notice (ten (10) business days). If the Vendor {Contractor} cannot respond in said time period, the Vendor {Contractor} shall provide a written statement within the initial ten (10) day period as to why the Vendor {Contractor} is unable to respond and when the Vendor {Contractor} will respond, but in any event, the Vendor's {Contractor's} provision of all required Audit documents must be no later than 30 calendar days after receiving the DPB's (or its auditor's) initial written request. Audits shall encompass records held by any Subcontractor (or organization related to the Subcontractor) and held by any entity that is a member of the Vendor {Contractor} group of companies. The Vendor {Contractor} shall give the DPB and/or its designated auditor access to original PBM/Participating Pharmacy Contracts and PBM/Pharmaceutical Manufacturer Contracts as part of the Audit;
- B. The Vendor {Contractor} shall comply with any audit conducted by the federal government or any regulatory or accreditation agency;
- C. All reviews or Audits may be performed by the State or any designee chosen by the DPB, other than a designee whose action would reasonably be considered by the Vendor {Contractor} to be a conflict of interest. For example, the designee shall not be:
 - 1. A competitor of the Vendor {Contractor}, a Pharmaceutical Manufacturer representative, or any Retail Pharmacy, Mail Order Pharmacy or Specialty Drug Pharmacy representative or vendor; or
 - 2. A designee who is remunerated based on financial findings or recoveries resulting from any Audit;
- D. The Vendor {Contractor} shall provide all electronic data identified to DPB (or its auditor) within 30 calendar days of the Vendor's {Contractor's} receipt of said notice. The Vendor {Contractor} shall provide all other documents and data identified no later than 45 calendar days after the Vendor's {Contractor's} receipt of said notice;
- E. With respect to all data and documents produced by the Vendor {Contractor} to the DPB or to its agents or auditors, the Vendor's {Contractor's} production shall be made without redacting or altering any information from the data and documents produced. When electronic data is produced by the Vendor {Contractor}, all fields created or maintained or used by the Vendor {Contractor} shall be produced, and none shall be withheld, redacted or deleted. In addition, appropriate manuals and/or guides identifying the meaning of each field shall be produced;
- F. If the Vendor {Contractor} alters the original format of any documentation (e.g., by converting hard copy documents to electronic documents, or electronic documents to microfiche), all information contained in the original documents shall be contained in the new format, without change or deletion. Such records shall include, but not be limited to, original prescriptions to be held in Participating Pharmacy locations;

- G. In the event any questions are raised, or any additional requests for information or documents or data are requested, by the DPB (or its auditor) during any Audit, the Vendor {Contractor} shall respond to all such questions, and produce all additional information, documents and/or data within ten (10) business days of receipt of such questions or requests. The Vendor {Contractor} shall not place any restriction of the number of claims submitted to the Vendor {Contractor} in support of questions raise. If the Vendor {Contractor} cannot respond in said time period, the Vendor {Contractor} shall provide a written statement as to why the Vendor {Contractor} is unable to respond and when the Vendor {Contractor} will respond, but in any event, the Vendor's {Contractor's} response must be no later than 30 calendar days after receiving the DPB's (or its auditor's) initial written request;
- H. Prior to commencing its Audit, the DPB and/or its Auditor and the Vendor {Contractor} shall execute a confidentiality agreement in the form attached hereto as Exhibit P, to ensure that all information disclosed by the auditor to the DPB shall remain confidential and protected from disclosure by the DPB to third parties;
- I. The State reserves the right to conduct a full Audit of all PBM Services, or a partial Audit of only some PBM Services, for a single Plan Year, or two or three Plan Year, as the DPB deems appropriate. Accordingly, the DPB may conduct an Audit more than once a year, if the scopes of the Audits during that year differ and are only related to certain PBM Services. DPB may also perform additional Audits during a year that are similar in scope to those originally requested, as a follow-up to ensure significant material errors found in a particular Audit have been corrected, or if additional information becomes available to warrant further investigation;
- J. The State may also begin an Audit after the expiration or termination of the Blanket P.O. {Contract}, for a period of up to four (4) years after said expiration or termination;
- K. The Vendor {Contractor} must annually submit to the DPB the American Institute of Certified Public Accountants Statement on Standards for Attestation Engagements No. 16, also known as "SSAE 16". At the time of SSAE 16 submission, the Vendor {Contractor} must also supply the DPB with a report of the actions taken to deal with any weaknesses or deficiencies identified in the SSAE 16;
- L. The Vendor {Contractor} shall provide annual audited consolidated financial statements and quarterly unaudited consolidated financial statements to include a balance sheet, income statement, statement of changes in shareholders' equity, and a cash flow statement;
- M. In the event of a Plan Design change, the Vendor {Contractor} shall accurately load each Plan Design, test its load, and report on results no later than 45 calendar days prior to the effective date of the change. The State (or a designated representative) shall have the right to perform its own independent test no less than 30 calendar days prior to the effective date of the change;
- N. If the Vendor {Contractor} requires the State to change systems platforms, the Vendor {Contractor} must allow the State or its designated auditor to conduct a pre-migration readiness assessment and Claims Audit in order to test that the set up and benefits will be processed correctly. The cost of the migration Audit shall be paid by the Vendor {Contractor}; and
- O. All Audit procedures will comply with any applicable HIPAA requirements.

3.10.1 AUDIT OF CLAIMS

A. As requested for an Audit, the Vendor {Contractor} shall securely transmit to the DPB (and/or its auditor) an electronic data file reflecting all Claims transactions for the SHBP/SEHBP during the Audit period specified by the DPB. The electronic file shall include the Vendor's {Contractor's}:

1. Costs invoiced to the SHBP/SEHBP for each item dispensed from a Retail Pharmacy, Mail Order Pharmacy, or Specialty Drug Pharmacy;
2. Incurred costs for each such item; and
3. Provide upon request, lists and information including but not limited to pricing lists, pharmacy lists, guarantee inclusion files and guarantee true up reports.

Brand Drugs and Generic Drugs shall be classified in the Claims file. Claims data shall be produced in one (1) of the following formats:

1. Access;
2. Fixed-length flat file; or
3. Delimited flat file.

Any data submitted in flat file format must either have a data layout attached, or the first line of the file must contain field names. File formats must remain constant from submission to submission, unless additional fields need to be added. The Vendor {Contractor} shall securely transmit all such electronic data to the DPB, or to the DPB's auditor, or to both, as directed by the DPB. Upon request, the Vendor {Contractor} shall produce the Compound Drug segment information identified in the NCPDP D.0 data transmission standard;

B. As requested to conduct a Pass-Through Pricing Audit, the DPB (or its auditor) shall be permitted to make a selection of up to 100 retail Dispensed Claim transactions, for each or any Plan, as determined in the DPB's discretion. For those Dispensed Claims selected, the DPB shall be able to verify the Vendor's {Contractor's} payment through examination of the relevant (and unredacted) American National Standards Institute (ANSI) 835 Health Care Claims Payment/Advice and the Vendor's {Contractor's} bank statements. Examination of those documents may be limited to an on-site examination. In the event that any discrepancies are found in this limited selection, the DPB (or its auditor) shall work with the Vendor {Contractor} to develop a plan to extend the selection. In the event that the DPB and the Vendor {Contractor} are not able to agree on such a process, or if an agreement is reached and additional discrepancies are found, the DPB (or its auditor) shall have the right to extrapolate from the results of the initial sample or the extended sample to determine the total error and the amount owed to the DPB as a result of the Vendor's {Contractor's} failure to pass-through its costs;

C. If DPB (or its auditor) determines that the Vendor {Contractor} dispensed a Specialty Drug incorrectly, either by allowing a Specialty Drug to be dispensed from the wrong pharmacy, and/or by allowing a Specialty Drug to be dispensed at a price that does not reflect the appropriate Specialty Drug Minimum Guaranteed Discount to be applied when the Specialty Drug is dispensed from the Specialty Drug Pharmacy, or the appropriate Ingredient Cost Discount arranged by the DPB with a third party pharmacy if the State carves out a drug – the Vendor {Contractor} shall be required to compensate the DPB for its failure by paying the DPB the difference between:

1. The invoiced amount to the DPB of the drug that was dispensed;
2. The amount that should have been invoiced to the DPB had the drug been dispensed through the appropriate pharmacy, and/or at the appropriate Specialty Drug Minimum Guaranteed Discount or third party Ingredient Cost Discount;
3. For all instances where the Vendor {Contractor} failed to dispense a Specialty Drug from the Specialty Drug Pharmacy (or an alternative third party specialty drug

pharmacy with exclusive dispensing rights), the Parties will calculate the amount for item (2) above based on the appropriate Specialty Drug Minimum Guaranteed Discount that would have been applied had the Specialty Drug been dispensed using the appropriate Specialty Drug Minimum Guaranteed Discount;

4. For all instances where the Vendor {Contractor} failed to dispense a Specialty Drug from a third party pharmacy that the State has designated for carved-out Specialty Drugs, the Parties will calculate the amount for item (2) above based on the specified Ingredient Cost Discount that was provided to the Vendor {Contractor}; and
 5. For all instances where the Vendor {Contractor} failed to dispense a Specialty Drug from a Retail Pharmacy as required, the Parties will calculate the amount for item (2) above based on the cost of the Specialty Drug at the relevant Retail Pharmacy, or if such cost cannot be determined, on the observed cost of the Specialty Drug at Retail Pharmacies as of the date that the DPB decided to have said Specialty Drug only dispensed through Retail Pharmacies; and
- D. In the event that the Vendor {Contractor} makes any of the above-described errors more than once, the Vendor {Contractor} shall compensate the DPB for each time the Specialty Drug was improperly dispensed.

3.10.2 AUDIT OF PROGRAMS

- A. On an annual basis or as requested for an Audit, the Vendor {Contractor} shall provide electronic and other data to the DPB (or its auditor) sufficient to enable the DPB to verify that all Programs have been properly implemented by the Vendor {Contractor}. The Vendor {Contractor} shall also provide all data and documents necessary to enable the DPB (or its auditor) to calculate any compensation that the Vendor {Contractor} must pay, if any such Program was not properly implemented;
- B. In the event that DPB (or its auditor) determines that the Vendor {Contractor} has improperly administered any Program, and the Vendor {Contractor} is obligated to compensate the DPB, the Vendor's {Contractor's} payment shall be made within 30 calendar days of the Parties' resolution of the issue;
- C. If the DPB (or its auditor) determines that the Vendor {Contractor} failed to administer a Prior Authorization Program as stated in written protocols, and the Vendor {Contractor} allowed certain drugs to be dispensed without implementing the relevant Prior Authorization protocols before said dispensing, the Vendor {Contractor} shall be required to compensate the DPB for the Vendor's {Contractor's} failure by paying the DPB the difference between:
 1. The invoiced amount to the DPB of the drugs that were dispensed;
 2. The amount that would have been invoiced to the DPB had each Prior Authorization protocol been administered based on an assumption by the Vendor {Contractor} that the more expensive drug could not be dispensed. The Vendor {Contractor} shall not be entitled to claim that said amounts are not owed because the Vendor {Contractor} might have allowed the dispensing of the higher-cost drug;
 3. Should the cost of item (2) above be unknown, the Vendor {Contractor} shall calculate said cost based on the relevant Average Annual Guarantees; and
 4. In the event that the Vendor {Contractor} fails to properly administer a Prior Authorization protocol, and a higher cost drug was dispensed by the Vendor {Contractor} more than once, the Vendor {Contractor} shall compensate the DPB the difference between items (1) and (2) above only once, for the Vendor's {Contractor's} initial incorrect dispensing of the drug. If several lower cost drugs are potential first-line-of-treatment drugs in the Prior Authorization Program, the least expensive of those drugs shall be used in calculating item (2) above;

- D. If the DPB (or its auditor) determines that the Vendor {Contractor} failed to administer a Step Therapy Program as stated in written protocols, and the Vendor {Contractor} allowed certain drugs to be dispensed without administering the relevant Step Therapy Program protocols before said dispensing, the Vendor {Contractor} shall be required to compensate the DPB for the Vendor's {Contractor's} failure by paying the DPB the difference between:
1. The invoiced amount to the DPB of the drugs that were dispensed;
 2. The amount that would have been invoiced to the DPB had each Step Therapy Program protocol been administered based on an assumption by the Vendor {Contractor} that the more expensive drug could not be dispensed. The Vendor {Contractor} shall not be entitled to claim that said amounts are not owed because the Vendor {Contractor} might have allowed the dispensing of the higher-cost drug;
 3. Should the cost of item (2) above be unknown, the Vendor {Contractor} shall calculate said cost based on the relevant Average Annual Guarantees; and
 4. In the event that the Vendor {Contractor} fails to properly administer a Step Therapy Program protocol, and a higher cost drug was dispensed by the Vendor {Contractor} more than once, the Vendor {Contractor} shall compensate the DPB the difference between items (1) and (2) above only once, for the Vendor's {Contractor's} initial incorrect dispensing of the drug. If several lower cost drugs are potential first-line-of-treatment drugs in the Step Therapy Program, the least expensive of those drugs shall be used in calculating item (2) above;
- E. If the DPB (or its auditor) determines that the Vendor {Contractor} failed to administer the Mandatory Generic Program as stated in a Plan's written protocols, the Vendor {Contractor} shall compensate the DPB for the Vendor's {Contractor's} failure as follows:
1. If the Vendor's {Contractor's} error in administering the Program was that the Vendor {Contractor} improperly overcharged the DPB, the Vendor {Contractor} will pay the DPB the difference between: (i) the amount that the DPB was charged by the Vendor {Contractor}, and (ii) the amount that should have been invoiced to the DPB, had the Vendor {Contractor} dispensed a Generic Drug and the appropriate charge been invoiced to the DPB;
 2. If the Vendor's {Contractor's} error in administering the Mandatory Generic Program was that the Vendor {Contractor} improperly overcharged a Member, the Vendor {Contractor} shall pay the Member the difference between (i) the amount that the Member was charged, and (ii) the amount that should have been charged to the Member, had the Member's payment been calculated correctly;
 3. If several Generic Drugs were available to be dispensed, and a Brand Drug was instead dispensed, the Generic Drug with the lowest Ingredient Cost shall be used, and the applicable Ingredient Cost Discount shall be applied based on the relevant Average Annual Guarantee for the Generic Drug;
 4. In the event that the Vendor {Contractor} fails to properly administer a Mandatory Generic Program protocol, and the DPB was improperly overcharged more than once as a result, the Vendor {Contractor} shall compensate the DPB for the relevant overcharges each time the DPB was incorrectly overcharged; and
 5. In the event the Vendor {Contractor} undercharges either the DPB or a Member, the Contractor shall not be entitled to retroactive compensation, or an offset against overcharges, for the Contractor's undercharge(s);

F. If the DPB (or its auditor) determines that the Vendor {Contractor} failed to administer the Mandatory Mail Order Program as stated in written protocols, the Vendor {Contractor} shall compensate the DPB for its failure by paying the DPB the difference between:

1. The invoiced amount to the DPB of the drugs that were dispensed;
2. The amount that should have been invoiced, had the Program been properly administered and the appropriate drug been dispensed;
3. In the event that a 30 day retail prescription was wrongly dispensed rather than a 90-day mail prescription, the calculation of item (2) above -- representing the amount that should have been invoiced -- shall be divided by 3;
4. In the event that a 90 day mail prescription was wrongly dispensed rather than a 30 day retail prescription, the calculation of item (2) above -- representing the amount that should have been invoiced -- shall be multiplied by 3, unless it is the first time that the prescription was dispensed to the Member;
5. In calculating the amount for item (2) above, the calculation shall be based on the appropriate guarantee stated in this Blanket P.O. {Contract}; and
6. In the event that the Vendor {Contractor} dispensed an incorrect drug more than once, the Vendor {Contractor} shall compensate the DPB for each time the incorrect drug was dispensed; and

G. If the DPB (or its auditor) determines that the Vendor {Contractor} failed to implement a Quantity Limit Program as set forth in written protocols, the Vendor {Contractor} shall compensate the DPB for the Vendor's {Contractor's} failure by paying the DPB the difference between:

1. The invoiced amount to the DPB of the drugs that were dispensed;
2. The amount that would have been invoiced to DPB had each Quantity Limit protocol been properly administered by the Vendor {Contractor}. The above calculation shall be made by taking the ratio of the quantity exceeding the quantity limit divided by the total quantity actually dispensed multiplied by the total Ingredient Cost, as reflected in the following formula:
$$\frac{\text{quantity exceeding Quantity Limit}}{\text{total quantity actually dispensed}} \times \text{total Ingredient Cost}$$
3. In the event that the Vendor {Contractor} fails to properly administer a Quantity Limit protocol, and the DPB was improperly overcharged more than once as a result, the Vendor {Contractor} shall compensate the DPB for the relevant overcharges each time the DPB was incorrectly overcharged. In the event the Contractor undercharges either the DPB or a Member, the Vendor {Contractor} will not be entitled to retroactive compensation, or an offset against overcharges, for the Vendor's {Contractor's} undercharge(s).

3.10.3 AUDIT OF FINANCIAL BENEFITS/REBATES/DIR/WHOLESALE DISCOUNTS

A. The Vendor {Contractor} shall provide information to the DPB (or its auditor), as requested, sufficient to allow the DPB to assess whether the Vendor {Contractor} has:

1. Passed through the appropriate Pro Rata Share of Rebates to the SHBP/SEHBP;
2. Satisfied each of the Rebate Guarantees contained in this Blanket P.O. {Contract}; and
3. Performed the Vendor's {Contractor's} Annual Reconciliation accurately.

The information shall include data sufficient to determine the DPB's Percentage of the Vendor's {Contractor's} Aggregate Book of Business. Upon request, the Vendor {Contractor} shall break out each of the components of Rebates by the type of Rebate,(e.g.,

Pharmaceutical Manufacturer rebates, health management fees, data sales fees, Claim Processor Fees, etc.) and by the Pharmaceutical Manufacturer. The Vendor {Contractor} shall transmit all such electronic and other data to the DPB, or to the DPB's auditor, as directed by the DPB;

- B. Upon request, the Vendor {Contractor} shall provide copies of:
1. The PBM/Pharmaceutical Manufacturer Contracts;
 2. The PBM's invoices to Pharmaceutical Manufacturers; and/or
 3. Pharmaceutical Manufacturers' payments or credits or discounts (or other Rebates and Bona Fide Service Fees) made to the Vendor {Contractor}, including remittance statements;
- C. The Vendor {Contractor} may require said documents and data to be produced by the Vendor {Contractor} solely at the Vendor's {Contractor's} offices as practicable. The State reserves the right to make the final determination as to where the documents and data will be reviewed. In the event that the State determines that review at the Vendor's {Contractor's} offices is not practicable, the Vendor {Contractor} shall bring the required documents to the State's offices for audit and remove those same documents after the Audit with no copies being retained.

The DPB's auditor may also use the American National Standards Institute (ANSI) 835 Health Care Claims Payment/Advice produced to verify Claim Processor Fees were passed through as required by this Blanket P.O. {Contract}; and

3.10.4 ELIGIBILITY

- A. The Vendor {Contractor} shall provide secure electronic transmittal of eligibility and coverage data on a quarterly basis to the DPB via Secure Plus using an SNA connection or secured internet connection, in the HIPAA 834 format, so that the State may compare its eligibility and coverage data against Vendor {Contractor} data; and
- B. The Vendor {Contractor} shall accept an audit file on a quarterly basis via Secure Plus using an SNA connection or secure internet based connection, for the purpose of comparing State eligibility and coverage data against Vendor {Contractor} data, in order to provide discrepancy reports to the State as described in 3.4.6.4 (a). The Vendor {Contractor} shall accommodate various cutoff dates which may apply to specific experience groups.

3.10.5 PHARMACIES

- A. The Vendor {Contractor} shall conduct desktop audits on at least 10.0% of scripts submitted by Retail Pharmacies during each Plan Year;
- B. The Vendor {Contractor} shall conduct onsite audits on at least 2.0% of Participating Pharmacies during each Plan Year;
- C. In addition, the Vendor {Contractor} should perform onsite audits of up to five (5) specific Participating Pharmacies during each Plan Year, if requested by the SCM. DPB-requested Participating Pharmacy Audits will be limited to three (3) times per year;
- D. The Vendor {Contractor} shall conduct annual onsite audits and desktop audits of the Mail Order Pharmacy(ies) and Specialty Drug Pharmacy(ies) being used for this Blanket P.O. {Contract};

- E. In the event that the Mail Order Pharmacy(ies) and/or the Specialty Drug Pharmacy(ies) is a subsidiary of the PBM, the Vendor {Contractor} shall allow the State and/or its designee to conduct annual onsite and/or desktop audits;
- F. The Vendor {Contractor} shall comply with all State and federal laws and regulations pertaining to fraud and abuse, including without limitation Medicare Part D fraud and abuse requirements. The Vendor {Contractor} shall take appropriate action in the event that any pharmacy audits discover fraud or overpayment, including without limitation recoupment of such overpayments from pharmacies for services and/or products provided to Members. The Vendor {Contractor} shall provide the results of such Participating Pharmacy audits to the DPB;
- G. The Vendor {Contractor} shall notify the SCM in writing if it learns that any Participating Pharmacy is under investigation for fraud or similar allegation of wrongdoing. This notification should be within 30 days of discovery. In the event that any pharmacy is under investigation for fraud or similar allegation of wrongdoing, the DPB shall have the right to direct the Vendor {Contractor} to redirect Members to other Participating Pharmacies, and/or to suspend the Participating Pharmacy under investigation from the Pharmacy Network. The DPB shall also have the right, if it believes that any pharmacy has engaged in inappropriate business practices, to require that the Vendor {Contractor} end all use of the pharmacy for the Plan(s);
- H. In the event that the Vendor {Contractor} discovers evidence of fraud or engagement in inappropriate business practices by a Participating Pharmacy, the Vendor {Contractor} shall notify the SCM and the appropriate governmental authorities for investigation. This notification should be within 30 days of discovery of such evidence. Either the Vendor {Contractor} or the DPB shall have the right to require the termination of such pharmacy as a Participating Pharmacy;
- I. The Vendor {Contractor} shall ensure that no Participating Pharmacy is listed on the list of excluded providers of the Office of the Inspector General or of the General Accounting Office Excluded Party List System ("Excluded Provider Lists"). The Vendor {Contractor} shall obligate Participating Pharmacies to ensure that no employee or vendor of any Participating Pharmacy is listed on the Excluded Provider Lists. The Vendor {Contractor} shall ensure that none of its employees or vendors are listed on the Excluded Provider Lists;
- J. The Vendor {Contractor} shall remove any non-compliant pharmacy from the network of Participating Pharmacies, and promptly notify the SCM if the Vendor {Contractor} removes a Participating Pharmacy from the network due to a sanction listing or for any other reason; and
- K. In the event that the Vendor {Contractor} recovers any amounts related to any SHBP/SEHBP Claim from any Retail Pharmacy as a result of a pharmacy audit, the Vendor {Contractor} shall pass through to the SHBP/SEHBP 100.0% of said amounts.

3.10.6 AUDIT OF EGWP+WRAP

- A. On an annual or semi-annual basis or as requested for an Audit, the DPB (or its auditor) shall be entitled to audit (i) Members' LIS status, and (ii) the Vendor's {Contractor's} provision of accurate LIPs and LICs credits to the DPB on Invoice Statements to verify the Vendor {Contractor} is passing through to the SHBP/SEHBP all appropriate monies, as required under this Blanket P.O. {Contract} and under Medicare laws and regulations. The Vendor {Contractor} shall produce its roster of all Members, including LIS indicator for all LIS Members, and its Claims data, with all fields necessary to enable the DPB to conduct the above Audit;

- B. On an annual or semi-annual basis or as requested for an Audit, the DPB (or its auditor) shall be entitled to audit the Vendor's {Contractor's} TrOOP calculations. The Vendor {Contractor} shall produce its Claims data, with all fields necessary to enable the DPB to conduct said Audit;
- C. On an annual basis or as requested for an Audit, the DPB shall be entitled to audit the Vendor's {Contractor's} Fraud, Waste and Abuse Program. The Vendor {Contractor} shall produce its audit report to enable the DPB to verify that the Vendor {Contractor} has an adequate Fraud, Waste and Abuse Program of prevention, detection and correction, in compliance with CMS requirements; and
- D. On an annual basis or as requested for an Audit, the DPB (or its auditor) shall be entitled to audit the Vendor's {Contractor's} compliance with all other requirements related to the EGWP + WRAP program, including without limitation, the Vendor's {Contractor's} provision to the SHBP/SEHBP of CMS direct subsidies, Manufacturers' Coverage Gap discounts, and CMS' Catastrophic Coverage reinsurance.

3.10.7 AUDIT RESULTS

- A. In the event that any Audit concludes that the Vendor {Contractor} has violated the terms of this Blanket P.O. {Contract}, and the amount the Vendor {Contractor} owes DPB for said violation(s), inclusive of Liquidated Damages, if any, is \$500,000 or more, the Vendor {Contractor} shall be required to pay for the Audit costs incurred by the DPB, with Audit costs for each Audit not to exceed \$100,000;
- B. The State will disclose to the Vendor {Contractor} the findings and methodologies of a completed Audit. The Vendor {Contractor} shall respond to such findings within 30 calendar days, unless otherwise agreed to in writing. The State will then calculate the amounts owed as a result of the problems identified, which shall be paid by the Vendor {Contractor} within 30 calendar days thereafter, unless otherwise agreed to in writing;
- C. In the event that an Audit concludes that the Vendor {Contractor} has violated the terms of this Blanket P.O. {Contract}, and the Vendor {Contractor} disputes said Audit findings, the Vendor {Contractor} must set forth the basis for its dispute, with all supporting documentation, within 30 days of the Vendor's {Contractor's} receipt of the Audit findings it disputes. The Vendor {Contractor} shall provide sufficient documentation to permit adequate review of the disputed issues, and shall have the burden of demonstrating that the State's (and/or its auditor's) conclusions are incorrect. To the extent the Vendor {Contractor} fails to provide documentation substantiating any part of its position, or fails to meet its burden of proof, the Vendor {Contractor} shall waive its right to further dispute that matter. After receiving the Vendor's {Contractor's} documentation, the State (and/or its auditor) shall review said documentation and advise the Vendor {Contractor} whether the State has changed its Audit findings or conclusions;
- D. In the event that the Vendor {Contractor} disputes the State's (or its auditor's) Audit findings, and the Vendor's {Contractor's} basis for dispute is that the State required or authorized certain activity, procedures, mechanisms or calculations to occur that are the subject of the dispute, the Vendor {Contractor} shall have the burden of providing documentary evidence demonstrating its allegations. If the Vendor {Contractor} is unable to provide such evidence, the Vendor {Contractor} shall waive its right to assert such allegations;
- E. Should DPB or its auditor accurately conclude in an Audit that the Vendor {Contractor} has failed to satisfy any of the following Blanket P.O. {Contract} provisions, the Vendor {Contractor} shall be required to pay interest on all amounts that are found due and owing,

from the date that the Vendor's {Contractor's} failure occurred (as more fully described below), until the date that the Vendor {Contractor} reimburses the State for the damages caused. Interest shall be calculated at Prime Rate plus 2.0%, compounded monthly and shall apply to the following:

1. The Vendor's {Contractor's} obligation to provide Pass-Through Pricing (interest to begin running as of the date of the relevant biweekly invoice);
 2. The Vendor's {Contractor's} obligation to satisfy each Average Annual Guarantee, and to provide accurate Annual Reconciliations of Average Annual Guarantees (interest to begin running as of the year-end date that the Vendor {Contractor} was obligated to satisfy the Average Annual Guarantee);
 3. The Vendor's {Contractor's} obligation to process Specialty Drug Pharmacy Dispensed Claims based on the appropriate Specialty Drug Minimum Guaranteed Discount, and to invoice using the appropriate specified Dispensing Fees (interest to begin running as of the date of the relevant biweekly invoice);
 4. The Vendor's {Contractor's} obligation to pass through the DPB's Pro Rata Share of all Rebates (interest to begin running as of the date that PBM was obligated to provide a payment in connection with its Annual Reconciliation); and
 5. The Vendor's {Contractor's} obligation to satisfy each Rebate Guarantee, (interest to begin running as of the date of the relevant Invoice Statement); and
- F. Should the DPB or its auditor accurately conclude that the Vendor {Contractor} has failed to meet any of the terms identified in this Section, the Vendor {Contractor} shall be obligated to reimburse the DPB for its failure, and pay the appropriate amount of interest as stated above, as well as Liquidated Damages owed as a result of the failures, if any, within thirty (30) calendar days of the date that both parties have agreed to the recoveries. The auditor will provide the Vendor {Contractor} with its findings and methodologies used to determine the Vendor's {Contractor's} failure.

3.11 CLAIMS ADJUDICATION REVIEW (CAR)

This Bid Solicitation {RFP} is for standalone pharmacy benefit services, and the Vendor {Contractor} must submit pricing and services accordingly. DPB owes certain fiduciary obligations, including a duty of care, to review all details and aspects of each invoice, including without limitation any underlying Claims Data and DPB Data (collectively, "CAR Data") to the extent necessary to confirm that DPB is compensating Vendor {Contractor} accurately.

The Vendor {Contractor} shall:

- A. Enter into a Business Associate Agreement which shall govern the handling and disclosure of protected health information (PHI), as defined under the Health Insurance Portability and Accountability Act and Privacy Rule, as amended (HIPAA);
- B. Provide electronic files of CAR Data to DPB or DPB's designee in NCPDP or X12 835 formats upon DPB's request;
- C. Provide all CAR Data directly to DPB to review all invoices, subject to a written confidentiality and data release agreement as directed by DPB;
- D. Deliver to DPB the requested CAR Data related to each invoice beginning thirty (30) days prior and continuing until DPB delivers written notice changing such directive;
- E. Deliver all requested CAR Data via secure file transfer protocol;

F. Provide, as part of the CAR Data, Specialty Lists which include the NCPDP or NPI numbers for the applicable:

F. the following minimum DPB Data price lists as part of the CAR Data:

1. MAC Lists and Specialty Lists which include the NCPDP or NPI numbers for the applicable Retail Pharmacies;
2. Mail Order Pharmacies; and
3. Specialty Pharmacies; and

G. Provide all information reasonably required for DPB to verify performance of each Guarantee, including without limitation, lists or standard codes for the identification of claim exclusions for the purpose of verifying the Vendor's {Contractor's} performance of each Ingredient Cost and Dispensing Fee Guarantee.

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3.12 SECURITY PLAN AND STANDARDS

The Vendor {Contractor} must provide a detailed system design document showing Security Plan, Disaster Recovery Plan, Contingency Plan and Backup Plan. Logical and physical diagrams are required.

3.12.1 SECURITY PLAN

The Vendor {Contractor} must provide a Security Plan for the proposed solution. The document shall describe the administrative, physical, technical and systems controls to be used by the system and/or services. The Vendor's {Contractor's} Security Plan must, at a minimum, provide security measures for the following areas:

- Facilities Physical Security and Environmental Protection;
- System Security;
- System Data Security;
- Network Security; and
- Administrative and Personnel Security.

The Security Plan shall describe the Vendor's {Contractor's} review and update process of its operations and control system for the proposed system. The Vendor {Contractor} shall have the capability to detect and report attempted unauthorized entries into the facility and system. All security requirements for the Vendor {Contractor} apply to development, testing, production and backup systems.

In addition, the Security Plan shall identify, address and/or define:

- Regulations and Security Requirements – How the Vendor {Contractor} will address security requirements such as Payment Card Industry (PCI), Health Insurance Portability and Accountability Act (HIPAA), and Federal Information Security Management Act (FISMA).
- System, Administrative and Personnel Security - The security responsibilities of and supervision required for information owned and / or operated by the Vendor {Contractor}. Security responsibilities include administration of the infrastructure, implementing or maintaining security

and the protection of the confidentiality, integrity, and availability of information systems or processes.

- Workforce Security - The control process for hiring and terminating of Vendor's {Contractor's} employees, and method used for granting and denying access to the Contractor's network, systems and applications. Identify and define audit controls when employment of the employee terminates. Identify rules of behavior.
- Role-based Security Access – The products and methods that provide role-based security, access enforcement and least privilege.
- Account Management – The products and methods used to identify and control the account types to meet defined regulation and security requirements.
- Password Management – The appropriate password management controls to meet defined regulation or security requirements. Please refer to http://www.nj.gov/it/ps/14-32-NJOIT_Password_Management_Policy.pdf and http://www.nj.gov/it/ps/14-32-S1-NJOIT_Password_Management_Standard.pdf.
- Logging / Auditing Controls – Audit control methods and requirements. The controls must address, at a minimum, all user access and user identification linked to any changes to the system and data, and provide an audit process that will make all audit data accessible to state and federal audit staff. The audit trail of all transactions should track date, time, user, and end-user device that initiated the transaction. The audit data must be protected, non-repudiated and restricted to authorized staff. The Vendor {Contractor} shall retain audit records online for at least ninety days and further preserve offline for the term of the Blanket P.O. {Contract} or as required by State and federal laws and regulations;
- Incident Management – The methods for detecting, reporting and responding to an incident, vulnerabilities and threats. The methods must be tested and exercised annually.
- Vulnerability / Security Assessment – The products and methods used for scanning for vulnerabilities and remediation of the vulnerabilities. Identify and define methods used for initiating and completing security assessments. All systems and applications shall be subject to vulnerability assessment scans by an independent and accredited third party on an annual basis.
- Application Security – There the Vendor {Contractor} is providing application hosting or development services, the Vendor {Contractor}, at a minimum, shall run application vulnerability assessment scans during development and system testing. Vulnerabilities shall be remediated prior to production release.
- Application Partitioning and Single Tenant – where the Vendor {Contractor} is providing application hosting or development services, the Vendor {Contractor} shall have a separate and unique (single tenant) partition, infrastructure and media.
- Anti-virus / Malware Controls – the products and methods for anti-virus and malware controls that meet industry standards. The Security Plan shall include policy statements that require periodic anti-viral software checks of the system to preclude infections and set forth its commitment to periodically upgrade its capability to maintain maximum effectiveness against new strains of software viruses.

- Network Security – where the Vendor {Contractor} has access to State confidential data, and that data will traverse the Vendor's {Contractor's} network, the Vendor {Contractor} shall maintain the Vendor's {Contractor's} network security to include, but not be limited to : network firewall provisioning, intrusion detection and prevention, denial of service protection, annual independent and accredited third party penetration testing, and maintain a hardware inventory including name and network address. The Vendor {Contractor} shall maintain network security that conforms to current standards set forth and maintained by the National Institute of Standards and Technology (NIST), including those at: <http://web.nvd.nist.gov/view/ncp/repository>.
- Database – the products and methods for safeguarding the database(s).
- Data Integrity – the products and methods relating to the integrity of all stored data and the electronic images, and the security of all files from unauthorized access. The Vendor {Contractor} must be able to provide reports on an as-needed basis on the access or change for any file within the system.
- Server and infrastructure – the products and methods for hardening of the hardware operating systems and software.
- Wireless, Remote and Mobile Access – where the Vendor {Contractor} has access to State confidential data, and that data traverses the Vendor's {Contractor's} network, the Vendor {Contractor} shall have security controls for provisioning accounts, authorization, account/credential verification, audit/logging, VPN, and TCP/UDP ports restrictions.
- Transmission - the products and methods that address security measures regarding communication transmission, access and message validation.
- Continuous Monitoring – where the Vendor {Contractor} has access to State confidential data, and that data will traverse the Vendor's {Contractor's} network, the Vendor {Contractor} shall have products and methods for monitoring malicious activity, malware, intrusions and audit records within the Vendor's {Contractor's} network.
- Security Audit – the Vendor {Contractor} must allow State assigned staff full access to all operations for security inspections and audits which may include reviews of all issues addressed in description of the security approach and willingness to enter into good faith discussions to implement any changes.
- Change / Configuration Management and Security Authorization – the Vendor {Contractor} must establish a change / configuration methodology and a baseline configuration, and track changes to the configuration. The Vendor {Contractor} shall identify and maintain a list of software programs authorized to execute on a system. When the Vendor {Contractor} has a major change to the system or application, the State's project manager and/or SCM must be notified and a security reauthorization must be approved.
- Risk Management – the Vendor {Contractor} shall establish a risk management plan that identifies, reports and mitigates technical and security risks.
- Confidentiality and Non-Disclosure Agreements – when requested, the Vendor {Contractor} and all project staff including its subcontractor(s) must complete and sign confidentiality and non-disclosure agreements provided by the State. The Vendor {Contractor} may be required to view

yearly security awareness and confidentiality training modules provided by the State. Where required, it shall be the Vendor's {Contractor's} responsibility to ensure that any new staff sign the confidentiality agreement and complete the security awareness and confidentiality training modules within one month of the employees' start date.

The State reserves the right to obtain, or require the Vendor {Contractor} to obtain, criminal history background checks from the New Jersey State Police for all Vendor {Contractor} project staff (to protect the State of New Jersey from losses resulting from contractor employee theft, fraud or dishonesty) when requested. If the State exercises this right, the results of the background check(s) must be made available to the State for consideration before the employee is assigned to work on the State's project. Prospective employees with positive criminal backgrounds for cyber-crimes will not be approved to work on State Projects. Refer to the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-12, An Introduction to Computer Security: The NIST Handbook, Section 10.1.3, Filling the Position – Screening and Selecting.

The Vendor {Contractor} shall include in the Security Plan a description of its roles and responsibilities related to electronic discovery, litigation holds, discovery searches, and expert testimonies. The Vendor {Contractor} shall disclose its process for responding to subpoenas, service of process, and other legal requests.

3.12.2 DISASTER RECOVERY PLAN

- A. The Vendor {Contractor} must maintain a disaster recovery plan designed to minimize any disruption to the services being performed. The Vendor {Contractor} must be completely functional within 24 hours of a major disaster. A detailed disaster recovery plan, contingency and backup procedures shall be made available for review by the State, within 10 business days of such request. The Vendor {Contractor} must be able to demonstrate, during an inspection of operations and a review of documented procedures, that in the event of a system breakdown or catastrophic event, State operations will be minimally affected and State records recovered intact.
- B. The Vendor {Contractor} shall fully cooperate during any and all disaster recovery testing operations initiated by the State. The Vendor {Contractor} should be ready to receive and validate test files transmitted or delivered from a State of New Jersey disaster recovery exercise. In addition, the Vendor {Contractor} must be able to demonstrate that sufficient safeguards are in place to prevent test files from being loaded into a production environment.
- C. The Vendor's {Contractor's} systems must ensure there is no disruption to the Customer Service Center, ID card distribution, Mail Order Pharmacy, Specialty Drug Pharmacy, and Claim processing and adjudication services provided to the State's Members under the Blanket P.O. {Contract}. Routine systems maintenance shall not be scheduled during the following business hours: Monday through Friday 8 AM to 11 PM ET, Saturday 9 AM to 9 PM ET, and Sunday 9 AM to 5:30 PM ET.

3.12.3 CONTINGENCY PLAN

The Vendor {Contractor} is required to have a contingency plan identifying key personnel, organization units and alternate sites with telecommunications and computers. The plan must be tested, reviewed and updated annually.

Reference:

NIST Special Publication 800-53A - Guide for Assessing the Security Controls in Federal Information Systems and Organizations (http://csrc.nist.gov/publications/nistpubs/800-53-Rev3/sp800-53-rev3-final_updated-errata_05-01-2010.pdf)

3.12.4 BACKUP PLAN

The Vendor {Contractor} must submit a Backup Plan. The Backup Plan must detail how the Vendor {Contractor} will ensure that data is backed up on a regular basis. If data contains PII, PCI, HIPAA and FISMA – backups must be encrypted. Backups shall be verified on a regular basis to ensure that files are retrievable. Extra backups should be kept off-site in a secure location in the event of property damage at the main site. Backups must be sanitized or destroyed before discarding.

For outsourced hosting services, the Vendor {Contractor} must demonstrate the ability to not only secure the physical application infrastructure utilizing the above mentioned security requirements, but also control and secure physical access to the application hosting facilities, the racks supporting network infrastructure and processing server equipment, web, application and database servers. The Vendor {Contractor} shall ensure that backed-up data is not commingled with other customer data.

If the Vendor {Contractor} is not supplying dedicated hardware resources to host State of New Jersey applications and data, the Vendor {Contractor} must demonstrate its strategy to maintain application and/or stack isolation using commercially available security devices to maintain security zones, routing isolation and access control to infrastructure devices and access/security logging (AAA) within its infrastructure.

3.13 STATE TECHNOLOGY REQUIREMENTS AND STANDARDS

- A. The Contractor shall be subject to the same security and infrastructure review processes that are required by NJOIT and its partner Departments and Agencies. The Contractor shall submit relevant documentation and participate in the System Architecture Review (SAR) process. Additional information on this process can be found at: <http://www.nj.gov/it/reviews/>.

3.13.1 SYSTEM DESIGN

- A. The Contractor shall develop a system that uses a standards-based design that follows the State of New Jersey Shared IT Architecture.
- B. The Contractor shall replicate all State data on its system(s) to a designated State system in a format and frequency as defined in the Contract, or if not defined, in an open standards machine-readable format designated by the NJ Office of Information Technology no less frequently than once a month.
- C. The State of New Jersey and the Contractor shall identify a collaborative governance structure as part of the design and development of service delivery and service agreements.
- D. The Contractor shall identify all of its strategic business partners who will be involved in any application development and/or operations.
- E. The State has a mature enterprise data warehousing environment that is based upon a hub-and-spokes model, with a fairly normalized data warehouse hub supplying data to multiple physical and virtual data marts using conformed dimensions. The data warehouse hub is the State's interface mechanism for system-to-system batch data transfers.

- F. Where batch data from other State systems is required by the Contractor's system for operational functionality, that data shall be routed through the enterprise data warehousing staging area. Independent feeds of operational data from individual source systems are not permitted.
- G. Where there is a need to combine data from the Contractor's system with data from other systems purely for analytical purposes, the Contractor shall be required to supply data to the enterprise data warehouse where that integration will occur.
- H. Independent data warehouse silos based upon a transactional system are not permitted. The Contractor shall be required to supply data from its system to the enterprise data warehouse on a nightly basis to support other state analytical needs.
- I. The Contractor shall be required to coordinate these efforts with the State's Office of Enterprise Data Services (OEDS).

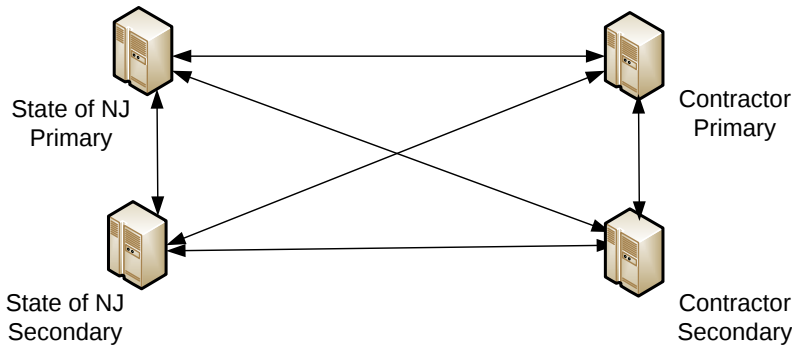
3.13.2 HOSTING AND BACKUP SERVICES

- A. For "outsourced hosting services", the Contractor must demonstrate the ability to not only secure the physical application infrastructure utilizing the above mentioned security requirements, but also control and secure physical access to the application hosting facilities, the racks supporting network infrastructure and processing server equipment, web, application and database servers. The backed-up data is not commingled with other customer data.
- B. If the Contractor is not supplying "dedicated" hardware resources to host State of New Jersey applications and data, the Contractor must demonstrate its strategy to maintain application and/or stack isolation using commercially available security devices to maintain security zones, routing isolation and access control to infrastructure devices and access/security logging (AAA) within its infrastructure.

3.13.3 EXTRANET PLAN

- A. The communication links between the State of New Jersey and the Contractor can be through a MPLS cloud (preferred) or IPSEC tunnel over the Internet based upon the connectivity requirements and cost constraints.
- B. The Contractor shall provide and maintain 2 extranet communication links into the State of New Jersey. One of these links will be active and one will be a "hot" spare. These links shall terminate as follows:
 - 1. Link 1 – Ethernet speed or greater communication circuit shall be established from the Contractor's data or communication center to the State of New Jersey's Primary Data Center at OIT HUB, 1 Schwarzkopf Drive, West Trenton, NJ to operate as the primary data path. This data circuit shall provide the primary path and should terminate on the State of New Jersey side into the Contractor-owned and maintained equipment, which in turn would provide an Ethernet connection to the State's Extranet Partner access point at OIT Hub (firewall).
 - 2. Link 2 – Ethernet speed or greater communication circuit shall be established from the Contractor's data or telecommunication center to the State of New Jersey's SAC Data Center - River Road PO Box 7068 W. Trenton, NJ 08628 to operate as the secondary data path. This data circuit will provide a secondary backup path and should terminate on the State of New Jersey side into the Contractor-owned and

maintained equipment, which in turn would provide an Ethernet connection to the State's Extranet access point at SAC (firewall).



- C. Once the communication links are established and testing is completed, the OIT Hub will be the primary link to the Contractor.
- D. The Contractor must work with the sponsoring agency and OIT to establish an Extranet Partner relationship. This would require completion of an Extranet Partner agreement and supporting documentation; reference the State of New Jersey's extranet policy 09-11-NJOIT (<http://nj.gov/it/ps/security>). In addition, the Contractor must work with OIT network group to establish the appropriate routing protocols based on the system requirements and OIT security group to establish appropriate firewall rule sets to accomplish necessary business data flow.
- E. The communication links can connect to a MPLS cloud or IPSEC tunnel over the Internet based upon the connectivity requirements and cost constraints. Once the communication links are established and testing is completed, the OIT Hub will be the primary link to the Contractor.
- F. The State of New Jersey and the Contractor will be required to follow the State's Extranet Policy and Procedure, and complete the application form, MOU, operational form and security controls assessment checklist.

3.13.4 TRANSMISSION OF FILES

- A. The State of New Jersey supports multiple methods for data transfers internally within the Garden State Network or external to an extranet or business partner. The transmission of all files between the Contractor and the State system must be transferred securely using the State file transfer methodology. The State will work with the Contractor in the implementation of the file transfer process. The secure file transfer must meet the state and federal security guidelines and standards.
- B. The State of New Jersey provides both asynchronous and synchronous file transfer methodologies.
 - A. Synchronous:
 - i. Connect:Direct Secure ++ is a supported option for file exchange with the State of New Jersey IBM mainframe.

- ii. FTPS over SSL (Explicit – port 21) is a supported option for file exchange for connections originating from the State of New Jersey IBM Mainframe. Must support RFC2228.
- iii. SFTP (FTP over SSHv2 or greater) is a supported option for file exchange with State of New Jersey distributed servers (non-IBM Mainframe).

B. Asynchronous:

- i. The State of New Jersey's DataMotion is a supported option for non-automated or "ad-hoc" file exchange with State of New Jersey. A client license is required.
- ii. The State of New Jersey's DataMotion-DataBridge is a supported option for automated file exchange with the State of New Jersey.

C. The Contractor will be required to test the file transfer with the State system on all file transfers prior to full implementation.

D. During the life of the Contract, the State may revise or change the file transfer method and/or format for the transmission of files to accommodate real time processing, and use case specific information and the Contractor shall be required to conform to all requirements.

Reference:

NIST Special Publication 800-47 - Security Guide for Interconnecting Information Technology Systems (<http://csrc.nist.gov/publications/nistpubs/800-47/sp800-47.pdf>)

4.0 QUOTE {PROPOSAL} PREPARATION AND SUBMISSION

4.1 GENERAL

Quotes {Proposals} including Vendor {Bidder} proposed terms and conditions may be accepted, but Vendor {Bidder} proposed terms or conditions that conflict with those contained in the Bid Solicitation {RFP} as defined in Section 2.0 of this Bid Solicitation {RFP}, or that diminish the State's rights under any Blanket P.O. {Contract} resulting from the Bid Solicitation {RFP}, will be considered null and void. The State is not responsible for identifying conflicting Vendor {Bidder} proposed terms and conditions before issuing a Blanket P.O. {Contract} award. It is incumbent upon the Vendor {Bidder} to identify and remove its conflicting proposed terms and conditions prior to Quote {Proposal} submission. In the event that a Vendor {Bidder} intends to propose terms and conditions contrary to the Bid Solicitation {RFP}, these Vendor {Bidder} proposed terms and conditions shall only be considered if submitted pursuant to the procedure set forth in Section 1.3.1 of this Bid Solicitation {RFP}. Vendors {Bidders} shall not submit exceptions on the "Terms and Conditions" Tab through [NJSTART](#). Under no circumstance is the State required to accept a Vendor's {Bidder's} exception to the Bid Solicitation {RFP}.

In the event that prior to Notice of Intent to Award, the Division notifies the Vendor {Bidder} of any such conflicting Vendor {Bidder} proposed term or condition and the conflict it poses, the Division may require the Vendor {Bidder} to either withdraw it or withdraw its Quote {Proposal}.

After award of Blanket P.O. {Contract}:

- A. if conflict arises between a Vendor {Bidder} proposed term or condition included in the Quote {Proposal} and a term or condition of the Bid Solicitation {RFP}, the term or condition of the Bid Solicitation {RFP} will prevail; and
- B. if the result of the application of a Vendor {Bidder} proposed term or condition included in the Quote {Proposal} would diminish the State's rights, the Vendor {Bidder} proposed term or condition will be considered null and void.

The Vendor {Bidder} is advised to thoroughly read and follow all instructions contained in this Bid Solicitation {RFP}, including the instructions on the Bid Solicitation's {RFP's} Offer and Acceptance Page {Signatory Page} and through all Quick Reference Guides (QRGs) located on the [NJSTART Vendor Support Page](#), in preparing and submitting its Quote {Proposal}.

Use of URLs in a Quote {Proposal} should be kept to a minimum and may not be used to satisfy any material term of a Bid Solicitation {RFP}. If a preprinted or other document included as part of the Quote {Proposal} contains a URL, a printed (or if a Quote {Proposal} is submitted electronically, electronic) copy of the URL page shall be provided and will be considered as part of the Quote {Proposal}. Additional URLs on the copy of the URL page shall not be considered as part of the Quote {Proposal} unless a copy of those URL pages are also provided.

The forms discussed herein and required for submission of a Quote {Proposal} in response to this Bid Solicitation {RFP} are available on the [Division's website \(http://www.state.nj.us/treasury/purchase/forms.shtml\)](http://www.state.nj.us/treasury/purchase/forms.shtml) unless noted otherwise.

4.2 QUOTE {PROPOSAL} DELIVERY AND IDENTIFICATION

In order to be considered, a Quote {Proposal} must arrive at the Division in accordance with this Bid Solicitation's {RFP's} instructions within the time frames noted on the Bid Solicitation {RFP} cover sheet and on the "Summary" page of the Bid Solicitation in [NJSTART](#). Vendors {Bidders} submitting electronic Quotes {Proposals} via [NJSTART](#) are cautioned to allow adequate time to

ensure timely uploads of all Quote {Proposal} documents to mitigate unforeseen delays or issues. Vendors {Bidders} submitting hard copy Quotes {Proposals} are cautioned to allow adequate delivery time to ensure timely delivery of Quotes {Proposals}.

State regulation mandates that late Quotes {Proposals}, regardless of submission method, are ineligible for consideration. THE EXTERIOR OF ALL QUOTE {PROPOSAL} PACKAGES SHALL BE LABELED WITH THE BID SOLICITATION {RFP} IDENTIFICATION NUMBER AND THE FINAL QUOTE {PROPOSAL} SUBMISSION DATE OR RISK NOT BEING RECEIVED IN TIME.

4.3 NJSTART ELECTRONIC SUBMISSION VS. HARD COPY SUBMISSION INSTRUCTION

4.3.1 NJSTART SUBMISSION OF QUOTE {PROPOSAL}

Vendors {Bidders} may refer to the QRGs “Vendor Registration” and “Submit a Quote” for additional instructions detailing how to enroll in **NJSTART** and submit a **NJSTART** electronic Quote {Proposal}. QRGs are located on the [NJSTART Vendor Support Page](#). If the Vendor {Bidder} submits both a **NJSTART** and a hard copy of the Vendor’s {Bidder’s} Quote {Proposal}, the **NJSTART** Quote {Proposal} will prevail in the event of a discrepancy between the electronic and paper versions.

When submitting a **NJSTART** Quote {Proposal}, do not use any symbols (i.e., #, @, \$, &, *) in the filename. In addition, the Vendor {Bidder} should name each uploaded electronic file and folder as follows with the information in the brackets [] below as follows:

[Vendor {Bidder} name], [Volume #], [Bid Solicitation {RFP} number].

If the Vendor {Bidder} submits a Quote {Proposal} electronically through **NJSTART**, the Vendor {Bidder} should select the “Confidential” option in **NJSTART** for attachments on the “Attachments” Tab to request that the documents not be displayed publicly through **NJSTART**.

Note: Marking an attachment as “Confidential” in **NJSTART** shall not constitute the Vendor’s {Bidder’s} designation of the attachment as exempt from public disclosure under OPRA and/or the common law as outlined in Section 1.4.4.

4.3.2 HARD COPY SUBMISSION

If the Vendor {Bidder} is submitting a hard copy Quote {Proposal}, the Vendor {Bidder} must submit the following:

- A. **One (1) complete Quote {Proposal}, comprising all volumes and including original, physical signature**, clearly marked as the “ORIGINAL” Quote {Proposal};
- B. **Five (5) complete and exact ELECTRONIC copies** of the original Quote {Proposal} in PDF file format on disc (CD or DVD). These should be cover to cover copies, and should not be password protected. **THE PRICE SCHEDULE (VOLUME 3) SHALL NOT BE INCLUDED ON THIS DISC; and**
- C. **One (1) complete and exact ELECTRONIC copy** of the original price schedule (Volume 3) in Microsoft Excel file format on disc (CD or DVD). This should be a cover to cover copy, and should not be password protected.

Copies are necessary in the evaluation of the Quote {Proposal} and for record retention purposes. A Vendor {Bidder} failing to provide the requested number of copies will be charged the cost

incurred by the State in producing the requested number of copies. The Vendor {Bidder} should make and retain a copy of its Quote {Proposal}.

4.4 QUOTE {PROPOSAL} CONTENT

The Quote {Proposal} should be submitted in three (3) volumes with the content of each volume as indicated below.

A. Volume 1

Section 1 - Forms (Sections 4.4.1 and 4.4.2).

Note: In general, Volume 1 applies to hard copy submissions; however, there may be instances where Bid Solicitation {RFP} specific forms are required through **NJSTART** electronic submission as well.

B. Volume 2

Section 2 - Technical Quote {Proposal} (Section 4.4.3);

Section 3 - Organizational Support and Experience (Section 4.4.4); and

Section 3A - Any other miscellaneous documents to be included by the Vendor {Bidder}.

C. Volume 3

Section 4 – Price Schedule (Section 4.4.5).

Note: Vendors {Bidders} submitting Quotes {Proposals} through **NJSTART** must complete its Price Schedule (Volume 3) as an attachment using the State-supplied price sheet/schedule(s) accompanying this Bid Solicitation {RFP} and located on the “Attachments” Tab (See Section 4.4.5 of this Bid Solicitation {RFP}). The Vendor {Bidder} must enter a Unit Cost of \$1.00 for each price line item on the “Items” Tab in **NJSTART**. The Vendor {Bidder} is instructed to do so only as a mechanism to comply with Bid Solicitation {RFP} Section 6.8 and prevent all pricing from being publicly displayed in **NJSTART**. In the event that a Vendor {Bidder} using **NJSTART** to submit a Quote {Proposal} uploads a price sheet/schedule attachment and completes the Items Tab in **NJSTART** (instead of entering a Unit Cost of \$1.00 as instructed), the price sheet/schedule attachment will govern.

4.4.1 FORMS, REGISTRATIONS AND CERTIFICATIONS REQUIRED WITH QUOTE {PROPOSAL}

Vendors {Bidders} should refer to the QRGs “Vendor Forms” and “Attaching Files” for instructions on submitting the forms required by this section of the Bid Solicitation {RFP} through **NJSTART**. Vendors {Bidders} may also refer to the QRG “Vendor Categories and Certifications” for additional instructions on completing shortened versions of required forms by completing certifications on the “Maintain Terms and Categories” Tab within its profile in **NJSTART**. QRGs are located on the [NJSTART Vendor Support Page](#).

In the event that a Vendor {Bidder} fails to attach a required form, or the attached form is deemed deficient, the Division may access the Primary Form to be considered as part of the Quote {Proposal}.

Vendors {Bidders} submitting forms through hard copy must complete the full version of the form and may refer to instructions included within the forms on the [Division’s website](#).

Vendors {Bidders} are under a continuing obligation to report updates to the information contained in its required forms whether submitting through **NJSTART** or as a hard copy.

Unless otherwise specified, forms must contain an original, physical signature, or an electronic signature pursuant to Section 1.3.4 of this Bid Solicitation {RFP}.

4.4.1.1 OFFER AND ACCEPTANCE PAGE {SIGNATORY PAGE}

The Vendor {Bidder} shall complete and submit the Offer and Acceptance Page {Signatory Page} accompanying this Bid Solicitation {RFP} prior to the initiation of negotiation. The Vendor {Bidder} should submit the Offer and Acceptance Page {Signatory Page} with the Quote {Proposal}. All information requested on the Offer and Acceptance Page {Signatory Page} must be submitted.

If the Offer and Acceptance Page {Signatory Page} is not submitted with the Quote {Proposal} or is incomplete, the State will require the Vendor {Bidder} to submit the Offer and Acceptance Page {Signatory Page}. If the Vendor {Bidder} fails to comply with the requirement within seven (7) business days of the demand, the State may deem the Quote {Proposal} non-responsive.

The Offer and Acceptance Page {Signatory Page} must be signed by an authorized representative of the Vendor {Bidder}. If the Vendor {Bidder} is a limited partnership, the Offer and Acceptance Page {Signatory Page} must be signed by a general partner. If the Vendor {Bidder} is a joint venture, the Offer and Acceptance Page {Signatory Page} must be signed by a principal of each party to the joint venture.

The Vendor {Bidder} shall complete, including signature of an authorized representative of the Vendor {Bidder}, and submit the Offer and Acceptance Page {Signatory Page} accompanying this Bid Solicitation {RFP} (whether submitted through ~~NJSTART~~ or as a hard copy). If the Vendor {Bidder} is a limited partnership, the Offer and Acceptance Page {Signatory Page} must be signed by a general partner. All information requested must be submitted. If the Vendor {Bidder} is a joint venture, the Offer and Acceptance Page {Signatory Page} must be signed by a principal of each party to the joint venture. This Offer and Acceptance Page {Signatory Page} must be completed and included with the Vendor's {Bidder's} Quote {Proposal}.

4.4.1.1.1 MACBRIDE PRINCIPLES CERTIFICATION

The Vendor {Bidder} must certify pursuant to N.J.S.A. 52:34-12.2 that it is in compliance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.5 and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of its compliance with those principles. See Section 2.5 of the SSTC and N.J.S.A. 52:34-12.2 for additional information about the MacBride principles.

By signing the Bid Solicitation {RFP} Offer and Acceptance Page {Signatory Page}, the Vendor {Bidder} is automatically certifying that either:

- A. The Vendor {Bidder} has no operations in Northern Ireland; or
- B. The Vendor {Bidder} has business operations in Northern Ireland and is committed to compliance with the MacBride principles.

A Vendor {Bidder} electing not to certify to the MacBride Principles must nonetheless sign the Bid Solicitation {RFP} Offer and Acceptance Page {Signatory Page} AND must include, as part of its Quote {Proposal}, a statement indicating its refusal to comply with the provisions of this Act.

4.4.1.1.2 NO SUBCONTRACTOR CERTIFICATION

For a Quote {Proposal} that does NOT include the use of any Subcontractors, by signing the Bid Solicitation {RFP} Offer and Acceptance Page {Signatory Page}, the Vendor {Bidder} is *automatically* certifying that:

- A. In the event the award is granted to the Vendor's {Bidder's} firm and the Vendor {Bidder} later determines at any time during the term of the Blanket P.O. {Contract} to engage

Subcontractors to provide certain goods and/or services, pursuant to Section 5.8 of the SSTC, the Vendor {Bidder} shall submit a Subcontractor Utilization Plan form for approval to the Division in advance of any such engagement of Subcontractors; and

- B. If the Blanket P.O. {Contract} is a small business subcontracting set-aside, the Vendor {Bidder} certifies that in engaging Subcontractors, it shall make a good faith effort to achieve the subcontracting set-aside goals, and shall attach to the Subcontractor Utilization Plan documentation of such efforts in accordance with N.J.A.C. 17:13-4 et seq.

4.4.1.1.3 NON-COLLUSION

By submitting a Quote {Proposal} and signing the Bid Solicitation {RFP} Offer and Acceptance Page {Signatory Page}, the Vendor {Bidder} certifies as follows:

- A. The price(s) and amount of its Quote {Proposal} have been arrived at independently and without consultation, communication or agreement with any other Vendor {Contractor, Bidder} or any other party;
- B. Neither the price(s) nor the amount of its Quote {Proposal}, and neither the approximate price(s) nor approximate amount of this Quote {Proposal}, have been disclosed to any other firm or person who is a Vendor {Bidder} or potential Vendor {Bidder}, and they will not be disclosed before the Quote {Proposal} submission;
- C. No attempt has been made or will be made to induce any firm or person to refrain from bidding on this Blanket P.O. {Contract}, or to submit a Quote {Proposal} higher than this Quote {Proposal}, or to submit any intentionally high or noncompetitive Quote {Proposal} or other form of complementary Quote {Proposal};
- D. The Quote {Proposal} of the firm is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive Quote {Proposal}; and
- E. The Vendor {Bidder}, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last five (5) years been convicted or found liable for any act prohibited by state or federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public Blanket P.O. {Contract}.

4.4.1.1.4 NEW JERSEY BUSINESS ETHICS GUIDE CERTIFICATION

The Treasurer has established a business ethics guide to be followed by Vendors {Bidders/Contractors} in its dealings with the State. The guide provides further information about compliance with Section 2.7 of the SSTC. The guide can be found at:

http://www.state.nj.us/treasury/purchase/ethics_guide.shtml

By signing the Bid Solicitation {RFP} Offer and Acceptance Page {Signatory Page}, the Vendor {Bidder} is automatically certifying that it has complied with all applicable laws and regulations governing the provision of State goods and services, including the Conflicts of Interest Law, N.J.S.A. 52:13D-12 to -28.

4.4.1.2 NJ STANDARD BID SOLICITATION {RFP} FORMS REQUIRED WITH THE QUOTE {PROPOSAL}

Not applicable to this procurement.

4.4.1.3 SUBCONTRACTOR UTILIZATION PLAN

Please note that the State of New Jersey will not be utilizing the “Subcontractor” Tab in [NJSTART](#). Vendors {Bidders} intending to use a Subcontractor shall submit a Subcontractor Utilization Plan form.

The Subcontractor Utilization Plan form is located on the [Division's website](#). The form is also available in [NJSTART](#). Vendors {Bidders} may refer to the QRGs “Vendor Forms” and “Attaching Files” for instructions on submitting the forms required by this section of the Bid Solicitation {RFP} through [NJSTART](#). QRGs are located on the [NJSTART Vendor Support Page](#).

4.4.1.4 SMALL BUSINESS REGISTRATION FOR SET-ASIDE BLANKET P.O. {CONTRACTS}

Pursuant to the provisions of [N.J.S.A. 52:32-17](#) and [N.J.A.C. 17:13](#), this Blanket P.O. {Contract}, or a portion thereof, has been designated as a set-aside Blanket P.O. {Contract} for small business. As such, as indicated on the Bid Solicitation {RFP} Cover Sheet and in the Header Information for the Bid Solicitation {RFP} in [NJSTART](#), eligibility to bid is limited to a Vendor {Bidder} that meets statutory and regulatory requirements and have had its eligibility determined by the New Jersey Division of Revenue and Enterprise Services, Small Business Registration and M/WBE Certification Services Unit.

As defined at [N.J.A.C. 17:13-1.2](#), “Small Business” means a business that is incorporated or registered in and has its principal place of business in the State of New Jersey, is independently owned and operated, and has no more than 100 full-time employees. The program places small business into the following categories:

For good and services - (i) those with gross revenues not exceeding \$500,000; (ii) those with gross revenues not exceeding \$5 million; and (iii) those with gross revenues that do not exceed \$12 million or the applicable federal revenue standards established at 13 CFR 121.201, whichever is higher. While companies registered as having revenues below \$500,000 can bid on any Blanket P.O. {Contract}, those earning more than the \$500,000 and \$5 million amounts will not be permitted to bid on Blanket P.O.s {Contracts} designated for revenue classifications below its respective levels.

For construction services: (iv) those with gross revenues not exceeding \$3,000,000; (v) those with gross revenues that do not exceed 50 percent of the applicable annual revenue standards established at 13 CFR 121.201; and (vi) those with gross revenues that do not exceed the applicable annual revenue standards established at CFR 121.201. While companies registered as having revenues below \$3,000,000 can bid on any Blanket P.O. {Contract}, those earning more than the revenue standards established at CFR 121.201 will not be permitted to bid on Blanket P.O.s {Contracts} designated for revenue classifications below their respective levels.

Vendors {Bidders} should verify its Small, Minority, Veteran, and Women Owned Business Certification status on the “Maintain Terms and Categories” Tab within its profile in [NJSTART](#). In the event of an issue with a Vendor's {Bidder's} Small, Minority, Veteran, and Women Owned Business Certification status, [NJSTART](#) provides a link to take corrective action.

Inasmuch as this is a full or partial set-aside Blanket P.O. {Contract}, the Vendor {Bidder} should provide, as part of its response to this Bid Solicitation {RFP}, proof of its current registration as a qualifying small business with the New Jersey Division of Revenue and Enterprise Services, Small Business Registration and M/WBE Certification Services Unit. Application and registration requirements are presented on the web at <http://www.nj.gov/njbusiness/contracting/> or by contacting that agency as indicated below during business hours.

New Jersey Department of the Treasury
Division of Revenue and Enterprise Services

Small Business Registration and M/WBE Certification Services Unit
33 West State Street – Fifth Floor
PO Box 026
Trenton, NJ 08625-0026
Telephone: 609-292-2146
Fax #: 609-292-8764

**** IF THE VENDOR {BIDDER} IS AN INCUMBENT VENDOR {CONTRACTOR} AND/OR HAS PREVIOUSLY REGISTERED OR BEEN CERTIFIED UNDER THE FORMER SBE/MBE/WBE PROGRAM, THE VENDOR {BIDDER} SHOULD ENSURE IT IS REGISTERED ON THE DAY OF QUOTE {PROPOSAL} RECEIPT WITH THE DIVISION OF REVENUE AND ENTERPRISE SERVICES, SMALL BUSINESS REGISTRATION AND M/WBE CERTIFICATION SERVICES UNIT TO BE ELIGIBLE FOR AWARD.**

IN ORDER TO EXPEDITE THE SMALL BUSINESS REGISTRATION PROCESS FOR THIS PROCUREMENT, THE VENDOR {BIDDER} MAY FAX A COPY OF BID SOLICITATION {RFP} PAGE ONE (1) REFLECTING THE QUOTE {PROPOSAL} SUBMISSION DATE ALONG WITH THE COMPLETED SMALL BUSINESS REGISTRATION FORM TO THE NEW JERSEY DIVISION OF REVENUE AND ENTERPRISE SERVICES, SMALL BUSINESS REGISTRATION AND M/WBE CERTIFICATION SERVICES UNIT TO THE FAX NUMBER ABOVE.

4.4.1.4.1 SMALL BUSINESS SET-ASIDE BLANKET P.O. {CONTRACTS}

Not applicable to this procurement.

4.4.1.5 SMALL BUSINESS SUBCONTRACTING SET-ASIDE BLANKET P.O. {CONTRACTS}

NOTE: THE VENDOR {BIDDER} SHALL NOT USE THE “SUBCONTRACTOR” TAB IN [NJSTART](#).

This is a Blanket P.O. {Contract} with set-aside subcontracting goals for New Jersey Small Business Enterprises. As defined at N.J.A.C. 17:13-1.2, "Small Business" means a business that is incorporated or registered in and has its principal place of business in the State of New Jersey, is independently owned and operated, and has no more than 100 full-time employees. The program places small business into the following categories:

For good and services - (i) those with gross revenues not exceeding \$500,000; (ii) those with gross revenues not exceeding \$5 million; and (iii) those with gross revenues that do not exceed \$12 million or the applicable federal revenue standards established at 13 CFR 121.201, whichever is higher. While companies registered as having revenues below \$500,000 can bid on any Blanket P.O. {Contract}, those earning more than the \$500,000 and \$5 million amounts will not be permitted to bid on Blanket P.O.s {Contracts} designated for revenue classifications below its respective levels.

For construction services: (iv) those with gross revenues not exceeding \$3,000,000; (v) those with gross revenues that do not exceed 50 percent of the applicable annual revenue standards established at 13 CFR 121.201; and (vi) those with gross revenues that do not exceed the applicable annual revenue standards established at CFR 121.201. While companies registered as having revenues below \$3,000,000 can bid on any Blanket P.O. {Contract}, those earning more than the revenue standards established at CFR 121.201 will not be permitted to bid on Blanket P.O.s {Contracts} designated for revenue classifications below their respective levels.

If the Vendor {Bidder} intends to subcontract, it must submit a Subcontractor Utilization Plan and should take the following actions to achieve the set-aside subcontracting goal requirements:

- A. Attempt to locate eligible small businesses in Categories I, II, III, IV, V, and/or VI as appropriate to the Bid Solicitation {RFP};
- B. Request a listing of small businesses by Category from the New Jersey Division of Revenue and Enterprise Services, Small Business Registration and M/WBE Certification Services Unit;
- C. Record efforts to locate eligible businesses, including the names of businesses contacted and the means and results of such contacts;
- D. Provide all potential Subcontractors with detailed information regarding the specifications;
- E. Attempt, whenever possible, to negotiate prices with potential Subcontractors submitting higher than acceptable price Quotes;
- F. Obtain, in writing, the consent of any proposed Subcontractor to use its name in response to the Bid Solicitation {RFP}; and
- G. Maintain adequate records documenting efforts to achieve the set-aside subcontracting goals.

Quotes {Proposals} should also contain a copy of the Division of Revenue and Enterprise Services, Small Business Registration and M/WBE Certification Services Unit's proof of registration as a small business for any business proposed as a Subcontractor; and documentation of the Vendor's {Bidder's} good faith effort to meet the targets of the set-aside subcontracting requirement in sufficient detail to permit the Proposal Review Unit of the Division to effectively assess the Vendor's {Bidder's} efforts to comply if the Vendor {Bidder} has failed to attain the statutory goals.

If the Vendor {Bidder} chooses to use Subcontractors and fails to meet the small business subcontracting targets set forth above, the Vendor {Bidder} must submit documentation demonstrating its good faith effort to meet the targets with its Quote {Proposal} or within seven (7) business days upon request.

NOTE: A VENDOR'S {BIDDER'S} FAILURE TO SATISFY THE SMALL BUSINESS SUBCONTRACTING TARGETS OR TO PROVIDE SUFFICIENT DOCUMENTATION OF ITS GOOD FAITH EFFORTS TO MEET THE TARGETS WITH THE QUOTE {PROPOSAL} OR WITHIN SEVEN (7) BUSINESS DAYS UPON REQUEST SHALL PRECLUDE AWARD OF A BLANKET P.O. {CONTRACT} TO THE VENDOR {BIDDER}.

If awarded the Blanket P.O. {Contract}, the Vendor {Bidder} shall notify each Subcontractor listed in the Plan, in writing.

Each Vendor {Bidder} awarded a Blanket P.O. {Contract} for a procurement which contains the set-aside subcontracting goal requirement shall fully cooperate in any studies or surveys which may be conducted by the State to determine the extent of the Vendor's {Bidder's} compliance with N.J.A.C. 17:13-1.1 et seq., and this Bid Solicitation {RFP}.

4.4.1.6 BID SECURITY

Not applicable to this procurement.

4.4.2 FORMS, REGISTRATIONS AND CERTIFICATIONS REQUIRED BEFORE BLANKET P.O. {CONTRACT} AWARD AND THAT SHOULD BE SUBMITTED WITH THE QUOTE {PROPOSAL}

Unless otherwise specified, forms must contain an original, physical signature, or an electronic signature pursuant to Section 1.3.4 of this Bid Solicitation {RFP}.

4.4.2.1 4.4.2.1 OWNERSHIP DISCLOSURE FORM

Pursuant to N.J.S.A. 52:25-24.2, in the event the Vendor {Bidder} is a corporation, partnership or limited liability company, the Vendor {Bidder} must complete an Ownership Disclosure Form.

A current completed Ownership Disclosure Form must be received prior to the issuance of a Notice of Intent to Award. P.L. 2016, c. 67. If not included within its Quote {Proposal}, a Vendor's {Bidder's} failure to submit the completed and signed form prior to the issuance of a Notice of Intent to Award will result in the rejection of the Quote {Proposal} as non-responsive and preclude the award of a Blanket P.O. {Contract} to said Vendor {Bidder} unless the Division has on file a signed and accurate Ownership Disclosure Form dated and received no more than six (6) months prior to the Quote {Proposal} submission deadline for this procurement. If any ownership change has occurred within the last six (6) months, a new Ownership Disclosure Form must be completed, signed and submitted.

Vendors {Bidders} using NJSTART to submit a Quote {Proposal} should make the appropriate certification on the "Maintain Terms and Categories" Tab within its profile by checking the applicable box and, if required, completing and attaching the shortened Ownership Disclosure Form. Vendors {Bidders} not using NJSTART to submit a Quote {Proposal} should complete the full Ownership Disclosure Form located on the Division's website. This form is also available in NJSTART (www.njstart.gov). Notwithstanding any language to the contrary contained in the Ownership Disclosure Form, a completed and signed form is required prior to the issuance of a Notice of Intent to Award as contemplated by P.L. 2016, c. 67.

Vendors {Bidders} may refer to the QRGs "Vendor Forms" and "Attaching Files" for instructions on submitting the forms required by this section of the Bid Solicitation {RFP} through NJSTART. Vendors {Bidders} may also refer to the QRG "Vendor Categories and Certifications" for additional instructions on completing shortened versions of required forms by completing certifications on the "Maintain Terms and Categories" Tab within its profile in NJSTART. QRGs are located on the NJSTART Vendor Support Page.

Vendors {Bidders} utilizing NJSTART should designate one (1) version of the Ownership Disclosure Form as the Primary Form. In the event that a Vendor {Bidder} fails to attach an Ownership Disclosure Form, or the attached Ownership Disclosure Form is deemed deficient, the Division may access the Primary Form and consider it as part of the Quote {Proposal}. Note: The Primary Form must have a Date Created within six (6) months of the Quote {Proposal} submission deadline to be considered valid.

4.4.2.2 4.4.2.2 DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN FORM

Pursuant to N.J.S.A. 52:32-58, the Vendor {Bidder} must utilize this Disclosure of Investment Activities in Iran form to certify that neither the Vendor {Bidder}, nor one (1) of its parents, subsidiaries, and/or affiliates (as defined in N.J.S.A. 52:32-56(e)(3)), is listed on the Department of the Treasury's List of Persons or Entities Engaging in Prohibited Investment Activities in Iran and that neither the Vendor {Bidder}, nor one (1) of its parents, subsidiaries, and/or affiliates, is involved in any of the investment activities set forth in N.J.S.A. 52:32-56(f). If the Vendor {Bidder} is unable to so certify, the Vendor {Bidder} shall provide a detailed and precise description of such activities as directed on the form. A completed and signed form must be received prior to the issuance of a Notice of Intent to Award. P.L. 2016, c. 67. A Vendor's {Bidder's} failure to submit the complete and signed form prior to the issuance of a Notice of Intent to Award will result in the rejection of the Quote {Proposal} as non-responsive and preclude the award of a Blanket P.O. {Contract} to said Vendor {Bidder}.

Vendors {Bidders} using NJSTART to submit a Quote {Proposal} should make the appropriate certification on the “Maintain Terms and Categories” Tab within its profile by checking the applicable box and, if required, completing and attaching the shortened Disclosure of Investment Activities in Iran form. Vendors {Bidders} not using NJSTART to submit a Quote {Proposal} should complete the full Disclosure of Investment Activities in Iran form located on the Division’s website. The full version of the form is also available in NJSTART (www.njstart.gov). Notwithstanding any language to the contrary contained in the Disclosure of Investment Activities in Iran form, a completed and signed form is required prior to the issuance of a Notice of Intent to Award as contemplated by P.L. 2016, c. 67.

Vendors {Bidders} may refer to the QRGs “Vendor Forms” and “Attaching Files” for instructions on submitting the forms required by this section of the Bid Solicitation {RFP} through NJSTART. Vendors {Bidders} may also refer to the QRG “Vendor Categories and Certifications” for additional instructions on completing shortened versions of required forms by completing certifications on the “Maintain Terms and Categories” Tab within its profile in NJSTART. QRGs are located on the NJSTART Vendor Support Page.

Vendors {Bidders} utilizing NJSTART should designate the most current version of the Disclosure of Investment Activities in Iran form as the Primary Form. In the event that a Vendor {Bidder} fails to attach a Disclosure of Investment Activities in Iran form, or the attached Disclosure of Investment Activities in Iran form is deemed deficient, the Division may access the Primary Form, as designed in the Vendor {Bidder} profile, to be considered as part of the Quote {Proposal}.

4.4.2.3 BUSINESS REGISTRATION

In accordance with N.J.S.A. 52:32-44(b), a Vendor {Bidder} and its named Subcontractors must have a valid Business Registration Certificate (“BRC”) issued by the Department of the Treasury, Division of Revenue and Enterprise Services prior to the award of a Blanket P.O. {Contract}. To facilitate the Quote {Proposal} evaluation and Blanket P.O. {Contract} award process, the Vendor {Bidder} should submit a copy of its valid BRC and those of any named Subcontractors with its Quote {Proposal}. See Section 2.1 of the SSTC.

Any Vendor {Bidder}, inclusive of any named Subcontractors, not having a valid business registration at the time of the Quote {Proposal} opening, or whose BRC was revoked prior to the submission of the Quote {Proposal}, should proceed immediately to register its business or seek reinstatement of a revoked BRC. Vendors {Bidders} should verify its BRC status on the “Maintain Terms and Categories” Tab within its profile in [NJSTART](#). In the event of an issue with a Vendor’s {Bidder’s} BRC, [NJSTART](#) provides a link to take corrective action.

The Vendor {Bidder} is cautioned that it may require a significant amount of time to secure the reinstatement of a revoked BRC. The process can require actions by both the Division of Revenue and Enterprise Services and the Division of Taxation. For this reason, a Vendor’s {Bidder’s} early attention to this requirement is highly recommended. The Vendor {Bidder} and its named Subcontractors may register with the Division of Revenue and Enterprise Services, obtain a copy of an existing BRC or obtain information necessary to seek re-instatement of a revoked BRC online at <http://www.state.nj.us/treasury/revenue/busregcert.shtml>.

A Vendor {Bidder} otherwise identified by the Division as a responsive and responsible Vendor {Bidder}, inclusive of any named Subcontractors, but that was not business registered at the time of submission of its Quote {Proposal} must be so registered and in possession of a valid BRC by a deadline to be specified in writing by the Division. A Vendor {Bidder} failing to comply with this requirement by the deadline specified by the Division will be deemed ineligible for Blanket P.O. {Contract} award. Under any circumstance, the Division will rely upon information available from

computerized systems maintained by the State as a basis to verify independently compliance with the requirement for business registration.

A Vendor {Bidder} receiving a Blanket P.O. {Contract} award as a result of this procurement and any Subcontractors named by that Vendor {Bidder} will be required to maintain a valid business registration with the Division of Revenue and Enterprise Services for the duration of the executed Blanket P.O. {Contract}, inclusive of any Blanket P.O. {Contract} extensions.

4.4.2.4 DISCLOSURE OF INVESTIGATIONS AND OTHER ACTIONS INVOLVING BIDDER FORM

The Vendor {Bidder} should submit the Disclosure of Investigations and Other Actions Involving Bidder Form, with its Quote {Proposal}, to provide a detailed description of any investigation, litigation, including administrative complaints or other administrative proceedings, involving any public sector clients during the past five (5) years, including the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. If a Vendor {Bidder} does not submit the form with the Quote {Proposal}, the Vendor {Bidder} must comply within seven (7) business days of the State's request or the State may deem the Quote {Proposal} non-responsive.

Vendors {Bidders} using [NJSTART](#) to submit a Quote {Proposal} shall make the appropriate certification on the "Maintain Terms and Categories" Tab within its profile by checking the applicable box and, if required, complete and attach the shortened [NJSTART](#) form. Vendors {Bidders} not using [NJSTART](#) to submit a Quote {Proposal} must complete the full version of the form located on the [Division's website](#). This form is also available in [NJSTART](#).

Vendors {Bidders} may refer to the QRGs "Vendor Forms" and "Attaching Files" for instructions on submitting the forms required by this section of the Bid Solicitation {RFP} through [NJSTART](#). Vendors {Bidders} may also refer to the QRG "Vendor Categories and Certifications" for additional instructions on completing shortened versions of required forms by completing certifications on the "Maintain Terms and Categories" Tab within its profile in [NJSTART](#). QRGs are located on the [NJSTART Vendor Support Page](#).

4.4.2.5 SOURCE DISCLOSURE

Pursuant to [N.J.S.A. 52:34-13.2](#), prior to an award of Blanket P.O. {Contract}, the Vendor {Bidder} is required to submit a completed Source Disclosure Form. The Vendor's {Bidder's} inclusion of the completed Source Disclosure Form with the Quote {Proposal} is requested and advised. See Bid Solicitation {RFP} Section 7.1.2 for additional information concerning this requirement.

The Source Disclosure Form is located on the [Division's website](#). The form is also available in [NJSTART](#). Notwithstanding any language to the contrary contained in the Source Disclosure Form, [N.J.S.A. 52:34-13.2](#) shall not apply to technical and support services provided by a Vendor {Contractor} using a "24/7 follow-the-sun model" as long as the Vendor {Contractor} is able to provide such services in the United States during the business day as contemplated by P.L. 2016, c. 67.

4.4.3 TECHNICAL QUOTE (PROPOSAL)

In this section, the Vendor {Bidder} shall describe its approach and plans for accomplishing the work outlined in the Scope of Work section, i.e., Section 3.0. The Vendor {Bidder} must set forth its understanding of the requirements of this Bid Solicitation {RFP} and its approach to successfully complete the Blanket P.O. {Contract}. The Vendor {Bidder} should include the level of detail it determines necessary to assist the evaluation committee in its review of Vendor's {Bidder's} Quote {Proposal}.

The scores resulting from the evaluation of the Vendors {Bidders} technical proposals will pre-qualify Vendors {Bidders} to utilize the Reverse Auction Tool in accordance with Bid Solicitation {RFP} 17DPP00106, Technical Assistance and Reverse Auction Services for Selection of a Pharmacy Benefits Manager.

If submitting via [NJSTART](#), the Vendor {Bidder} shall upload, at a minimum, its Technical Quote {Proposal} response for Section 4.4.3 (Technical Quote {Proposal}) and Section 4.4.4 (Organizational Support and Experience) and attach to its Quote {Proposal} submission. Failure to do so may result in your Quote {Proposal} being deemed non-responsive.

Vendors {Bidders} may refer to the QRG "Submit a Quote" for instructions detailing how to submit a [NJSTART](#) electronic Quote {Proposal}. QRGs are located on the [NJSTART Vendor Support Page](#).

4.4.3.1 MANAGEMENT OVERVIEW

The Vendor {Bidder} shall set forth its overall technical approach and plans to meet the requirements of the Bid Solicitation {RFP} in a narrative format. This narrative should demonstrate to the State that the Vendor {Bidder} understands the objectives that the Blanket P.O. {Contract} is intended to meet, the nature of the required work, and the level of effort necessary to successfully complete the Blanket P.O. {Contract}. This narrative should demonstrate to the State that the Vendor's {Bidder's} general approach and plans to undertake and complete the Blanket P.O. {Contract} are appropriate to the tasks and subtasks involved.

Mere reiterations of Bid Solicitation {RFP} tasks and subtasks are strongly discouraged, as they do not provide insight into the Vendor's {Bidder's} approach to complete the Blanket P.O. {Contract}. The Vendor's {Bidder's} response to this section should be designed to demonstrate to the State that the Vendor's {Bidder's} detailed plans and approach proposed to complete the Scope of Work are realistic, attainable and appropriate and that the Vendor's {Bidder's} Quote {Proposal} will lead to successful Blanket P.O. {Contract} completion.

4.4.3.2 BLANKET P.O. {CONTRACT} MANAGEMENT

The Vendor {Bidder} should describe its specific plans to manage, control and supervise the Blanket P.O. {Contract} to ensure satisfactory Blanket P.O. {Contract} completion according to the required schedule. The plan should include the Vendor's {Bidder's} approach to communicate with the State Contract Manager including, but not limited to, status meetings, status reports, etc.

4.4.3.3 BLANKET P.O. {CONTRACT} SCHEDULE AND PLANS

4.4.3.3.1 BLANKET P.O. {CONTRACT} SCHEDULE

Not applicable to this procurement.

4.4.3.3.2 MOBILIZATION PLAN

It is essential that the State have quick use of the functionality this Blanket P.O. {Contract} is to provide. Therefore, each Vendor {Bidder} shall include as part of its Quote {Proposal} a mobilization plan, beginning with the date of notification of Blanket P.O. {Contract} award and lasting through December 23, 2017.

Such mobilization plan should include the following elements:

- A. A detailed timetable for the mobilization period through December 23, 2017. This timetable should be designed to demonstrate how the Vendor {Bidder} will have the personnel and

equipment it needs to begin work on the Blanket P.O. {Contract} up and operational from the date of notification of award;

- B. The Vendor's {Bidder's} plan for the deployment and use of management, supervisory or other key personnel during the mobilization period. The plan should show all management, supervisory and key personnel that will be assigned to manage, supervise and monitor the Vendor's {Bidder's} mobilization of the Blanket P.O. {Contract} through December 23, 2017;
- C. **NOTE:** The Vendor {Bidder} should clearly identify management, supervisory or other key staff that will be assigned only during the mobilization;
- D. The Vendor's {Bidder's} plan for recruitment of staff required to provide all services required by the Bid Solicitation {RFP} on the Blanket P.O. {Contract} start date at the end of the mobilization period through December 23, 2017; and
- E. The Vendor's {Bidder's} plan for the purchase and distribution of equipment, inventory, supplies, materials, etc. that will be required to begin work on the Blanket P.O. {Contract} on the required start date.

4.4.3.3.3 TECHNOLOGY PROJECT PLAN

The Vendor {Bidder} shall provide its draft plan to accomplish all work required by this Blanket P.O. {Contract}. The Project Plan shall include:

- A. The Design and Development Plan: The Vendor {Bidder} should describe the methodology by which it will design and develop the required system functionality including the Software Development Lifecycle;
- B. The System Test Plan: The Vendor {Bidder} should describe its plans to complete system and user acceptance testing including its methodology for fixing bugs and defects and retesting;
- C. The Implementation Plan: The Vendor {Bidder} should describe its plans for system roll-out including System Pilot Testing and full deployment; and
- D. Operations and Maintenance Plans: The Vendor {Bidder} should describe its plans to support the operational system including application updates, new releases, bug and defect repairs, emergency maintenance/repairs of hardware and software and routine maintenance.

The plan should demonstrate to the Evaluation Committee that the Vendor {Bidder} understands the scope of work required for a successful implementation of the system, its operations and maintenance and support.

4.4.3.3.4 PLANS REQUIRED BY BID SOLICITATION {RFP} SECTION 3.12

The Vendor {Bidder} shall provide its draft plans required by Section 3.12. The plans shall include:

- a. Security Plan as described in Section 3.12.1.
- b. Disaster Recovery Plan as described in Section 3.12.2;
- c. Contingency Plan as described in Section 3.12.3; and
- d. Backup Plan as described in Section 3.12.4.

The plans should demonstrate to the Evaluation Committee that the Vendor {Bidder} understands the scope of work required for a successful implementation of the system, its operations and maintenance and support.

The Vendor's {Bidder's} plans should set forth a summary of any and all problems that the Vendor {Bidder} anticipates during the term of the Blanket P.O. {Contract}. For each problem identified, the Vendor {Bidder} should provide its proposed solution.

4.4.4 ORGANIZATIONAL SUPPORT AND EXPERIENCE

The Vendor {Bidder} should include information relating to its organization, personnel, and experience, including, but not limited to, references, together with contact names and telephone numbers, evidencing the Vendor's {Bidder's} qualifications, and capabilities to perform the services required by this Bid Solicitation {RFP}.

The Vendor {Bidder} should include the level of detail it determines necessary to assist the evaluation committee in its review of Vendor's {Bidder's} Quote {Proposal}.

4.4.4.1 LOCATION

The Vendor {Bidder} should include the address of the Vendor's {Bidder's} office where responsibility for managing the Blanket P.O. {Contract} will take place. The Vendor {Bidder} should include the telephone number and name of the individual to contact.

4.4.4.2 ORGANIZATION CHARTS

- A. **Blanket P.O. {Contract} -Specific Chart**. The Vendor {Bidder} should include a Blanket P.O. {Contract} organization chart, with names showing management, supervisory and other key personnel (including Subcontractor management, supervisory, or other key personnel) to be assigned to the Blanket P.O. {Contract}. The chart should include the labor category and title of each such individual; and
- B. **Chart for Entire Firm**. The Vendor {Bidder} should include an organization chart showing the Vendor's {Bidder's} entire organizational structure. This chart should show the relationship of the individuals assigned to the Blanket P.O. {Contract} to the Vendor's {Bidder's} overall organizational structure.

4.4.4.3 RESUMES

Detailed resumes should be submitted for the Account Executive to be assigned to the Blanket P.O. {Contract}. Resumes should emphasize relevant qualifications and experience of these individuals in successfully completing Blanket P.O.s {Contracts} of a similar size and scope to those required by this Bid Solicitation {RFP}. Resumes should include the following:

- B. The individual's previous experience in completing each similar Blanket P.O. {Contract};
- C. Beginning and ending dates for each similar Blanket P.O. {Contract};
- D. A description of the Blanket P.O. {Contract} demonstrating how the individual's work on the completed Blanket P.O. {Contract} relates to the individual's ability to contribute to successfully providing the services required by this Bid Solicitation {RFP}; and
- E. With respect to each similar Blanket P.O. {Contract}, the name and address of each reference together with a person to contact for a reference check and a telephone number.

The Vendor {Bidder} should provide detailed resumes for each Subcontractor's management, supervisory, and other key personnel that demonstrate knowledge, ability, and experience relevant to that part of the work which the Subcontractor is designated to perform. When a Vendor {Bidder} submits resumes pursuant to this paragraph, the Vendor {Bidder} shall redact the social security numbers, home addresses, personal telephone numbers, and any other personally identifying information other than the individual's name from the resume.

4.4.4.4 BACKUP STAFF

The Vendor {Bidder} should include a list of backup staff that may be called upon to assist or replace primary individuals assigned. Backup staff must be clearly identified as backup staff.

In the event the Vendor {Bidder} must hire management, supervisory and/or key personnel if awarded the Blanket P.O. {Contract}, the Vendor {Bidder} should include, as part of its recruitment plan, a plan to secure backup staff in the event personnel initially recruited need assistance or need to be replaced during the Blanket P.O. {Contract} term.

4.4.4.5 EXPERIENCE WITH BLANKET P.O. {CONTRACTS} OF SIMILAR SIZE AND SCOPE

Prior to submission of its Quote {Proposal}, the Vendor {Bidder} shall have met all of the following requirements:

- A. Has completed a minimum of five (5) years of experience as an administrator and/or manager of an employer pharmacy benefit program;
- B. Has annual pharmacy benefit management revenue in excess of \$0.5 billion;
- C. Offers a Retail Pharmacy Network available in all 50 states;
- D. Has managed a public sector client for at least one (1) year duration;
- E. Currently administers/manages three (3) or more accounts with at least 100,000 covered Members; and
- F. Administers an EGWP + WRAP for at least one client with over 20,000 covered Medicare-eligible retirees.

The Vendor {Bidder} should provide a listing of three (3) Blanket P.O.s {Contracts} of similar size and scope that receive the Vendor's {Bidder's} retail and mail services, and that it has successfully completed, as evidence of the Vendor's {Bidder's} ability to successfully complete services similar to those required by this Bid Solicitation {RFP}. Emphasis should be placed on Blanket P.O.s {Contracts} that are similar in size and scope to the work required by this Bid Solicitation {RFP}. A description of all such Blanket P.O.s {Contracts} should be included and should show how such Blanket P.O.s {Contracts} relate to the ability of the firm to complete the services required by this Bid Solicitation {RFP}. For each such Blanket P.O. {Contract}, the Vendor {Bidder} should provide two (2) names and telephone numbers of individuals for the other Blanket P.O.s {Contracts} party. Beginning and ending dates should also be given for each Blanket P.O. "{Contract}.

The Vendor {Bidder} must provide details of any negative actions taken by other contracting entities against them in the course of performing these projects including, but not limited to, receipt of letters of potential default, default, cure notices, termination of services for cause, or other similar notifications/processes. Additionally, the Vendor {Bidder} should provide details, including any negative audits, reports, or findings by any governmental agency for which the Vendor {Bidder} is/was the Vendor {Contractor} on any Blanket P.O.s {Contracts} of similar scope. In the event a Vendor {Bidder} neglects to include this information in its Quote {Proposal}, the Vendor's {Bidder's} omission of necessary disclosure information may be cause for rejection of the Vendor's {Bidder's} Quote {Proposal} by the State.

The Vendor {Bidder} should provide documented experience to demonstrate that each Subcontractor has successfully performed work on Blanket P.O.s {Contracts} of a similar size and

scope to the work that the Subcontractor is designated to perform in the Vendor's {Bidder's} Quote {Proposal}. The Vendor {Bidder} must provide a detailed description of services to be provided by each Subcontractor.

4.4.4.6 FINANCIAL CAPABILITY OF THE VENDOR {BIDDER}

In order to provide the State with the ability to judge the Vendor's {Bidder's} financial capacity and capabilities to undertake and successfully complete the Blanket P.O. {Contract}, the Vendor {Bidder} should submit opined certified financial statements in accordance with applicable standards by a Certified Public Accountant which include a balance sheet, income statement, and statement of cash flow, and all applicable notes for the most recent calendar year or the Vendor's {Bidder's} most recent fiscal year. If certified financial statements are not available, the Vendor {Bidder} should provide either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statements, together with a certification from the Chief Executive Officer and the Chief Financial Officer, that the financial statements and other information included in the statements fairly present in all material respects the financial condition, results of operations, and cash flows of the Vendor {Bidder} as of, and for, the periods presented in the statements. In addition, the Vendor {Bidder} should submit a bank reference.

If the information is not supplied with the Quote {Proposal}, the State may still require the Vendor {Bidder} to submit it. If the Vendor {Bidder} fails to comply with the request within seven (7) business days, the State may deem the Quote {Proposal} non-responsive.

A Vendor {Bidder} may designate specific financial information as not subject to disclosure when the Vendor {Bidder} has a good faith legal/factual basis for such assertion. A Vendor {Bidder} may submit specific financial documents in a separate, sealed package clearly marked "Confidential-Financial Information" along with the Quote {Proposal}.

The State reserves the right to make the determination to accept the assertion and shall so advise the Vendor {Bidder}.

4.4.5 PRICE SCHEDULE/SHEET

The Price Schedule/Sheet provided with this Bid Solicitation {RFP} will be utilized to submit pricing in the Reverse Auction Tool. Vendors {Bidders} should not complete/submit the Price Schedule/Sheet with its Technical Quote {Proposal} submission. All pricing will be completed in accordance with Bid Solicitation {RFP} 17DPP00106, Technical Assistance and Reverse Auction Services for Selection of a Pharmacy Benefits Manager.

4.4.5.1 NJSTART PRICING SUBMISSION INSTRUCTIONS

If the Vendor {Bidder} is submitting a **NJSTART** Quote {Proposal}, the Vendor {Bidder} must enter a Unit Cost of \$1.00 for each price line item on the "Items" Tab in **NJSTART**. The Vendor {Bidder} is instructed to do so only as a mechanism to comply with Bid Solicitation {RFP} Section 6.8 and prevent all pricing from being publicly displayed in **NJSTART**.

4.4.5.2 PRICE SHEET/SCHEDULE ATTACHMENT INSTRUCTIONS

Pricing will be completed in accordance with Bid Solicitation {RFP} 17DPP00106, Technical Assistance and Reverse Auction Services for Selection of a Pharmacy Benefits Manager. The pricing submitted in the Reverse Auction shall be used in calculation for pricing guarantees.

It is anticipated there will be at minimum two (2) rounds of bidding. Specific instructions for the Reverse Auction Tool and mandatory training will be provided by the Vendor {Contractor} of Bid Solicitation {RFP} 17DPP0106 for all pre-qualified Vendors {Bidders}.

The Reverse Auction allows the State and the Vendors {Bidders} to view pricing results in real-time or after each round of bidding.

The Reverse Auction utilizes a re-pricing of claims to determine the projected cost of Price Quotes {Proposals} received from pre-qualified PBM Vendors {Bidders} by utilizing code-based classification of drugs from nationally-accepted prescription drug data sources such as MediSpan or First DataBank.

The integrity and confidentiality of the online Price Quotes {Proposals} is protected by blinding the identity of the pre-qualified PBM Vendors {Bidders} and the proprietary details of the online Price Quotes {Proposals} are protected from being accessible to other PBM Vendors {Bidders}.

The Reverse Auction Tool will be updated regularly to show pre-qualified PBM Vendors {Bidders} (on a Blinded basis) the projected value of the PBM Blanket P.O. {Contract}.

The PBM shall not make any modification or adjustment to the pricing set forth herein without the prior written consent of the State, except as follows:

- A. Upon a Plan Design change enacted by the State; and
- B. Such Plan Design change has a material negative impact on Rebates earned (i.e., a ten percent (10%) or greater reduction in Rebates earned) (collectively, a "Pricing Adjustment Trigger"). If a Pricing Adjustment Trigger occurs, any adjustment shall be limited to an adjustment that is solely necessary to return PBM to its contracted economic position prior to the State making the Plan Design change that resulted in the Pricing Adjustment Trigger.

4.4.5.3 USE OF "NO BID" VERSUS "NO CHARGE" ON THE PRICE SHEET/SCHEDULE

Not applicable to this procurement.

4.4.5.4 DELIVERY TIME AND COSTS

Unless otherwise noted elsewhere in the Bid Solicitation {RFP}, all delivery times are 30 calendar days after receipt of order (ARO) and prices for items in Quotes {Proposals} shall be submitted Freight On Board (F.O.B.) Destination (30 calendar days ARO/F.O.B.). Quotes {Proposals} submitted other than 30 calendar days ARO/F.O.B. may be deemed non-responsive. The Vendor {Contractor} shall assume all costs, liability and responsibility for the delivery of merchandise in good condition to the State's Using Agency or designated purchaser. 30 calendar days ARO/F.O.B. does not cover "spotting" but does include delivery on the receiving platform of the Using Agency at any destination in the State of New Jersey unless otherwise specified.

No additional charges will be allowed for any additional transportation costs resulting from partial shipments made at the Vendor's {Contractor's} convenience when a single shipment is ordered.

The weights and measures of the State's Using Agency receiving the shipment shall govern.

4.4.5.5 COLLECT ON DELIVERY (C.O.D.) TERMS

C.O.D. terms are not acceptable as part of a Quote {Proposal} and shall be deemed non-responsive.

4.4.5.6 CASH DISCOUNTS

The Vendor {Bidder} is encouraged to offer cash discounts based on expedited payment by the State. The State will make efforts to take advantage of discounts, but discounts will not be considered in determining the price rankings of Quotes {Proposals}.

Should the Vendor {Bidder} choose to offer cash discounts the following shall apply:

- A. Discount periods shall be calculated starting from the next business day after the Using Agency has accepted the goods or services, received a properly signed and executed invoice and, when required, a properly executed performance security, whichever is latest; and
- B. The date on the check issued by the State in payment of that invoice shall be deemed the date of the State's response to that invoice.

5.0 SPECIAL CONTRACTUAL TERMS AND CONDITIONS APPLICABLE TO THE BLANKET P.O. {CONTRACT}

5.1 PRECEDENCE OF SPECIAL CONTRACTUAL TERMS AND CONDITIONS

This Blanket P.O. {Contract} awarded, and the entire agreement between the parties, as a result of this Bid Solicitation {RFP} shall consist of this Bid Solicitation {RFP}, SSTC, Bid Amendment {Addendum } to this Bid Solicitation {RFP}, the Vendor's {Contractor's} Quote {Proposal}, any Best and Final Offer, and the Division's Notice of Award.

In the event of a conflict in the terms and conditions among the documents comprising this Blanket P.O. {Contract}, the order of precedence, for purposes of interpretation thereof, listed from highest ranking to lowest ranking, shall be:

- A. Executed Offer and Acceptance Page {Signatory Page};
- B. Bid Solicitation {RFP} Section 5, as may be amended by Bid Amendment {Addendum };
- C. The State of NJ Standard Terms and Conditions (SSTC) accompanying this Bid Solicitation {RFP};
- D. All remaining sections of the Bid Solicitation {RFP}, as may be amended by Bid Amendment {Addendum};
- E. The Vendor's {Contractor's} final submitted Best and Final Offer; and
- F. The Vendor's {Contractor's} Quote {Proposal} as accepted by the State.

Note: In the event of conflicting information between the Bid Solicitation {RFP} and fields contained in **NJSTART**, the Bid Solicitation {RFP} will govern and **NJSTART** will be updated via Bid Amendment {Addenda} or Change Order {Contract Amendment}.

5.2 BLANKET P.O. {CONTRACT} TERM AND EXTENSION OPTION

The term of this Blanket P.O. {Contract} shall be for a period of **three (3) years**. The anticipated "Blanket P.O. {Contract} Effective Date" is provided on the "Summary" page the Bid Solicitation {RFP} in **NJSTART**. If delays in the procurement process result in a change to the anticipated Blanket P.O. {Contract} Effective Date, the Vendor {Bidder} agrees to accept a Blanket P.O. {Contract} for the full term of this Blanket P.O. {Contract}.

This Blanket P.O. {Contract} may be extended up to **two (2) years** with no single extension exceeding one (1) year, by the mutual written consent of the Vendor {Contractor} and the Director at the same terms, conditions, and pricing at the rates in effect in the last year of this Blanket P.O. {Contract} or rates more favorable to the State.

5.3 BLANKET P.O. {CONTRACT} TRANSITION

In the event that a new Blanket P.O. {Contract} has not been awarded prior to this Blanket P.O. {Contract} expiration date, including any extensions exercised, and the State exercises this Blanket P.O. {Contract} transition, the Vendor {Contractor} shall continue this Blanket P.O. {Contract} under the same terms, conditions, and pricing until a new Blanket P.O. {Contract} can be completely operational. At no time shall this transition period extend more than **180 Days** beyond the expiration date of this Blanket P.O. {Contract}, including any extensions exercised.

5.4 CHANGE ORDER {CONTRACT AMENDMENT}

Any changes or modifications to the terms of this Blanket P.O. {Contract} shall be valid only when they have been reduced to writing and signed by the Vendor {Contractor} and the Director.

5.5 VENDOR {CONTRACTOR} RESPONSIBILITIES

The Vendor {Contractor} shall have sole responsibility for the complete effort specified in this Blanket P.O. {Contract}. Payment will be made only to the Vendor {Contractor}. The Vendor {Contractor} shall have sole responsibility for all payments due any Subcontractor.

The Vendor {Contractor} is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under this Blanket P.O. {Contract}. The Vendor {Contractor} shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this Blanket P.O. {Contract} shall not in any way relieve the Vendor {Contractor} of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that the State may have arising out of the Vendor's {Contractor's} performance of this Blanket P.O. {Contract}.

5.6 SUBSTITUTION OF STAFF

If it becomes necessary for the Vendor {Contractor} to substitute any management, supervisory or key personnel, the Vendor {Contractor} shall identify the substitute personnel and the work to be performed. The Vendor {Contractor} must provide detailed justification documenting the necessity for the substitution. Resumes must be submitted evidencing that the individual(s) proposed as substitute(s) have qualifications and experience equal to or better than the individual(s) originally proposed or currently assigned.

The Vendor {Contractor} shall forward a request to substitute staff to the State Contract Manager for consideration and approval. No substitute personnel are authorized to begin work until the Vendor {Contractor} has received written approval to proceed from the State Contract Manager.

5.7 SUBSTITUTION OR ADDITION OF SUBCONTRACTOR(S)

This Subsection serves to supplement but not to supersede Sections 5.8 and 5.9 of the SSTC accompanying this Bid Solicitation {RFP}.

The Vendor {Contractor} shall forward a written request to substitute or add a Subcontractor or to substitute its own staff for a Subcontractor to the State Contract Manager for consideration. If the State Contract Manager approves the request, the State Contract Manager will forward the request to the Director for final approval. No substituted or additional Subcontractors are authorized to begin work until the Vendor {Contractor} has received written approval from the Director.

If it becomes necessary for the Vendor {Contractor} to substitute a Subcontractor, add a Subcontractor, or substitute its own staff for a Subcontractor, the Vendor {Contractor} will identify the proposed new Subcontractor or staff member(s) and the work to be performed. The Vendor {Contractor} must provide detailed justification documenting the necessity for the substitution or addition.

The Vendor {Contractor} must provide detailed resumes of its proposed replacement staff or of the proposed Subcontractor's management, supervisory, and other key personnel that demonstrate knowledge, ability and experience relevant to that part of the work which the Subcontractor is to undertake.

The qualifications and experience of the replacement(s) must equal or exceed those of similar personnel proposed by the Vendor {Contractor} in its Quote {Proposal}.

5.8 OWNERSHIP OF MATERIAL

All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of this Blanket P.O. {Contract}, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this Blanket P.O. {Contract} shall be and remain the property of the State of New Jersey and shall be delivered to the State of New Jersey upon 30 days' notice by the State. With respect to software computer programs and/or source codes developed for the State, except those modifications or adaptations made to Vendor's {Bidder's/Contractor's} Background IP as defined below, the work shall be considered "work for hire", i.e., the State, not the Vendor {Contractor} or Subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this Blanket P.O. {Contract}, Vendor {Contractor} or Subcontractor hereby assigns to the State all right, title and interest in and to any such material, and the State shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

Should the Vendor {Bidder} anticipate bringing pre-existing intellectual property into the project, the intellectual property must be identified in the Quote {Proposal}. Otherwise, the language in the first paragraph of this section prevails. If the Vendor {Bidder} identifies such intellectual property ("Background IP") in its Quote {Proposal}, then the Background IP owned by the Vendor {Bidder} on the date of this Blanket P.O. {Contract}, as well as any modifications or adaptations thereto, remain the property of the Vendor {Bidder}. Upon Blanket P.O. {Contract} award, the Vendor {Bidder/Contractor} shall grant the State a nonexclusive, perpetual royalty free license to use any of the Vendor's {Bidder's/Contractor's} Background IP delivered to the State for the purposes contemplated by this Blanket P.O. {Contract}.

Auditing firm working papers remain the property of the auditing firm in accordance with standards issued by the American Institute of Certified Public Accountants (AICPA). While considered confidential information, the State recognizes that the firm may be requested to make certain working papers available to regulatory agencies, pursuant to authority given by law or regulation. In such instances, access to the working papers may be provided to these agencies based upon AICPA standards and under supervision of the firm.

5.9 SECURITY AND CONFIDENTIALITY

5.9.1 DATA CONFIDENTIALITY

All financial, statistical, personnel, customer and/or technical data supplied by the State to the Vendor {Contractor} are confidential (State Confidential Information). The Vendor {Contractor} must secure all data from manipulation, sabotage, theft or breach of confidentiality. The Vendor {Contractor} is prohibited from releasing any financial, statistical, personnel, customer and/or technical data supplied by the State that is deemed confidential. Any use, sale, or offering of this data in any form by the Vendor {Contractor}, or any individual or entity in the Vendor's {Contractor's} charge or employ, will be considered a violation of this Blanket P.O. {Contract} and may result in Blanket P.O. {Contract} termination and the Vendor's {Contractor's} suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

The Vendor {Contractor} shall assume total financial liability incurred by the Vendor {Contractor} associated with any breach of confidentiality.

When requested, the Vendor {Contractor} and all project staff including its Subcontractor(s) must complete and sign confidentiality and non-disclosure agreements provided by the State. The Vendor {Contractor} may be required to view yearly security awareness and confidentiality training modules provided by the State. Where required, it shall be the Vendor's {Contractor's} responsibility to ensure that any new staff sign the confidentiality agreement and complete the security awareness and confidentiality training modules within one (1) month of the employees' start date.

The State reserves the right to obtain, or require the Vendor {Contractor} to obtain, criminal history background checks from the New Jersey State Police for all Vendor {Contractor} and project staff (to protect the State of New Jersey from losses resulting from Vendor {Contractor} employee theft, fraud or dishonesty). If the State exercises this right, the results of the background check(s) must be made available to the State for consideration before the employee is assigned to work on the State's project. Prospective employees with positive criminal backgrounds for cyber-crimes will not be approved to work on State Projects. Refer to the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-12, An Introduction to Computer Security: The NIST Handbook, Section 10.1.3, Filling the Position – Screening and Selecting.

5.9.1.1 VENDOR'S {CONTRACTOR'S} CONFIDENTIAL INFORMATION

- A. The obligations of the State under this provision are subject to the New Jersey Open Public Records Act ("OPRA"), N.J.S.A. 47:1A-1 et seq., the New Jersey common law right to know, and any other lawful document request or subpoena;
- B. By virtue of this Blanket P.O. {Contract}, the parties may have access to information that is confidential to one another. The parties agree to disclose to each other only information that is required for the performance of their obligations under this Blanket P.O. {Contract}. Vendor's {Contractor's} Confidential Information, to the extent not expressly prohibited by law, shall consist of all information clearly identified as confidential at the time of disclosure and anything identified in Vendor's {Contractor's} Quote {Proposal} as Background IP ("Vendor {Contractor} Confidential Information"). Notwithstanding the previous sentence, the terms and pricing of this Blanket P.O. {Contract} are subject to disclosure under OPRA, the common law right to know, and any other lawful document request or subpoena;
- C. A party's Confidential Information shall not include information that: (a) is or becomes a part of the public domain through no act or omission of the other party; (b) was in the other party's lawful possession prior to the disclosure and had not been obtained by the other party either directly or indirectly from the disclosing party; (c) is lawfully disclosed to the other party by a third party without restriction on the disclosure; or (d) is independently developed by the other party;
- D. The State agrees to hold Vendor's {Contractor's} Confidential Information in confidence, using at least the same degree of care used to protect its own Confidential Information;
- E. In the event that the State receives a request for Vendor {Contractor} Confidential Information related to this Blanket P.O. {Contract} pursuant to a court order, subpoena, or other operation of law, the State agrees, if permitted by law, to provide Vendor {Contractor} with as much notice, in writing, as is reasonably practicable and the State's intended response to such order of law. Vendor {Contractor} shall take any action it deems appropriate to protect its documents and/or information;

- F. In addition, in the event Vendor {Contractor} receives a request for State Confidential Information pursuant to a court order, subpoena, or other operation of law, Vendor {Contractor} shall, if permitted by law, provide the State with as much notice, in writing, as is reasonably practicable and Vendor's {Contractor's} intended response to such order of law. The State shall take any action it deems appropriate to protect its documents and/or information; and
- G. Notwithstanding the requirements of nondisclosure described in these Sections 5.9.1 and 5.9.1.1, either party may release the other party's Confidential Information (i) if directed to do so by a court or arbitrator of competent jurisdiction, (ii) pursuant to a lawfully issued subpoena or other lawful document request, (a) in the case of the State, if the State determines the documents or information are subject to disclosure and Vendor {Contractor} does not exercise its rights as described in Section 5.9.1.1(e), or if Vendor {Contractor} is unsuccessful in defending its rights as described in Section 5.9.1.1(e), or (b) in the case of Vendor {Contractor}, if Vendor {Contractor} determines the documents or information are subject to disclosure and the State does not exercise its rights described in Section 5.9.1.1(F), or if the State is unsuccessful in defending its rights as described in Section 5.9.1.1(F).

5.9.2 DATA SECURITY STANDARDS

Data Security: The Vendor {Contractor} at a minimum must protect and maintain the security of data traveling its network in accordance with generally accepted industry practices.

- A. Any Personally Identifiable Information must be protected. All data must be classified in accordance with the State's Asset Classification and Control policy, 08-04-NJOIT (www.nj.gov/it/ps). Additionally, data must be disposed of in accordance with the State's Information Disposal and Media Sanitation policy, 09-10-NJOIT (www.nj.gov/it/ps); and
- B. Data usage, storage, and protection is subject to all applicable federal and state statutory and regulatory requirements, as amended from time to time, including, without limitation, those for Health Insurance Portability and Accountability Act of 1996 (HIPAA), Personally Identifiable Information (PII), Tax Information Security Guidelines for Federal, State, and Local Agencies (IRS Publication 1075), New Jersey State tax confidentiality statute, N.J.S.A. 54:50-8, New Jersey Identity Theft Prevention Act, N.J.S.A. 56:11-44 et. seq., the federal Drivers' Privacy Protection Act of 1994, Pub.L.103-322, and the confidentiality requirements of N.J.S.A. 39:2-3.4. Vendor {Contractor} must also conform to Payment Card Industry (PCI) Data Security Standard;

Data Transmission: The Vendor {Contractor} must only transmit or exchange State of New Jersey data with other parties when expressly requested in writing and permitted by and in accordance with requirements of the State of New Jersey. The Vendor {Contractor} must only transmit or exchange data with the State of New Jersey or other parties through secure means supported by current technologies. The Vendor {Contractor} must encrypt all data defined as personally identifiable or confidential by the State of New Jersey or applicable law, regulation or standard during any transmission or exchange of that data.

Data Storage: All data provided by the State of New Jersey or State data obtained by the Vendor {Contractor} in the performance of the Blanket P.O. {Contract} must be stored, processed, and maintained solely in accordance with a project plan and system topology approved by the State Contract Manager. No State data shall be processed on or transferred to any device or storage medium including portable media, smart devices and/or USB devices, unless that device or storage medium has been approved in advance in writing by the State Contract Manager. The Vendor {Contractor} must encrypt all data at rest defined as personally identifiable information by the State

of New Jersey or applicable law, regulation or standard. The Vendor {Contractor} must not store or transfer State of New Jersey data outside of the United States.

Data Scope: All provisions applicable to State data include data in any form of transmission or storage, including but not limited to: database files, text files, backup files, log files, XML files, and printed copies of the data.

Data Re-Use: All State data must be used expressly and solely for the purposes enumerated in the Contract. Data must not be distributed, repurposed or shared across other applications, environments, or business units of the Vendor {Contractor}. No State data of any kind must be transmitted, exchanged or otherwise passed to other Vendors {Contractors} or interested parties except on a case-by-case basis as specifically agreed to in writing by the State Contract Manager.

Data Breach: Unauthorized Release Notification: The Vendor {Contractor} must comply with all applicable State and Federal laws that require the notification of individuals in the event of unauthorized release of personally identifiable information or other event requiring notification. In the event of a breach of any of the Vendor's {Contractor's} security obligations or other event requiring notification under applicable law ("Notification Event"), the Vendor {Contractor} must assume responsibility for informing the State Contract Manager within 24 hours and all such individuals in accordance with applicable law and to indemnify, hold harmless and defend the State of New Jersey, its officials, and employees from and against any claims, damages, or other harm related to such Notification Event. All communications must be coordinated with the State of New Jersey.

End of Blanket P.O. {Contract} Data Handling: Upon termination/expiration of this Blanket P.O. {Contract} the Vendor {Contractor} must first return all State data to the State in a usable format as defined in the Blanket P.O. {Contract}, or in an open standards machine-readable format if not. The Vendor {Contractor} must then erase, destroy, and render unreadable all Vendor {Contractor} copies of State data according to the standards enumerated in accordance with the State's most recent Information Disposal and Media Sanitation policy, currently 09-10-NJOIT (www.nj.gov/it/ps) and certify in writing that these actions have been completed within 30 days after the termination/expiration of the Blanket P.O. {Contract} or within seven (7) days of the request of an agent of the State whichever shall come first.

5.10 NEWS RELEASES

The Vendor {Contractor} is not permitted to issue news releases pertaining to any aspect of the services being provided under this Blanket P.O. {Contract} without the prior written consent of the Director.

5.11 ADVERTISING

The Vendor {Contractor} shall not use the State's name, logos, images, or any data or results arising from this Blanket P.O. {Contract} as a part of any commercial advertising without first obtaining the prior written consent of the Director.

5.12 LICENSES AND PERMITS

The Vendor {Contractor} shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this Blanket P.O. {Contract}. The Vendor {Contractor} shall comply with all New Jersey Department of Labor requirements. Notwithstanding the requirements of the Bid Solicitation {RFP}, the Vendor {Contractor} shall supply the State Contract Manager with evidence of all such licenses, permits and authorizations. This evidence shall be submitted subsequent to this Blanket P.O. {Contract} award. All costs associated with any

such licenses, permits, and authorizations must be considered by the Vendor {Bidder} in its Quote {Proposal}.

5.13 CLAIMS AND REMEDIES

5.13.1 CLAIMS

All claims asserted against the State by the Vendor {Contractor} shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

5.13.2 REMEDIES

Nothing in this Blanket P.O. {Contract} shall be construed to be a waiver by the State of any warranty, expressed or implied, of any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Director.

5.13.3 REMEDIES FOR FAILURE TO COMPLY WITH MATERIAL BLANKET P.O. {CONTRACT} REQUIREMENTS

In the event that the Vendor {Contractor} fails to comply with any material Blanket P.O. {Contract} requirements, the Director may take steps to terminate this Blanket P.O. {Contract} in accordance with the SSTC, authorize the delivery of Blanket P.O. {Contract} items by any available means, with the difference between the price paid and the defaulting Vendor's {Contractor's} price either being deducted from any monies due the defaulting Vendor {Contractor} or being an obligation owed the State by the defaulting Vendor {Contractor}, as provided for in the State administrative code, or take any other action or seek any other remedies available at law or in equity.

5.13.3.1 REMEDIES FOR FAILURE TO COMPLY WITH CONTRACTUAL OBLIGATIONS

If the State determines that the Contractor has failed to meet a contractual obligation or Performance Standard due, the State may notify the Contractor in writing of the failure and direct the Contractor to submit a corrective action plan by a stated due date.

If the State receives the plan by the due date, the State will work with the Contractor to achieve a mutually agreed-upon final corrective action plan and schedule. If the State and the Contractor cannot agree as to what remedies should be implemented to correct the problem, the State may direct the Contractor to take different or additional corrective measures to be completed by a specified date. The corrective action ordered by the State may include, but is not limited to, changes in operating procedures, personnel or operating hours, or redesign, repair or replacement of operations equipment or software. All changes made under this section shall be at the Contractor's expense.

5.14 PERFORMANCE STANDARDS AND LIQUIDATED DAMAGES

Effective and efficient operation of the Contract is necessary to promote the best interests of all parties and the public. To the extent Contractor fails to meet Performance Standards, the extent of the harm the State may suffer is difficult or impossible to quantify with precision. As a result, situations may arise where the imposition of Liquidated Damages may be required to compensate the State for the Contractor's failure to meet Performance Standards. The State and Contractor agree that the following formulations of Liquidated Damages, as outlined in the table below, represent a reasonable estimate of the damages the State will sustain if Contractor's performance does not reach the Performance Standards, and do not constitute a penalty.

Neither the State's assessment of Liquidated Damages nor the Contractor's subsequent payment of Liquidated Damages relieves the Contractor of its obligation to remedy any breach of the

Performance Standards to which they relate. Nothing in this section shall limit the State's right to seek damages or any other remedy at law or equity not specified in this section. Where Contractor owes Liquidated Damages for failure to meet the Performance Standards, the State may, in its sole discretion, offset payment of fees due to Contractor or require Contractor to affirmatively pay any owed Liquidated Damages without an offset to fee payments.

The Contractor shall provide quarterly reports to validate compliance with the Performance Standards. Reports will be provided to the State without a written request.

The Contractor agrees that the Performance Standards will be measured and reconciled on a quarterly basis within 45 calendar days of the close of the quarter, with the exception of annual Performance Standards, which will be measured and reconciled within calendar 45 days of the close of the year.

The Contractor agrees that Liquidated Damages shall be paid within 90 calendar days of the close of the measurement period without requiring any written request from the State.

All Performance Standards shall be measured and reported on a client-specific basis.

Vendors {Bidders} are encouraged to offer more stringent Performance Standards and/or greater Liquidated Damage amounts if they choose to do so. Vendor's {Bidder's} Performance Standards and Liquidated Damages shall be considered as part of the evaluation of the proposals received. Please note that if a Vendor {Bidder} does not offer more stringent Performance Standards and/or greater Liquidated Damage amounts, the Performance Standards and Liquidated Damage amounts listed in the table below shall apply. If a Vendor {Bidder} proposes Performance Standards or Liquidated Damage amounts that are, in the DPB's sole judgment, less stringent than those listed in the table below, the Performance Standards and Liquidated Damage amounts in the RFP shall prevail.

The Contractor shall measure and report separately the Performance Standards the Commercial Plans and the EGWP Plans.

Performance Standards and Liquidated Damage Amounts for Commercial Plans

Category	RFP Section Reference	Performance Standard	Liquidated Damage Amount	Payment Measurement Schedule
Implementation	3.9, Implementation	Benefit Activation Date Timeliness – If the Contractor fails to achieve Plan implementation by the January 1, 2017, Coverage Effective date, it shall pay Liquidated Damages as stated herein.	\$90,000 per day	Measured daily and assessed monthly
	3.9, Implementation	Pre-Implementation Audit - The pre-implementation Audit must be completed, including follow up test Claims at least 20 business days prior to the Coverage Effective Date.	\$50,000	Measured and assessed one time
Claim Administration	3.1.3, Mail Order	Mail Order Dispensing Accuracy – The Dispensing Accuracy Rate for each Plan quarter shall be 99.5% or greater.	\$225,000 per quarter	Measured and assessed quarterly
	3.1.3, Mail Order	Mail Order Claim Process Time, Non-Protocol – Must dispense 95.0% of all Non-Protocol Prescriptions received within two (2) business days following receipt.	\$12,500 per quarter	Measured and assessed quarterly

Category	RFP Section Reference	Performance Standard	Liquidated Damage Amount	Payment Measurement Schedule	/
	3.1.3, Mail Order	Mail Order Claim Process Time, All Other - 98.0% of all other Mail Order Pharmacy prescriptions received each Plan quarter must be dispensed within five (5) business days following receipt by Contractor.	\$12,500 per quarter	Measured and assessed quarterly	
	3.5.3, Eligibility File	Eligibility Posting Time – 98.0% of electronically transmitted eligibility updates must be posted within two (2) business days after receipt in specified format and 100.0% posted within five (5) business days.	\$200,000 per quarter	Measured and assessed quarterly	
Payment Timing	3.8.4 and 3.10.3 Financial	Financial Benefit and Rebate Payment Timing - Beginning at the end of the third month after the Coverage Effective Date, and on a monthly basis thereafter, the Contractor shall pay the Financial Benefit Guarantees or Rebate Guarantees to the State. In addition, beginning at the tenth month of the second year of the Contract, and annually thereafter, the Contractor shall perform an Annual Reconciliation of the difference between the Financial Benefits or Rebates paid and the actual Financial Benefits or Rebates .	5.0% of the delayed amount, as well as annual interest of Prime Rate plus 2.0%.	Measured and assessed monthly for monthly Rebates; Measured and assessed annually for the Annual Reconciliation	
Reporting	3.5.6. Reporting	Quarterly Data Files – Accurate and complete quarterly data files shall be made available to the State within 30 calendar days following the end of the quarter. This applies to all Claims, enrollment, utilization, financial, daily register, and Financial Benefits or Rebate summary reports.	\$75,000 per quarter	Measured and assessed quarterly	
	3.5.6.4, Periodic Reporting	Performance Standard Reporting – A report that captures Performance Standards must be provided to the State within 45 calendar days of the end of the quarter.	\$12,500 per quarter	Measured and assessed quarterly	
	3.5.6.4, Periodic Reporting	Financial Guarantee Reporting – A report that captures all Financial Guarantees must be provided to the State within 45 calendar days of the end of each quarter.	\$25,000 per quarter	Measured and assessed quarterly	
	3.5.6.4, Periodic Reporting	Specialty Drug Reports – A report that captures the utilization and Ingredient Cost Discounts for Specialty Drugs must be provided to the State within 45 calendar days of the end of each quarter.	\$12,500 per quarter	Measured and assessed quarterly	
Identification Cards	3.5.2, Identification Cards	Identification Card Maintenance - At least 98.0% of all Maintenance Identification Cards issued by Contractor each Plan Year must be mailed within five (5) business days following Contractor's receipt and update of a processable Eligibility File or transmission identifying the applicable Subscriber.	\$75,000 per quarter	Measured and assessed quarterly	

Category	RFP Section Reference	Performance Standard	Liquidated Damage Amount	Payment Measurement Schedule	/
Client and Customer Satisfaction	3.4.2, Customer Service / Member Services	Client Issue Resolution – 98.0% of issues initiated by the DPB shall receive an acknowledgment from the Contractor within 24 hours and resolution within three business days. Performance measure must be tracked by open issues report and calculated by dividing the total number of DPB initiated issues by the total number of DPB initiated issues not resolved to the DPB's satisfaction within three business days.	\$125,000 per quarter	Measured assessed quarterly	and
	3.4.2, Customer Service / Member Services	Member Inquiry or Complaint Response Time – The Contractor must respond to 95.0% of the written (or e-mailed) inquiries or complaints it receives from Members in connection with its delivery of services within 7 calendar days, as calculated under the Time-to-Respond Formula. Time-to-Respond is calculated by counting the number of calendar days from the day the inquiry or complaint is received by the Contractor to, and including, the date a written response is mailed to the Member. Time-to-Respond to written inquiries and complaints must be reported to the State Contract Manager quarterly.	\$75,000 per quarter	Measured assessed quarterly	and
	3.4.2, Customer Service / Member Services	Average Speed of Answer – The Average Speed of Answer ("ASA") of the Member service telephone line each Plan quarter must be thirty (30.0) seconds or less.	\$75,000 per quarter	Measured assessed quarterly	and
	3.4.2, Customer Service / Member Services	Telephone Abandonment Rate – Must be 3.0% or less of all incoming calls received during each Plan quarter	\$75,000 per quarter	Measured assessed quarterly	and
	3.4.2, Customer Service / Member Services	First Call Resolution Rate – The First Call Resolution Rate must be 90.0% or greater.	\$75,000 per quarter	Measured assessed quarterly	and
	3.4.2, Customer Service / Member Services	Average Hold Time - The average hold time for a Member to speak to a pharmacist must be sixty (60.0) seconds or less.	\$12,500 per quarter	Measured assessed quarterly	and
	3.4.2, Customer Service / Member Services	Customer Service Center Recorded Calls - Access to 100.0% of Customer Service Center recorded calls must be provided within 5 business days as long as the request is within three years of the call.	\$12,500 per quarter	Measured assessed quarterly	and
Utilization Management	3.3.1, Clinical Programs	Prior Authorization for Specific Drugs - The Contractor shall respond to 95.0% of all Prior Authorization requests within 2 business days.	\$12,500 per quarter	Measured assessed quarterly	and
Account Satisfaction	3.4.1, Account Management	Overall account satisfaction guarantee - At least a 4.0 on a scale of 1 to 5 (with 5 being the best).	\$250,000 per year	Measured assessed annually	and

Category	RFP Section Reference	Performance Standard	Liquidated Damage Amount	Payment Measurement Schedule	/
		Designated Members of client's staff will complete an annual report card to evaluate Vendor Account Management Team, or the overall service performance. Guarantee will be measured using a mutually agreed upon survey tool. Scorings can be pass/fail or based on a rating such as: 5 = Outstanding 4 = Commendable 3 = Satisfactory 2 = Needs improvement 1 = Unacceptable The Account Management Team may be scored on: - Technical knowledge - Accessibility - Interpersonal skills - Communication skills - Overall performance Vendor's overall service may be scored on: - Proactiveness in communication of issues and recommendations - Timeliness and accuracy of reports - Responsiveness to day to day needs - Adequacy of staffing and training - Ability to meet Performance Standards			
	3.4.1, Account Management	Member satisfaction with retail, Mail Order Pharmacy, and Specialty Drug Pharmacy - At least 95.0% satisfaction. Measured as the number of satisfied to highly satisfied survey ratings divided by the total number of survey responses.	\$250,000 per year	Measured and assessed Annually	
	3.10, Quality Control	Plan Benefit Review - In the event of a Plan Design change, the Contractor shall accurately load each Plan Design, test its load, and report on results no later than 45 calendar days prior to the Plan Design effective date.	\$250,000 per occurrence	Measured and assessed every time there is a Plan Design change	
	3.10, Quality Control	Adjudication Platform Migration - If the Contractor requires the State to migrate adjudication platforms or service facilities, the Contractor shall guarantee that the State will be satisfied with the migration. Satisfaction must be least a 4.0 on a scale of 1 to 5 (with 5 being the best). Ratings will be based on mutually agreed upon criteria. This will be a separate, standalone Performance Standard for each migration.	\$1,000,000	Measured and assessed every time an adjudication platform transitioned is	

Performance Standards and Liquidated Damage Amounts for Employer Group Waiver Plan (EGWP plus WRAP)

Category	RFP Reference	Section	Performance Standards	Liquidated Damage Amount	Payment Measurement Schedule
Implementation	3.9, Implementation		Benefit Activation Date Timeliness – If the Contractor fails to achieve Plan implementation by the January 1, 2017, Coverage Effective Date, it shall pay Liquidated Damages as stated herein.	\$90,000 per day	Measured and assessed monthly
			Pre-Implementation Audit - The pre-implementation Audit must be completed, including follow up test Claims at least 20 business days prior to the Coverage Effective Date	\$50,000	Measured and assessed one time
Claim Administration	3.1.3, Mail Order		Mail Order Dispensing Accuracy – The Dispensing Accuracy Rate for each Plan quarter shall be 99.5% or greater.	\$225,000 per quarter	Measured and assessed quarterly
	3.1.3, Mail Order		Mail Order Claim Process Time, Non-Protocol – Must dispense 95.0% of all Non-Protocol Prescriptions received within two (2) business days following receipt.	\$12,500 per quarter	Measured and assessed quarterly
			Mail Order Claim Process Time, All Other - 98.0% of all other Mail Order Pharmacy prescriptions received each Plan quarter must be dispensed within five (5) business days following receipt by Contractor.	\$12,500 per quarter	Measured and assessed quarterly
	3.5.3, Eligibility File		Eligibility Posting Time – 98.0% of electronically transmitted eligibility updates must be posted within two (2) business days after receipt in specified format and 100.0% posted within five (5) business days.	\$200,000 per quarter	Measured and assessed quarterly
Payment Timing	3.8.4 and Financial	3.10.3	DIR Payment Timing - Beginning at the end of the third month after the Coverage Effective Date, and on a monthly basis thereafter, the Contractor shall pay the DIR Guarantees to the State. In addition, beginning at the tenth month of the second year of the Contract, and annually thereafter, the Contractor shall perform an Annual Reconciliation of the difference between the DIR paid and the actual DIR.	5.0% of the delayed amount, as well as annual interest of Prime Rate plus 2.0%.	Measured and assessed monthly for rebates; Measured and assessed annually for the Annual Reconciliation
Reporting	3.5.6, Reporting		Quarterly Data Files – Accurate and complete quarterly data files shall be made available to the State within 30 calendar days following the end of the quarter. This applies to all Claims, enrollment, utilization, financial, daily register, and DIR summary reports.	\$75,000 per quarter	Measured and assessed quarterly

Category	RFP Reference	Section	Performance Standards	Liquidated Damage Amount	Payment Measurement Schedule
Account Satisfaction	3.5.6.4, Reporting	Periodic	Performance Standard Reporting – A report that captures Performance Standards must be provided to the State within 45 calendar days of the end of each quarter.	\$12,500 per quarter	Measured and assessed quarterly
	3.5.6.4, Reporting	Periodic	Financial Guarantee Reporting – A report that captures all Financial Guarantees must be provided to the State within 45 calendar days of the end of each quarter.	\$25,000 per quarter	Measured and assessed quarterly
	3.4.2, Service / Services	Customer / Member	Client Issue Resolution – 98.0% of issues initiated by the DPB shall receive an acknowledgment from the Contractor within 24 hours and resolution within three business days. Performance measure must be tracked by open issues report and calculated by dividing the total number of DPB initiated issues by the total number of DPB initiated issues not resolved to the DPB's satisfaction within three business days.	\$125,000 per quarter	Measured and assessed quarterly
	3.4.1, Management	Account	Overall account satisfaction guarantee - At least a 4.0 on a scale of 1 to 5 (with 5 being the best). Designated Members of client's staff will complete an annual report card to evaluate vendor Account Management Team, or the overall service performance. Guarantee will be measured using a mutually agreed upon survey tool. Scorings can be pass/fail or based on a rating such as: 5 = Outstanding 4 = Commendable 3 = Satisfactory 2 = Needs improvement 1 = Unacceptable The Account Management Team may be scored on: - Technical knowledge - Accessibility - Interpersonal skills - Communication skills - Overall performance Vendor's overall service may be scored on: - Proactiveness in communication of issues and recommendations - Timeliness and accuracy of reports - Responsiveness to day to day needs - Adequacy of staffing and training	\$250,000 per year	Measured and assessed annually

Category	RFP Reference	Section	Performance Standards	Liquidated Damage Amount	Payment Measurement Schedule
			- Ability to meet Performance Standards		
		3.10, Quality Control	Plan Benefit Review - In the event of a Plan Design change, the Contractor shall accurately load each Plan Design, test its load, and report on results no later than 45 calendar days prior to the Plan Design effective date.	\$250,000 per occurrence	Measured and assessed each time there is a Plan Design change
		3.10, Quality Control	Adjudication Platform Migration - If the Contractor requires the State to migrate adjudication platforms or service facilities, the Contractor shall guarantee that the State will be satisfied with the migration. Satisfaction must be least a 4.0 on a scale of 1 to 5 (with 5 being the best). Ratings will be based on mutually agreed upon criteria. This will be a separate, standalone Performance Standard for each migration.	\$1,000,000	Measured and assessed every time an adjudication platform is transitioned

5.14.1.1 LIQUIDATED DAMAGES ASSESSMENT PROCEDURE

Prior to the assessment of any of the Liquidated Damages in this Section, the State shall provide written notice to the Contractor specifying the nature and details of each violation, including reference to the Section(s) under which the damages are proposed to be assessed and the amount of the assessment. The State's notice, which will be sent to the Contractor after receipt of the Contractor's Performance Standard report as described in Section 3.5.6.4, will specify whether the Contractor will be required to pay the amount of the assessment to the State or whether the assessed amount will be withheld from the Contractor's next payments.

Payment of the Contractor's invoice without resolution of such claims, shall be without prejudice to the Contractor's and State's rights and obligations to continue to attempt to resolve such claims or if they are not resolved, assess Liquidated Damages therefor, regardless of any language contained in the Contractor's invoice to the contrary.

The State's decision not to require payment of Liquidated Damages in any instance of failure to meet one or more Performance Standard(s) shall not be deemed to be a waiver of the State's right to require payment of Liquidated Damages in any other instance.

5.15 RETAINAGE

Not applicable to this procurement.

5.16 ADDITIONAL WORK AND/OR SPECIAL PROJECTS

The Vendor {Contractor} shall not begin performing any additional work or special projects without first obtaining the State Contract Manager's recommendation and the Director's written approval.

In the event of additional work and/or special projects, the Vendor {Contractor} must present a written Quote {Proposal} to perform the additional work to the State Contract Manager. The Quote {Proposal} should provide justification for the necessity of the additional work. The relationship

between the additional work and the base Blanket P.O. {Contract} work must be clearly established by the Vendor {Contractor} in its Quote {Proposal}.

The Vendor's {Contractor's} written Quote {Proposal} must provide a detailed description of the work to be performed broken down by task and subtask. The Quote {Proposal} should also contain details on the level of effort, including hours, labor categories, etc., necessary to complete the additional work.

The written Quote {Proposal} must detail the cost necessary to complete the additional work in a manner consistent with this Blanket P.O. {Contract}. The written price schedule must be based upon the hourly rates, unit costs or other cost elements submitted by the Vendor {Contractor} in the Vendor's {Contractor's} original Quote {Proposal} submitted in response to this Bid Solicitation {RFP}. Whenever possible, the price schedule should be a firm, fixed price to perform the required work. The firm, fixed price should specifically reference and be tied directly to costs submitted by the Vendor {Contractor} in its original Quote {Proposal}. A payment schedule, tied to successful completion of tasks and subtasks, must be included.

Upon receipt and approval of the Vendor's {Contractor's} written Quote {Proposal}, the State Contract Manager shall forward same to the Director for the Director's written approval. Complete documentation from the Using Agency, confirming the need for the additional work, must be submitted. Documentation forwarded by the State Contract Manager to the Director must include all other required State approvals, such as those that may be required from the State of New Jersey's Office of Management and Budget and Office of Information Technology.

In the event the Vendor {Contractor} proceeds with additional work and/or special projects without the Director's written approval, it shall be at the Vendor's {Contractor's} sole risk. The State shall be under no obligation to pay for work performed without the Director's written approval.

5.17 MODIFICATIONS AND CHANGES TO THE STATE OF NJ STANDARD TERMS AND CONDITIONS (SSTC)

5.17.1 INDEMNIFICATION

Section 4.1 of the SSTC is supplemented with the following:

4.1.1.1 LIMITATION OF LIABILITY

The Vendor's {Contractor's} liability to the State for actual, direct damages resulting from the Vendor's {Contractor's} performance or non-performance, or in any manner related to the Blanket P.O. {Contract}, for any and all claims, shall be limited in the aggregate to \$10,000,000 annually, including Liquidated Damages, except that such limitation of liability shall not apply to the following:

1. The actual amounts owed, should Vendor {Contractor} breach any of the pricing terms and guarantees in the Blanket P.O. {Contract}, including without limitation: the Average Annual Guarantees, the Specialty Drug Minimum Guaranteed Discounts, and the Rebate Guarantees;
2. The Vendor's {Contractor's} obligation to indemnify the State of New Jersey and its employees from and against any claim, demand, loss, damage or expense relating to bodily injury or the death of any person or damage to real property or tangible personal property, incurred from the work or materials supplied by the Vendor {Contractor} under the Blanket P.O. {Contract} caused by negligence, recklessness or willful misconduct of the Vendor {Contractor};

3. The Vendor's {Contractor's} breach of its obligations of confidentiality;
4. The Vendor's {Contractor's} obligations regarding data security and data breach notification and remediation; and,
5. Vendor's {Contractor's} liability with respect to copyright or other intellectual property indemnification.

4.1.2

The Vendor's {Contractor's} indemnification obligation is not limited by but is in addition to the insurance obligations contained in Section 4.2 of the State of NJ Standard Terms and Conditions.

4.1.3

The Vendor {Contractor} shall not be liable for special, consequential, or incidental damages.

5.17.2 INSURANCE - PROFESSIONAL LIABILITY INSURANCE

Section 4.2 of the SSTC regarding insurance is modified with the addition of the following section regarding Professional Liability Insurance.

- D. Professional Liability Insurance: The Vendor {Contractor} shall carry Errors and Omissions, Professional Liability Insurance, and/or Professional Liability Malpractice Insurance sufficient to protect the Vendor {Contractor} from any liability arising out the professional obligations performed pursuant to the requirements of this Blanket P.O. {Contract}. The insurance shall be in the amount of not less than \$5,000,000 and in such policy forms as shall be approved by the State. If the Vendor {Contractor} has claims-made coverage and subsequently changes carriers during the term of this Blanket P.O. {Contract}, it shall obtain from its new Errors and Omissions, Professional Liability Insurance, and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage.

5.17.3 MAINTENANCE OF RECORDS AT END OF BLANKET P.O. {CONTRACT}

Section 5.15 of the NJ Standard Terms and Conditions is supplemented by the addition of the provisions below. The provisions of this Section shall survive the termination of this Blanket P.O. {Contract} or termination of coverage of a Member and shall bind the State and the Vendor {Contractor} so long as they maintain any protected health information.

- a. Subject to applicable law, all documents, records, reports, data, including data recorded by the Vendor {Contractor} in its data processing systems, directly related to the receipt, processing and payment of Claims and all Claim histories ("Claim Records") must at all times be the property of the DPB, and in connection with Claims Records related to the EGWP + WRAP Plans, also of the federal government to the extent required by federal laws and regulations. The Vendor {Contractor} has the right to possession and use of Claims Records during the term of this Blanket P.O. {Contract} and to maintain Claims Records following the termination of this Contract, as necessary to comply with its obligations under this Blanket P.O. {Contract} or as mandated by federal or State law and regulations. However, upon request by the State (or federal government), Claims Records or any other relevant documents or data must be provided by Vendor {Contractor} to the State (and/or federal government) in a mutually agreeable format.
- b. The Vendor {Contractor} must not obtain, hold, or create any financial interest in Claims Records or other information related to this Blanket P.O. {Contract}, nor shall it create any

obligation to provide any individual or aggregate Claims Records or other information related to this Blanket P.O. {Contract} to any third party. Vendor {Contractor} may not use Claims Records and such other referenced information for any purposes other than to perform this Blanket P.O. {Contract}, or as may be required by the federal government or any court.

- c. All Claims Records and other information related to this Blanket P.O. {Contract} that are in the possession of the Vendor {Contractor} must be retained by the Vendor {Contractor} in accordance with applicable federal and State record retention requirements, but in any case will be kept and retrievable for no less than seven (7) years. All information that is available on-line to the State must be retained in its on-line form for at least two (2) years from the date of service or from the date final payment is made on the Claim, whichever is later.
- d. If the State notifies the Vendor {Contractor} a Claim has become the subject of litigation, the Vendor {Contractor} must not destroy the record without prior notice to the State.
- e. If a Claim becomes the subject of litigation, the Vendor {Contractor} must provide to the State all Claim information related to that Claim as necessary for litigation purposes and participate as fact or expert witnesses, if requested to do so. In the case where an expert witness is necessary, one must be provided at a reasonable and customary fee agreed upon by the State Contract Manager and the Vendor {Contractor}. This provision shall survive termination of this Blanket P.O. {Contract}.
- f. In addition, upon request, all documents, records, reports, data, including data recorded by the Vendor {Contractor} in its data processing systems, directly related to the receipt, processing and payment of Claim Records must promptly be made available to the State, including the Comptroller.

5.17.4 MOST FAVORED NATION AND MARKET CHECK PROVISIONS

Section 6.1 of the NJ Standard Terms and Conditions has its second paragraph replaced with the following paragraphs:

- a. Most Favored Nation: The Vendor {Contractor} shall provide Most Favored Nation (MFN) terms to the State wherein Vendor {Contractor} agrees that it is obligated to provide to the State, throughout the life of this Blanket P.O. {Contract}, as good, or better Financial Contracted Terms as Vendor {Contractor} provides to any other account. "On an annual basis, the Vendor {Contractor} shall perform its own analysis and provide a written, signed document certifying that all the terms of the MFN provision have been met and that no other client has better Financial Contracted Terms than the State. This letter shall be signed by a senior officer of the company.
- b. The Vendor {Contractor} shall ensure that as of the time when the Contract was awarded to the Vendor {Contractor}, based on the terms offered to the State by the Vendor {Contractor} as of the date of the Vendor's {Bidder's} its Quote {Proposal} submission, the above MFN representations were accurate.
- c. Market Check Provision: The Parties agree as follows:

On an annual basis, at any time after the first year of this Blanket P.O. {Contract} has been completed, the State may provide the Vendor {Contractor} with a Market Check from a major consulting firm that has evaluated whether the pricing is competitive in the marketplace for the

Commercial and/or for the EGWP + WRAP portion of this Blanket P.O. {Contract}. The Market Check will be conducted as follows:

The consulting firm will compare the actual costs or the current guarantees (as determined by the State) that have been charged by the Vendor {Contractor} for the relevant Claims:

- (a) with the costs that should have been charged, based on the Financial Contracted Terms that are then in the Blanket P.O. {Contract} (to enable the State to verify that the Vendor {Contractor} is satisfying the Administrative Fee and Financial Guarantees that are then in the Blanket P.O. {Contract}); and
- (b) with the costs that would result, if the State was able to terminate the Blanket P.O. {Contract}, and provide PBM Services to the relevant covered lives through another Vendor {Contractor} providing Alternative Available Blanket P.O. {Contract} Terms.

Should the results of the Market Check reflect that the Vendor's {Contractor's} actual costs invoiced to the State were greater than the costs that would result, if the State was able to terminate the Blanket P.O. {Contract} and provide PBM Services to the relevant covered lives through another Vendor {Contractor}, then the State may notify the Vendor {Contractor} of the results of its Market Check, and ask the Vendor {Contractor} to match the Alternative Available Blanket P.O. {Contract} Terms. Both Parties shall then begin good faith negotiations to see if they can reach a mutual agreement on revising any of the above-referenced pricing and guarantee terms, or any other Blanket P.O. {Contract} terms that the State may also wish to revise.

If the Parties reach agreement on revised pricing terms and guarantees, the Vendor {Contractor} shall implement those revised pricing terms effective within 30 calendar days following written approval from the State. The Vendor {Contractor} shall not have any right to challenge the findings of the Market Check, or the State's good faith rejection of the terms that the Vendor {Contractor} offers to match the Market Check, should the State believe that the Vendor's {Contractor's} offered terms do not constitute an actual match.

5.17.5 DELIVERY REQUIREMENTS

Section 5.12 of the SSTC does not apply to this procurement.

5.18 CHANGE IN PLAN DESIGN

During the term of the Blanket P.O. {Contract}, the State shall have the right to make any change to any Plan, including, without limitation, changes in Deductibles, Copayments, Plan maximums, and similar variables.

In the event of such a change, the parties shall meet to discuss the change and discuss the needed Change Orders {Contract Amendments} to the Blanket P.O. {Contract}. For any such Change Order {Contract Amendment}, there shall be no change in the Administrative Fee when the Vendor {Contractor} need only make changes in its Claim administration and other related systems, such as changes in Deductible, Copayment, Plan maximum or similar variable. Similarly, there shall be no change in the Administrative Fee for a change in Plan that requires a change to the open

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enrollment period, a special open or limited enrollment period, additional communications with Network Providers or reissuance of an Identification Card to some or all Members.

If more substantial changes are made to a Plan or Plans, such that the Vendor {Contractor} must make more substantial changes to its systems, or undertake more work than set forth in the prior paragraph, the parties shall engage in negotiations for a change to the Administrative Fee for a period of 30 calendar days. If no agreement is reached at the conclusion of the negotiations period, the change in the Plan Design will be treated as a change in law and addressed pursuant to section 5.5 of the Standard Terms and Conditions.

The State reserves the right to separately procure services from another Vendor(s) {Contractor(s)} where the Plan Design changes involve substantial change to the current Plans or the creation of new Plans.

5.19 ACCESSIBILITY COMPLIANCE

The Vendor {Contractor} shall abide by the State's website standards and guidelines which include the mandatory accessibility information for Section 508 and Chapter 191 compliance for any web based systems. The standards can be located at the following links:

- A. http://nj.gov/it/ps/07-12-NJOIT_web_accessibility_policy.pdf; and
- B. http://www.state.nj.us/it/ps/Web_Site_Standards_Guidelines.pdf.

5.20 BLANKET P.O. {CONTRACT} ACTIVITY REPORT

Not applicable to this procurement.

5.21 ELECTRONIC PAYMENTS

With the award of this Blanket P.O. {Contract}, the successful Vendor(s) {Contractor(s)} will be required to receive its payment(s) electronically. In order to receive your payments via automatic deposit from the State of New Jersey, complete and return the "Credit Authorization Agreement for Automatic Deposits (ACH Credits)" Form with an **original voided check or bank letter**. The form must include ABA number (routing or transit number), bank account number, and if the bank account is a checking or savings account. The form and instructions are located on the Office of Management & Budget's website at: <http://www.state.nj.us/treasury/omb/forms/index.shtml>. The completed form along with the required voided check or bank letter should be mailed or faxed to: Department of the Treasury, Office of Management and Budget, PO Box 221, 6TH Floor – Room 674, Trenton, N.J. 08625-0221; fax: (609)-984-5210. To assist in identifying payments, the State offers Vendors {Contractors} access to the Vendor Payment Inquiry web application (VPI) which offers check stub information online. Contact the State of New Jersey at AAIUNIT@treas.nj.gov to request access to this application.

5.22 LOCAL EMPLOYER NON-COMPETE

During the term of this Blanket P.O. {Contract}, the Vendor {Contractor} or any affiliate or subsidiary must not solicit or try to induce a participating Local Employer to enter into an agreement for any type of prescription drug coverage provided under this Blanket P.O. {Contract}. The Vendor {Contractor} must not use any information obtained as a result of this Blanket P.O. {Contract}, including information on participating employers, Subscribers, Dependents, and Claim experience, for any other purpose other than processing Claims and providing such other services as are required under this Blanket P.O. {Contract}. In the event the Vendor {Contractor} or any affiliate or subsidiary receives from a participating Local Employer (or any entity that is, or may be, acting on its behalf) a request for a proposal and/or a request for Claim information for coverage of the type

being provided under this Blanket P.O. {Contract}, the Vendor {Contractor} must advise the DPB in writing of the request. Claim information shall not be released without prior DPB approval.

5.23 PROGRAM EFFICIENCY ASSESSMENT FOR STATE USING AGENCIES

The Program Efficiency Assessment shall not be charged against the winning Vendor {Contractor} and therefore is not to be included in the Vendor's {Bidder's} pricing. The State Using Agencies shall be charged an assessment equal to one-quarter of one (1) percent (0.25%) of the value of all transactions under this Blanket P.O. {Contract}. This assessment is authorized by N.J.S.A. 52:27B-56 and N.J.A.C. 17:12-1.5, to maintain the State's procurement system at a level to meet industry standards of efficiency.

For purposes of this section, "transaction" is defined as the payment or remuneration to the Vendor {Contractor} for services rendered or products provided to the State pursuant to the terms of this Blanket P.O. {Contract}, including but not limited to the following: purchase orders, invoices, hourly rates, firm fixed price, commission payments, progress payments and contingency payments.

5.24 COMPLIANCE WITH LAW

The Vendor {Contractor} shall take all actions necessary and appropriate to assure that it complies with all applicable federal, state, and local laws and regulations, including, without limitation, the federal and New Jersey Anti-Kickback Statutes, the Public Contracts Anti-Kickback Act, and the federal and New Jersey prohibitions on self-referrals, commonly referred to as the Stark Law and the Codey Law respectively. Submitting claims to the State while failing to comply with all applicable state and federal laws and regulations constitutes a false certification and presentment of false claims for payment in violation of the federal False Claims Act, 31 U.S.C. § 3729, et seq. and the New Jersey False Claims Act, N.J. Stat. Ann. § 2A:32C-1 et seq., and the Vendor {Contractor} shall agree that compliance with all applicable federal and State laws is a condition of payment by the State under this Blanket P.O. {Contract}.

6.0 QUOTE {PROPOSAL} EVALUATION

6.1 RIGHT TO WAIVE

The Director reserves the right to waive minor irregularities or omissions in a Quote {Proposal}. The Director also reserves the right to waive a requirement provided that the requirement does not materially affect the procurement or the State's interests associated with the procurement.

6.2 DIRECTOR'S RIGHT OF FINAL QUOTE {PROPOSAL} ACCEPTANCE

The Director reserves the right to reject any or all Quotes {Proposals}, or to award in whole or in part if deemed to be in the best interest of the State to do so. The Director shall have authority to award orders or Blanket P.O.s {Contracts} in accordance with N.J.S.A. 52:34-12. Tie Quotes {Proposals} will be awarded by the Director in accordance with N.J.A.C. 17:12-2.10.

6.3 STATE'S RIGHT TO INSPECT VENDOR (BIDDER) FACILITIES

The State reserves the right to inspect the Vendor's {Bidder's} establishment before making an award, for the purposes of ascertaining whether the Vendor {Bidder} has the necessary facilities for performing the Blanket P.O. {Contract}.

The State may also consult with clients of the Vendor {Bidder} during the evaluation of Quotes {Proposals}. Such consultation is intended to assist the State in making a Blanket P.O. {Contract} award that is most advantageous to the State.

6.4 STATE'S RIGHT TO REQUEST FURTHER INFORMATION

The Director reserves the right to request all information which may assist him or her in making a Blanket P.O. {Contract} award, including factors necessary to evaluate the Vendor's {Bidder's} financial capabilities to perform the Blanket P.O. {Contract}. Further, the Director reserves the right to request a Vendor {Bidder} to explain, in detail, how the Quote {Proposal} price was determined.

6.5 QUOTE {PROPOSAL} EVALUATION COMMITTEE

Quotes {Proposals} may be evaluated by an Evaluation Committee composed of members of affected departments and agencies together with representative(s) from the Division. Representatives from other governmental agencies may also serve on the Evaluation Committee. On occasion, the Evaluation Committee may choose to make use of the expertise of outside consultant(s) in an advisory role.

6.6 ORAL PRESENTATION AND/OR CLARIFICATION OF QUOTE {PROPOSAL}

After the submission of Quotes {Proposals}, unless requested by the State as noted below, Vendor {Bidder} contact with the State is still not permitted.

After the Quotes {Proposals} are reviewed, one (1), some or all of the Vendors {Bidders} may be asked to clarify certain aspects of its Quote {Proposal}. A request for clarification may be made in order to resolve minor ambiguities, irregularities, informalities or clerical errors. Clarifications cannot correct any deficiencies or material omissions, or revise or modify a Quote {Proposal}, except to the extent that correction of apparent clerical mistakes results in a modification.

The Vendor {Bidder} may be required to give an oral presentation to the State concerning its Quote {Proposal}.

A Vendor {Bidder} may not attend the oral presentations of its competitors.

It is within the State's discretion whether to require the Vendor {Bidder} to give an oral presentation or require the Vendor {Bidder} to submit written responses to questions regarding its Quote {Proposal}. Action by the State in this regard should not be construed to imply acceptance or rejection of a Quote {Proposal}. The Bureau will be the sole point of contact regarding any request for an oral presentation or clarification.

6.7 EVALUATION CRITERIA

The following evaluation criteria categories, not necessarily listed in order of significance, will be used to evaluate Quotes {Proposals} received in response to this Bid Solicitation {RFP}. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process.

6.7.1 TECHNICAL EVALUATION CRITERIA

Each criterion will be scored and each score multiplied by a predetermined weight to develop the Technical Evaluation Score.

- A. Personnel: The qualifications and experience of the Vendor's {Bidder's} management, supervisory, and key personnel assigned to the Blanket P.O. {Contract}, including the candidates recommended for each of the positions/roles required;
- B. Experience of firm: The Vendor's {Bidder's} documented experience in successfully completing Blanket P.O. {Contracts} of a similar size and scope in relation to the work required by this Bid Solicitation {RFP}; and
- C. Ability of firm to complete the Scope of Work based on its Technical Quote {Proposal}: The Vendor's {Bidder's} demonstration in the Quote {Proposal} that the Vendor {Bidder} understands the requirements of the Scope of Work and presents an approach that would permit successful performance of the technical requirements of the Blanket P.O. {Contract}.

The above criteria will be utilized to develop a pre-qualified pool of Vendors {Bidders} who will then participate in the Reverse Auction. All pre-qualified Vendors {Bidders} will be required to participate in a mandatory training provided by the Reverse Auction Vendor {Contractor}.

6.7.2 VENDOR'S {BIDDER'S} PRICE SCHEDULE

The Division will utilize the Reverse Auction Vendor's {Contractor's} algorithm model to evaluate pricing. The model will use multiple rounds of bidding during the auction process. The pricing quote will be date-stamped by the Reverse Auction Tool. .

6.7.3 QUOTE (PROPOSAL) DISCREPANCIES

In evaluating Quotes {Proposals}, discrepancies between words and figures will be resolved in favor of words. Discrepancies between unit prices and totals of unit prices will be resolved in favor of unit prices. Discrepancies in the multiplication of units of work and unit prices will be resolved in favor of the unit prices. Discrepancies between the indicated total of multiplied unit prices and units of work and the actual total will be resolved in favor of the actual total. Discrepancies between the indicated sum of any column of figures and the correct sum thereof will be resolved in favor of the correct sum of the column of figures.

In the event that a Vendor {Bidder} using **NJSTART** to submit a Quote {Proposal} uploads a price sheet/schedule attachment and completes the "Items" Tab in **NJSTART** (instead of entering a Unit Cost of \$1.00 as instructed), the price sheet/schedule attachment will govern.

6.7.4 EVALUATION OF THE QUOTES (PROPOSALS)

After the Evaluation Committee completes its evaluation, it recommends to the Director for award the responsible Vendor(s) {Bidder(s)} whose Quote {Proposal}, conforming to this Bid Solicitation {RFP}, is most advantageous to the State, price and other factors considered. The Evaluation Committee considers and assesses price, technical criteria, and other factors during the evaluation process and makes a recommendation to the Director. The Director may accept, reject or modify the recommendation of the Evaluation Committee. Whether or not there has been a negotiation process as outlined in Section 6.8 below, the Director reserves the right to negotiate price reductions with the selected Vendor {Bidder}.

6.8 NEGOTIATION AND BEST AND FINAL OFFER (BAFO)

In accordance with N.J.S.A. 52:34-12(f) and N.J.A.C. 17:12-2-7, after evaluating Quotes {Proposals}, the Bureau may establish a competitive range and enter into negotiations with one (1) Vendor {Bidder} or multiple Vendors {Bidders} within this competitive range. The primary purpose of negotiations is to maximize the State's ability to obtain the best value based on the mandatory requirements, evaluation criteria, and cost. Multiple rounds of negotiations may be conducted with one (1) Vendor {Bidder} or multiple Vendors {Bidders}. Negotiations will be structured by the Bureau to safeguard information and ensure that all Vendors {Bidders} are treated fairly.

Similarly, the Bureau may invite one (1) Vendor {Bidder} or multiple Vendors {Bidders} to submit a Best and Final Offer (BAFO). Said invitation will establish the time and place for submission of the BAFO. Any BAFO that does not result in more advantageous pricing to the State will not be considered, and the State will evaluate the Vendor's {Bidder's} most advantageous previously submitted pricing.

If required, after review of the BAFO(s), clarification may be sought from the Vendor(s) {Bidder(s)}. The Division may conduct more than one (1) round of negotiation and/or BAFO in order to attain the best value for the State.

After evaluation of Quotes {Proposals} and as applicable, negotiation(s), and/or BAFO(s), the Bureau will recommend, to the Director, the responsible Vendor(s) {Bidder(s)} whose Quote(s) {Proposal(s)}, conforming to the Bid Solicitation {RFP}, is/are most advantageous to the State, price, and other factors considered. The Director may accept, reject or modify the recommendation of the Bureau. The Director may initiate additional negotiation or BAFO procedures with the selected Vendor(s) {Bidder(s)}.

Negotiations will be conducted only in those circumstances where it is deemed by the Bureau or Director to be in the State's best interests and to maximize the State's ability to get the best value. Therefore, the Vendor {Bidder} is advised to submit its best technical and price Quote {Proposal} in response to this Bid Solicitation {RFP} since the State may, after evaluation, make a Blanket P.O. {Contract} award based on the content of the initial submission, without further negotiation and/or BAFO with any Vendor {Bidder}.

All contacts, records of initial evaluations, any correspondence with a Vendor {Bidder} related to any request for clarification, negotiation or BAFO, any revised technical and/or price Quotes {Proposals}, and related documents will remain confidential until a Notice of Intent to Award a Blanket P.O. {Contract} is issued.

If the Bureau contemplates negotiation, Quote {Proposal} prices will not be publicly read at the Quote {Proposal} opening. Only the name and address of each Vendor {Bidder} will be publicly announced at the Quote {Proposal} opening.

6.9 “REQUEST FOR REVISION” WITHIN **NJSTART**

The State may request a revision of the Vendor’s {Bidder’s} Quote {Proposal} within **NJSTART**. The Vendor {Bidder} shall respond to the “Request for Revision” (e.g., to reduce pricing if a BAFO is requested) only for the reason(s) identified by the State. Any changes made by a Vendor {Bidder} to the Quote {Proposal} other than as requested by the State shall be considered null and void.

6.10 POOR PERFORMANCE

A Vendor {Bidder} with a history of performance problems may be bypassed for consideration of an award issued as a result of this Bid Solicitation {RFP}. The following materials may be reviewed to determine Vendor {Bidder} performance: Blanket P.O. {Contract} cancellations for cause pursuant to Section 5.7(b) of the SSTC; information contained in Vendor performance records; information obtained from audits or investigations conducted by a local, state or federal agency of the Vendor’s {Bidder’s} work experience; current licensure, registration, and/or certification status and relevant history thereof; or its status or rating with established business/financial reporting services, as applicable. Vendors {Bidders} should note that this list is not exhaustive.

7.0 BLANKET P.O. {CONTRACT} AWARD

7.1 DOCUMENTS REQUIRED BEFORE BLANKET P.O. {CONTRACT} AWARD

7.1.1 REQUIREMENTS OF PUBLIC LAW 2005, CHAPTER 51, N.J.S.A. 19:44A-20.13 - N.J.S.A. 19:44A-20.25 (FORMERLY EXECUTIVE ORDER NO. 134), EXECUTIVE ORDER NO. 117 (2008) AND N.J.A.C. 17:12-5 ET SEQ.

- A. The State shall not enter into a Blanket P.O. {Contract} to procure services or any material, supplies or equipment, or to acquire, sell, or lease any land or building from any Business Entity, where the value of the transaction exceeds \$17,500, if that Business Entity has solicited or made any contribution of money, or pledge of contribution, including in-kind contributions, to a candidate committee and/or election fund of any candidate for or holder of the public office of Governor or Lieutenant Governor, to any State, county, municipal political party committee, or to any legislative leadership committee during certain specified time periods;
- B. Prior to awarding any Blanket P.O. {Contract} or agreement to any Business Entity, the Business Entity proposed as the intended Vendor {Contractor} of the Blanket P.O. {Contract} shall submit the Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form, certifying that no contributions prohibited by either Chapter 51 or Executive Order No. 117 have been made by the Business Entity and reporting all contributions the Business Entity made during the preceding four (4) years to any political organization organized under 26 U.S.C.527 of the Internal Revenue Code that also meets the definition of a "continuing political committee" within the means of N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.7. The required form and instructions, available for review on the Division's website at <http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>, shall be provided to the intended Vendor {Contractor} for completion and submission to the Division with the Notice of Intent to Award. Upon receipt of a Notice of Intent to Award a Blanket P.O. {Contract}, the intended Vendor {Contractor} shall submit to the Division, in care of the Division Procurement Specialist, the Certification and Disclosure(s) within five (5) business days of the State's request. Failure to submit the required forms will preclude award of a Blanket P.O. {Contract} under this Bid Solicitation {RFP}, as well as future Blanket P.O. {Contract} opportunities; and
- C. Further, the Vendor {Contractor} is required, on a continuing basis, to report any contributions it makes during the term of the Blanket P.O. {Contract}, and any extension(s) thereof, at the time any such contribution is made. The required form and instructions, available for review on the Division's website at <http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>, shall be provided to the intended Vendor {Contractor} with the Notice of Intent to Award.

The Two-Year Chapter 51/Executive Order 117 Vendor Certification and Disclosure of Political Contributions form is located on the [Division's website](#). The form is also available in [NJSTART](#). Vendors {Bidders} may refer to the QRGs "Vendor Forms" and "Attaching Files" for instructions on submitting the forms required by this section of the Bid Solicitation {RFP} through [NJSTART](#). QRGs are located on the [NJSTART Vendor Support Page](#).

Vendors {Bidders} should verify its Chapter 51 Compliance status on the "Maintain Terms and Categories" Tab within its profile in [NJSTART](#). In the event of an issue with a Vendor's {Bidder's} Chapter 51 Compliance status, [NJSTART](#) provides a link to take corrective action.

7.1.2 SOURCE DISCLOSURE REQUIREMENTS

Pursuant to N.J.S.A. 52:34-13.2, all Blanket P.O.s {Contracts} primarily for services awarded by the Director shall be performed within the United States, except when the Director certifies in writing a finding that a required service cannot be provided by a Vendor {Contractor} or Subcontractor within the United States and the certification is approved by the State Treasurer. Also refer to Section 3.6 Service Performance Within U.S. of the SSTC.

Pursuant to the statutory requirements, the intended Vendor {Contractor} of a Blanket P.O. {Contract} primarily for services with the State of New Jersey must disclose the location by country where services under the Blanket P.O. {Contract}, including subcontracted services, will be performed. The Source Disclosure Form accompanies the subject Bid Solicitation {RFP}. FAILURE TO SUBMIT SOURCING INFORMATION WHEN REQUESTED BY THE STATE SHALL PRECLUDE AWARD OF A BLANKET P.O. {CONTRACT} TO THE INTENDED VENDOR {BIDDER}.

If any of the services cannot be performed within the United States, the Vendor {Bidder} shall state with specificity the reasons why the services cannot be so performed. The Director shall determine whether sufficient justification has been provided by the Vendor {Bidder} to form the basis of his or her certification that the services cannot be performed in the United States and whether to seek the approval of the Treasurer.

The Source Disclosure Form is located on the [Division's website](#). The form is also available in [NJSTART](#). Vendors {Bidders} may refer to the QRGs "Vendor Forms" and "Attaching Files" for instructions on submitting the forms required by this section of the Bid Solicitation {RFP} through [NJSTART](#). QRGs are located on the [NJSTART Vendor Support Page](#).

7.1.2.1 BREACH OF BLANKET P.O. {CONTRACT}

A SHIFT TO PROVISION OF SERVICES OUTSIDE THE UNITED STATES DURING THE TERM OF THE BLANKET P.O. {CONTRACT} SHALL BE DEEMED A BREACH OF BLANKET P.O. {CONTRACT}. If, during the term of the Blanket P.O. {Contract}, or any extension thereof, the Vendor {Contractor} or Subcontractor, who had upon Blanket P.O. {Contract} award declared that services would be performed in the United States, proceeds to shift the performance of any of the services outside the United States, the Vendor {Contractor} shall be deemed to be in breach of its Blanket P.O. {Contract}. Such Blanket P.O. {Contract} shall be subject to termination for cause pursuant to Section 5.7b.1 of the SSTC, unless such shift in performance was previously approved by the Director and the Treasurer.

7.1.3 AFFIRMATIVE ACTION

The intended Vendor {Contractor} must submit a copy of a New Jersey Certificate of Employee Information Report, or a copy of Federal Letter of Approval verifying it is operating under a federally approved or sanctioned Affirmative Action program. Intended Vendors {Contractors} not in possession of either a New Jersey Certificate of Employee Information Report or a Federal Letter of Approval must complete the Affirmative Action Employee Information Report (AA-302) located on the web at http://www.nj.gov/treasury/purchase/forms/AA_%20Supplement.pdf.

Vendors {Bidders} should verify its Affirmative Action Compliance status on the "Maintain Terms and Categories" Tab within its profile in [NJSTART](#). In the event of an issue with a Vendor's {Bidder's} Affirmative Action Compliance status, [NJSTART](#) provides a link to take corrective action.

7.1.4 BUSINESS REGISTRATION

In accordance with N.J.S.A. 52:32-44(b), a Vendor {Bidder} and its named Subcontractors must have a valid Business Registration Certificate ("BRC") issued by the Department of the Treasury, Division of Revenue and Enterprise Services prior to the award of a Blanket P.O. {Contract}. See Section 4.4.2.1 of this Bid Solicitation {RFP} for further information.

Vendors {Bidders} should verify its Business Registration Certification Active status on the "Maintain Terms and Categories" Tab within its profile in [NJSTART](#). In the event of an issue with a Vendor's {Bidder's} Business Registration Certification Active status, [NJSTART](#) provides a link to take corrective action. Vendors {Bidders} may refer to the QRG "Vendor Categories and Certifications" for instructions on completing certifications on the "Maintain Terms and Categories" Tab within its profile in [NJSTART](#). QRGs are located on the [NJSTART Vendor Support Page](#).

7.2 FINAL BLANKET P.O. {CONTRACT} AWARD

Blanket P.O. {Contract} award[s] will be made with reasonable promptness by written notice to that responsible Vendor(s) {Bidder(s)}, whose Quote(s) {Proposal(s)}, conforming to this Bid Solicitation {RFP}, is(are) most advantageous to the State, price, and other factors considered. Any or all Quotes {Proposals} may be rejected when the State Treasurer or the Director determines that it is in the public interest to do so.

7.3 INSURANCE CERTIFICATES

The Vendor {Contractor} shall provide the State with current certificates of insurance for all coverages required by the terms of this Blanket P.O. {Contract}, naming the State as an Additional Insured. See Section 4.2 of the SSTC accompanying this Bid Solicitation {RFP}.

Vendors {Bidders} should verify its Insurance Certification Compliance status on the "Maintain Terms and Categories" Tab within its profile in [NJSTART](#). In the event of an issue with a Vendor's {Bidder's} Insurance Certification Compliance status, contact the Division Procurement Specialist.

7.4 PERFORMANCE SECURITY

Not applicable to this procurement.

7.5 OWNERSHIP DISCLOSURE FORM AND DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN FORM

In accordance with P.L. 2016, c. 67, a Vendor {Bidder} must have an Ownership Disclosure Form and Disclosure of Investment Activities in Iran Form on file with the Division prior to the issuance of a Notice of Intent to Award. See Section 4.4.2.1.1 and 4.4.2.1.2 of this Bid Solicitation {RFP} for further information.

8.0 BLANKET P.O. {CONTRACT} ADMINISTRATION

8.1 STATE CONTRACT MANAGER

The State Contract Manager (SCM) is the State employee responsible for the overall management and administration of the Blanket P.O. {Contract}.

The SCM for this project will be identified at the time of execution of Blanket P.O. {Contract}. At that time, the Vendor {Contractor} will be provided with the State Contract Manager's name, department, division, agency, address, telephone number, fax phone number, and e-mail address.

8.1.1 STATE CONTRACT MANAGER RESPONSIBILITIES

For an agency Blanket P.O. {Contract} where only one (1) State office uses the Blanket P.O. {Contract}, the SCM will be responsible for engaging the Vendor {Contractor}, assuring that Purchase Orders are issued to the Vendor {Contractor}, directing the Vendor {Contractor} to perform the work of the Blanket P.O. {Contract}, approving the deliverables and approving payment vouchers. The SCM is the person who the Vendor {Contractor} will contact **after the Blanket P.O. {Contract} is executed** for answers to any questions and concerns about any aspect of the Blanket P.O. {Contract}. The SCM is responsible for coordinating the use of the Blanket P.O. {Contract} and resolving minor disputes between the Vendor {Contractor} and any component part of the SCM's Department. The SCM is also responsible for notifying OIT and other appropriate parties of security and privacy violations or incidents. The SCM cannot modify the Blanket P.O. {Contract}, direct or approve a Change Order {Contract Amendment}.

If the Blanket P.O. {Contract} has multiple users, the SCM shall be the central coordinator of the use of the Blanket P.O. {Contract} for all Using Agencies, while other State employees engage and pay the Vendor {Contractor}. All persons and agencies using the Blanket P.O. {Contract} must notify and coordinate the use of the Blanket P.O. {Contract} with the SCM.

8.1.2 COORDINATION WITH THE STATE CONTRACT MANAGER

Any Blanket P.O. {Contract} user that is unable to resolve disputes with a Vendor {Contractor} shall refer those disputes to the SCM for resolution. Any questions related to performance of the work of the Blanket P.O. {Contract} by Blanket P.O. {Contract} users shall be directed to the SCM. The Vendor {Contractor} may contact the SCM if the Vendor {Contractor} cannot resolve a dispute with Blanket P.O. {Contract} users.

9.0 STATE OF NEW JERSEY STANDARD TERMS AND CONDITIONS

(Rev: 03/07/17 ST&C)

1. STANDARD TERMS AND CONDITIONS APPLICABLE TO THE CONTRACT - Unless the bidder/offeror is specifically instructed otherwise in the Request for Proposals (RFP), the following terms and conditions shall apply to all contracts or purchase agreements made with the State of New Jersey. These terms are in addition to the terms and conditions set forth in the RFP and should be read in conjunction with same unless the RFP specifically indicates otherwise. In the event that the bidder/offeror would like to present terms and conditions that are in conflict with either these terms and conditions or those set forth in the RFP, the bidder/offeror must present those conflicts during the Question and Answer period for the State to consider. Any conflicting terms and conditions that the State is willing to accept will be reflected in an addendum to the RFP. The State's terms and conditions shall prevail over any conflicts set forth in a bidder/offeror's Proposal that were not submitted through the question and answer process and approved by the State. Nothing in these terms and conditions shall prohibit the Director of the Division of Purchase and Property (Director) from amending a contract when the Director determines it is in the best interests of the State.

2. STATE LAW REQUIRING MANDATORY COMPLIANCE BY ALL CONTRACTORS - The statutes, laws or codes cited herein are available for review at the New Jersey State Library, 185 West State Street, Trenton, New Jersey 08625.

2.1 BUSINESS REGISTRATION – Pursuant to N.J.S.A. 52:32-44, the State is prohibited from entering into a contract with an entity unless the bidder and each subcontractor named in the proposal have a valid Business Registration Certificate on file with the Division of Revenue and Enterprise Services. The contractor and any subcontractor providing goods or performing services under the contract, and each of their affiliates, shall, during the term of the contract, collect and remit to the Director of the Division of Taxation in the Department of the Treasury, the use tax due pursuant to the "Sales and Use Tax Act, P.L. 1966, c. 30 (N.J.S.A. 54:32B-1 et seq.) on all sales of tangible personal property delivered into the State. Any questions in this regard can be directed to the Division of Revenue at (609) 292-1730. Form NJ-REG can be filed online at <http://www.state.nj.us/treasury/revenue/busregcert.shtml>.

2.2 ANTI-DISCRIMINATION - All parties to any contract with the State agree not to discriminate in employment and agree to abide by all anti-discrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, N.J.S.A. 10:5-1 et seq. and N.J.S.A. 10:5-31 through 10:5-38, and all rules and regulations issued thereunder are hereby incorporated by reference. The agreement to abide by the provisions of N.J.S.A. 10:5-31 through 10:5-38 include those provisions indicated for Goods, Professional Service and General Service Contracts (Exhibit A, attached) and Constructions Contracts (Exhibit B and Executive Order 151, August 28, 2009, attached) as appropriate.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time.

2.3 PREVAILING WAGE ACT - The New Jersey Prevailing Wage Act, N.J.S.A. 34: 11-56.25 et seq. is hereby made part of every contract entered into on behalf of the State of New Jersey through the Division of Purchase and Property, except those contracts which are not within the contemplation of the Act. The bidder's signature on [this proposal] is his guarantee that neither he nor any subcontractors he might employ to perform the work covered by [this proposal] has been suspended or debarred by the Commissioner, Department of Labor and Workforce Development for violation of the provisions of the Prevailing Wage Act and/or the Public Works Contractor Registration Acts; the bidder's signature on the proposal is also his guarantee that he and any subcontractors he might

employ to perform the work covered by [this proposal] shall comply with the provisions of the Prevailing Wage and Public Works Contractor Registration Acts, where required.

2.4 AMERICANS WITH DISABILITIES ACT - The contractor must comply with all provisions of the Americans with Disabilities Act (ADA), P.L. 101-336, in accordance with 42 U.S.C. 12101, *et seq.*

2.5 MACBRIDE PRINCIPLES – The bidder must certify pursuant to N.J.S.A. 52:34-12.2 that it either has no ongoing business activities in Northern Ireland and does not maintain a physical presence therein or that it will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.5 and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

2.6 PAY TO PLAY PROHIBITIONS – Pursuant to N.J.S.A. 19:44A-20.13 *et seq.* (L.2005, c. 51), and specifically, N.J.S.A. 19:44A-20.21, it shall be a breach of the terms of the contract for the business entity to:

- A. Make or solicit a contribution in violation of the statute;
- B. Knowingly conceal or misrepresent a contribution given or received;
- C. Make or solicit contributions through intermediaries for the purpose of concealing or misrepresenting the source of the contribution;
- D. Make or solicit any contribution on the condition or with the agreement that it will be contributed to a campaign committee or any candidate or holder of the public office of Governor, or to any State or county party committee;
- E. Engage or employ a lobbyist or consultant with the intent or understanding that such lobbyist or consultant would make or solicit any contribution, which if made or solicited by the business entity itself, would subject that entity to the restrictions of the Legislation;
- F. Fund contributions made by third parties, including consultants, attorneys, family members, and employees;
- G. Engage in any exchange of contributions to circumvent the intent of the Legislation; or
- H. Directly or indirectly through or by any other person or means, do any act which would subject that entity to the restrictions of the Legislation.

2.7 POLITICAL CONTRIBUTION DISCLOSURE – The contractor is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to N.J.S.A. 19:44A-20.27 (P.L. 2005, c. 271, §3 as amended) if in a calendar year the contractor receives one (1) or more contracts valued at \$50,000.00 or more. It is the contractor's responsibility to determine if filing is necessary. Failure to file can result in the imposition of penalties by ELEC. Additional information about this requirement is available from ELEC by calling 1(888)313-3532 or on the internet at <http://www.elec.state.nj.us/>.

2.8 STANDARDS PROHIBITING CONFLICTS OF INTEREST - The following prohibitions on contractor activities shall apply to all contracts or purchase agreements made with the State of New Jersey, pursuant to Executive Order No. 189 (1988).

No vendor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity, or other thing of value of any kind to any State officer or employee or

special State officer or employee, as defined by N.J.S.A. 52:13D-13b. and e., in the Department of the Treasury or any other agency with which such vendor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13i., of any such officer or employee, or partnership, firm or corporation with which they are employed or associated, or in which such officer or employee has an interest within the meaning of N.J.S.A. 52:13D-13g;

The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the Executive Commission on Ethical Standards;

No vendor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such vendor to, any State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52:13D-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest;

No vendor shall influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee;

No vendor shall cause or influence, or attempt to cause or influence, any State officer or employee or special State officer or employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for the vendor or any other person; and

The provisions cited above in paragraphs 2.8a through 2.8e shall not be construed to prohibit a State officer or employee or Special State officer or employee from receiving gifts from or contracting with vendors under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines the Executive Commission on Ethical Standards may promulgate under paragraph 3c of Executive Order No. 189.

2.9 NOTICE TO ALL CONTRACTORS SET-OFF FOR STATE TAX NOTICE - Pursuant to P.L. 1995, c. 159, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off under this act.

The Director of the Division of Taxation shall give notice to the set-off to the taxpayer and provide an opportunity for a hearing within 30 days of such notice under the procedures for protests established under R.S. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest under this section shall stay the collection of the indebtedness. Interest that may be payable by the State, pursuant to P.L. 1987, c.184 (c.52:32-32 *et seq.*), to the taxpayer shall be stayed.

2.10 COMPLIANCE - LAWS - The contractor must comply with all local, State and Federal laws, rules and regulations applicable to this contract and to the goods delivered and/or services performed hereunder.

2.11 COMPLIANCE - STATE LAWS - It is agreed and understood that any contracts and/or orders placed as a result of [this proposal] shall be governed and construed and the rights and obligations of the parties hereto shall be determined in accordance with the laws of the State of New Jersey.

3. STATE LAW REQUIRING MANDATORY COMPLIANCE BY CONTRACTORS UNDER CIRCUMSTANCES SET FORTH IN LAW OR BASED ON THE TYPE OF CONTRACT

3.1 COMPLIANCE - CODES – The contractor must comply with NJUCC and the latest NEC70, B.O.C.A. Basic Building code, OSHA and all applicable codes for this requirement. The contractor shall be responsible for securing and paying all necessary permits, where applicable.

3.2 PUBLIC WORKS CONTRACTOR REGISTRATION ACT - The New Jersey Public Works Contractor Registration Act requires all contractors, subcontractors and lower tier subcontractor(s) who engage in any contract for public work as defined in N.J.S.A. 34:11-56.26 be first registered with the New Jersey Department of Labor and Workforce Development. Any questions regarding the registration process should be directed to the Division of Wage and Hour Compliance at (609) 292-9464.

3.3 PUBLIC WORKS CONTRACT - ADDITIONAL AFFIRMATIVE ACTION REQUIREMENTS - N.J.S.A. 10:2-1 requires that during the performance of this contract, the contractor must agree as follows:

- A. In the hiring of persons for the performance of work under this contract or any subcontract hereunder, or for the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under this contract, no contractor, nor any person acting on behalf of such contractor or subcontractor, shall, by reason of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex, discriminate against any person who is qualified and available to perform the work to which the employment relates;
- B. No contractor, subcontractor, nor any person on his behalf shall, in any manner, discriminate against or intimidate any employee engaged in the performance of work under this contract or any subcontract hereunder, or engaged in the procurement, manufacture, assembling or furnishing of any such materials, equipment, supplies or services to be acquired under such contract, on account of race, creed, color, national origin, ancestry, marital status, gender identity or expression, affectional or sexual orientation or sex;
- C. There may be deducted from the amount payable to the contractor by the contracting public agency, under this contract, a penalty of \$50.00 for each person for each calendar day during which such person is discriminated against or intimidated in violation of the provisions of the contract; and
- D. This contract may be canceled or terminated by the contracting public agency, and all money due or to become due hereunder may be forfeited, for any violation of this section of the contract occurring after notice to the contractor from the contracting public agency of any prior violation of this section of the contract.

N.J.S.A. 10:5-33 and N.J.A.C. 17:27-3.5 require that during the performance of this contract, the contractor must agree as follows:

- A. The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital

status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will take affirmative action to ensure that such applicants are recruited and employed, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause;

- B. The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex;
- C. The contractor or subcontractor where applicable, will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment, N.J.A.C. 17:27-3.7 requires all contractors and subcontractors, if any, to further agree as follows:
 - 1. The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2;
 - 2. The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices;
 - 3. The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions; and
 - 4. In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

3.4 BUILDING SERVICE – Pursuant to N.J.S.A. 34:11-56.58 et seq., in any contract for building services, as defined in N.J.S.A. 34:11-56.59, the employees of the contractor or subcontractors shall be paid prevailing wage for building services rates, as defined in N.J.S.A. 34:11.56.59. The prevailing wage shall be adjusted annually during the term of the contract.

3.5 THE WORKER AND COMMUNITY RIGHT TO KNOW ACT - The provisions of N.J.S.A. 34:5A-1 et seq. which require the labeling of all containers of hazardous substances are applicable to this contract.

Therefore, all goods offered for purchase to the State must be labeled by the contractor in compliance with the provisions of the statute.

3.6 SERVICE PERFORMANCE WITHIN U.S. – Under N.J.S.A. 52:34-13.2, all contracts primarily for services awarded by the Director shall be performed within the United States, except when the Director certifies in writing a finding that a required service cannot be provided by a contractor or subcontractor within the United States and the certification is approved by the State Treasurer. A shift to performance of services outside the United States during the term of the contract shall be deemed a breach of contract. If, during the term of the contract, the contractor or subcontractor, proceeds to shift the performance of any of the services outside the United States, the contractor shall be deemed to be in breach of its contract, which contract shall be subject to termination for cause pursuant to Section 5.7(b) (1) of the Standard Terms and Conditions, unless previously approved by the Director and the Treasurer.

3.7 BUY AMERICAN – Pursuant to N.J.S.A. 52:32-1, if manufactured items or farm products will be provided under this contract to be used in a public work, they shall be manufactured or produced in the United States and the contractor shall be required to so certify.

4. INDEMNIFICATION AND INSURANCE

4.1 INDEMNIFICATION - The contractor's liability to the State and its employees in third party suits shall be as follows:

- A. Indemnification for Third Party Claims - The contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract, including liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of this contract;
- B. The contractor's indemnification and liability under subsection (a) is not limited by, but is in addition to the insurance obligations contained in Section 4.2 of these Terms and Conditions; and
- C. In the event of a patent and copyright claim or suit, the contractor, at its option, may: (1) procure for the State of New Jersey the legal right to continue the use of the product; (2) replace or modify the product to provide a non-infringing product that is the functional equivalent; or (3) refund the purchase price less a reasonable allowance for use that is agreed to by both parties.

4.2 INSURANCE - The contractor shall secure and maintain in force for the term of the contract insurance as provided herein. All required insurance shall be provided by insurance companies with an A- VIII or better rating by A.M. Best & Company. The contractor shall provide the State with current certificates of insurance for all coverages and renewals thereof, and the certificates shall reflect that the insurance policies shall not be canceled for any reason except after 60 days written notice to the State. Certificates of renewals shall be provided within 30 days of the expiration of the insurance. The contractor shall not begin to provide services or goods to the State until evidence of the required insurance is provided. The certificates of insurance shall indicate the contract number or purchase order number and title of the contract in the Description of Operations box and shall list the State of New Jersey, Department of the Treasury, Division of Purchase & Property, Contract Compliance & Audit Unit, P.O. Box 236, Trenton, New Jersey 08625 in the Certificate Holder box. The certificates and any notice of cancellation shall be emailed to the State at:

ccau.certificate@treas.nj.gov

The insurance to be provided by the contractor shall be as follows:

- A. Occurrence Form Comprehensive General Liability Insurance or its equivalent: The minimum limit of liability shall be \$1,000,000 per occurrence as a combined single limit for bodily injury and property damage. The above required Comprehensive General Liability Insurance policy or its equivalent shall name the State, its officers, and employees as "Additional Insureds" and include the blanket additional insured endorsement or its equivalent. The coverage to be provided under these policies shall be at least as broad as that provided by the standard basic, unamended, and unendorsed Comprehensive General Liability Insurance occurrence coverage forms or its equivalent currently in use in the State of New Jersey, which shall not be circumscribed by any endorsement limiting the breadth of coverage;
- B. Automobile Liability Insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit. The State must be named as an "Additional Insured" and a blanket additional insured endorsement or its equivalent must be provided when the services being procured involve vehicle use on the State's behalf or on State controlled property;
- C. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than:
 - 1. \$1,000,000 BODILY INJURY, EACH OCCURRENCE;
 - 2. \$1,000,000 DISEASE EACH EMPLOYEE; and
 - 3. \$1,000,000 DISEASE AGGREGATE LIMIT.
 - a. This \$1 million amount may have been raised by the RFP when deemed necessary by the Director; and
 - b. In the case of a contract entered into pursuant to N.J.S.A. 52:32-17 *et seq.*, (small business set asides) the minimum amount of insurance coverage in subsections a., b., and c. above may have been lowered in the RFP for certain commodities when deemed in the best interests of the State by the Director.

5. TERMS GOVERNING ALL CONTRACTS

5.1 CONTRACTOR IS INDEPENDENT CONTRACTOR – The contractor's status shall be that of any independent contractor and not as an employee of the State.

5.2 CONTRACT AMOUNT - The estimated amount of the contract(s), when stated on the RFP form, shall not be construed as either the maximum or minimum amount which the State shall be obliged to order as the result of the RFP or any contract entered into as a result of the RFP.

5.3 CONTRACT TERM AND EXTENSION OPTION - If, in the opinion of the Director, it is in the best interest of the State to extend a contract, the contractor shall be so notified of the Director's Intent at least 30 days prior to the expiration date of the existing contract. The contractor shall have 15 calendar days to respond to the Director's request to extend the term and period of performance of the contract. If the contractor agrees to the extension, all terms and conditions including pricing of the original contract shall apply unless more favorable terms for the State have been negotiated.

5.4 STATE'S OPTION TO REDUCE SCOPE OF WORK – The State has the option, in its sole discretion, to reduce the scope of work for any deliverable, task or subtask called for under this contract. In such

an event, the Director shall provide to the contractor advance written notice of the change in scope of work and what the Director believes should be the corresponding adjusted contract price. Within five (5) business days of receipt of such written notice, if either is applicable:

- A. If the contractor does not agree with the Director's proposed adjusted contract price, the contractor shall submit to the Director any additional information that the contractor believes impacts the adjusted contract price with a request that the Director reconsider the proposed adjusted contract price. The parties shall negotiate the adjusted contract price. If the parties are unable to agree on an adjusted contract price, the Director shall make a prompt decision taking all such information into account, and shall notify the contractor of the final adjusted contract price; and
- B. If the contractor has undertaken any work effort toward a deliverable, task or subtask that is being changed or eliminated such that it would not be compensated under the adjusted contract, the contractor shall be compensated for such work effort according to the applicable portions of its price schedule and the contractor shall submit to the Director an itemization of the work effort already completed by deliverable, task or subtask within the scope of work, and any additional information the Director may request. The Director shall make a prompt decision taking all such information into account, and shall notify the contractor of the compensation to be paid for such work effort.

5.5 CHANGE IN LAW— Whenever a change in applicable law or regulation affects the scope of work, the Director shall provide written notice to the contractor of the change and the Director's determination as to the corresponding adjusted change in the scope of work and corresponding adjusted contract price. Within five (5) business days of receipt of such written notice, if either is applicable:

- A. If the contractor does not agree with the adjusted contract price, the contractor shall submit to the Director any additional information that the contractor believes impacts the adjusted contract price with a request that the Director reconsider the adjusted contract price. The Director shall make a prompt decision taking all such information into account, and shall notify the contractor of the final adjusted contract price; and
- B. If the contractor has undertaken any work effort toward a deliverable, task or subtask that is being changed or eliminated such that it would not be compensated under the adjusted contract, the contractor shall be compensated for such work effort according to the applicable portions of its price schedule and the contractor shall submit to the Director an itemization of the work effort already completed by deliverable, task or subtask within the scope of work, and any additional information the Director may request. The Director shall make a prompt decision taking all such information into account, and shall notify the contractor of the compensation to be paid for such work effort.

5.6 SUSPENSION OF WORK - The State may, for valid reason, issue a stop order directing the contractor to suspend work under the contract for a specific time. The contractor shall be paid for goods ordered, goods delivered, or services requested and performed until the effective date of the stop order. The contractor shall resume work upon the date specified in the stop order, or upon such other date as the State Contract Manager may thereafter direct in writing. The period of suspension shall be deemed added to the contractor's approved schedule of performance. The Director shall make an equitable adjustment, if any is required, to the contract price. The contractor shall provide whatever information that Director may require related to the equitable adjustment.

5.7 TERMINATION OF CONTRACT

- A. For Convenience:

Notwithstanding any provision or language in this contract to the contrary, the Director may terminate this contract at any time, in whole or in part, for the convenience of the State, upon no less than 30 days written notice to the contractor;

B. For Cause:

1. Where a contractor fails to perform or comply with a contract or a portion thereof, and/or fails to comply with the complaints procedure in N.J.A.C. 17:12-4.2 et seq., the Director may terminate the contract, in whole or in part, upon ten (10) days' notice to the contractor with an opportunity to respond; and
 2. Where in the reasonable opinion of the Director, a contractor continues to perform a contract poorly as demonstrated by e.g., formal complaints, late delivery, poor performance of service, short-shipping, so that the Director is required to use the complaints procedure in N.J.A.C. 17:12-4.2 et seq., and there has been a failure on the part of the contractor to make progress towards ameliorating the issue(s) or problem(s) set forth in the complaint, the Director may terminate the contract, in whole or in part, upon ten (10) days' notice to the contractor with an opportunity to respond.
- C. In cases of emergency the Director may shorten the time periods of notification and may dispense with an opportunity to respond; and
- D. In the event of termination under this section, the contractor shall be compensated for work performed in accordance with the contract, up to the date of termination. Such compensation may be subject to adjustments.

5.8 SUBCONTRACTING OR ASSIGNMENT –

- A. Subcontracting: The contractor may not subcontract other than as identified in the contractor's proposal without the prior written consent of the Director. Such consent, if granted in part, shall not relieve the contractor of any of his responsibilities under the contract, nor shall it create privity of contract between the State and any subcontractor. If the contractor uses a subcontractor to fulfill any of its obligations, the contractor shall be responsible for the subcontractor's: (a) performance; (b) compliance with all of the terms and conditions of the contract; and (c) compliance with the requirements of all applicable laws; and
- B. Assignment: The contractor may not assign its responsibilities under the contract, in whole or in part, without the prior written consent of the Director.

5.9 NO CONTRACTUAL RELATIONSHIP BETWEEN SUBCONTRACTORS AND STATE - Nothing contained in any of the contract documents, including the RFP and vendor's bid or proposal shall be construed as creating any contractual relationship between any subcontractor and the State.

5.10 MERGERS, ACQUISITIONS - If, during the term of this contract, the contractor shall merge with or be acquired by another firm, the contractor shall give notice to the Director as soon as practicable and in no event longer than 30 days after said merger or acquisition. The contractor shall provide such documents as may be requested by the Director, which may include but need not be limited to the following: corporate resolutions prepared by the awarded contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices; updated information including ownership disclosure and Federal Employer Identification Number. The documents must be submitted within 30 days of the request. Failure to do so may result in termination of the contract for cause.

If, at any time during the term of the contract, the contractor's partnership, limited liability company, limited liability partnership, professional corporation, or corporation shall dissolve, the Director must be so notified. All responsible parties of the dissolved business entity must submit to the Director in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment shall be made until all parties to the dissolved business entity submit the required documents to the Director.

5.11 PERFORMANCE GUARANTEE OF CONTRACTOR - The contractor hereby certifies that:

- A. The equipment offered is standard new equipment, and is the manufacturer's latest model in production, with parts regularly used for the type of equipment offered; that such parts are all in production and not likely to be discontinued; and that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice;
- B. All equipment supplied to the State and operated by electrical current is UL listed where applicable;
- C. All new machines are to be guaranteed as fully operational for the period stated in the contract from time of written acceptance by the State. The contractor shall render prompt service without charge, regardless of geographic location;
- D. Sufficient quantities of parts necessary for proper service to equipment shall be maintained at distribution points and service headquarters;
- E. Trained mechanics are regularly employed to make necessary repairs to equipment in the territory from which the service request might emanate within a 48-hour period or within the time accepted as industry practice;
- F. During the warranty period the contractor shall replace immediately any material which is rejected for failure to meet the requirements of the contract; and
- G. All services rendered to the State shall be performed in strict and full accordance with the specifications stated in the contract. The contract shall not be considered complete until final approval by the State's using agency is rendered.

5.12 DELIVERY REQUIREMENTS-

- A. Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the contract;
- B. The contractor shall be responsible for the delivery of material in first class condition to the State's using agency or the purchaser under this contract and in accordance with good commercial practice;
- C. Items delivered must be strictly in accordance with the contract; and
- D. In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the contract, the using agency shall be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the contractor.

5.13 APPLICABLE LAW AND JURISDICTION - This contract and any and all litigation arising therefrom or related thereto shall be governed by the applicable laws, regulations and rules of evidence of the State of New Jersey without reference to conflict of laws principles and shall be filed in the appropriate Division of the New Jersey Superior Court.

5.14. CONTRACT AMENDMENT – Except as provided herein, the contract may only be amended by written agreement of the State and the contractor.

5.15 MAINTENANCE OF RECORDS - The contractor shall maintain records for products and/or services delivered against the contract for a period of five (5) years from the date of final payment unless otherwise specified in the RFP. Such records shall be made available to the State, including the Comptroller, for audit and review.

5.16 ASSIGNMENT OF ANTITRUST CLAIM(S) - The contractor recognizes that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the ultimate purchaser. Therefore, and as consideration for executing this contract, the contractor, acting herein by and through its duly authorized agent, hereby conveys, sells, assigns, and transfers to the State of New Jersey, for itself and on behalf of its political subdivisions and public agencies, all right, title and interest to all claims and causes of action it may now or hereafter acquire under the antitrust laws of the United States or the State of New Jersey, relating to the particular goods and services purchased or acquired by the State of New Jersey or any of its political subdivisions or public agencies pursuant to this contract.

In connection with this assignment, the following are the express obligations of the contractor:

- A. It shall take no action that will in any way diminish the value of the rights conveyed or assigned hereunder;
- B. It shall advise the Attorney General of New Jersey:
 - 1. in advance of its intention to commence any action on its own behalf regarding any such claim or cause(s) of action; and
 - 2. immediately upon becoming aware of the fact that an action has been commenced on its behalf by some other person(s) of the pendency of such action.
- C. It shall notify the defendants in any antitrust suit of the within assignment at the earliest practicable opportunity after the contractor has initiated an action on its own behalf or becomes aware that such an action has been filed on its behalf by another person. A copy of such notice shall be sent to the Attorney General of New Jersey; and
- D. It is understood and agreed that in the event any payment under any such claim or cause of action is made to the contractor, it shall promptly pay over to the State of New Jersey the allotted share thereof, if any, assigned to the State hereunder.

6. TERMS RELATING TO PRICE AND PAYMENT

6.1 PRICE FLUCTUATION DURING CONTRACT - Unless otherwise agreed to in writing by the State, all prices quoted shall be firm through issuance of contract or purchase order and shall not be subject to increase during the period of the contract.

In the event of a manufacturer's or contractor's price decrease during the contract period, the State shall receive the full benefit of such price reduction on any undelivered purchase order and on any subsequent order placed during the contract period. The Director must be notified, in writing, of any price reduction within five (5) days of the effective date.

Failure to report price reductions may result in cancellation of contract for cause, pursuant to provision 5.7(b)1.

6.2 TAX CHARGES - The State of New Jersey is exempt from State sales or use taxes and Federal excise taxes. Therefore, price quotations must not include such taxes. The State's Federal Excise Tax Exemption number is 22-75-0050K.

6.3 PAYMENT TO VENDORS -

- A. The using agency(ies) is (are) authorized to order and the contractor is authorized to ship only those items covered by the contract resulting from the RFP. If a review of orders placed by the using agency(ies) reveals that goods and/or services other than that covered by the contract have been ordered and delivered, such delivery shall be a violation of the terms of the contract and may be considered by the Director as a basis to terminate the contract and/or not award the contractor a subsequent contract. The Director may take such steps as are necessary to have the items returned by the agency, regardless of the time between the date of delivery and discovery of the violation. In such event, the contractor shall reimburse the State the full purchase price;
- B. The contractor must submit invoices to the using agency with supporting documentation evidencing that work or goods for which payment is sought has been satisfactorily completed or delivered. For commodity contracts, the invoice, together with the original Bill of Lading, express receipt and other related papers must be sent to the State Contract Manager or using agency on the date of each delivery. For contracts featuring services, invoices must reference the tasks or subtasks detailed in the Scope of Work section of the RFP and must be in strict accordance with the firm, fixed prices submitted for each task or subtask on the RFP pricing sheets. When applicable, invoices should reference the appropriate RFP price sheet line number from the contractor's bid proposal. All invoices must be approved by the State Contract Manager or using agency before payment will be authorized;
- C. In all time and materials contracts, the State Contract Manager or designee shall monitor and approve the hours of work and the work accomplished by contractor and shall document both the work and the approval. Payment shall not be made without such documentation. A form of timekeeping record that should be adapted as appropriate for the Scope of Work being performed can be found at www.nj.gov/treasury/purchase/forms/Vendor_Timesheet.xls; and
- D. The contractor shall provide, on a monthly and cumulative basis, a breakdown in accordance with the budget submitted, of all monies paid to any small business, minority or woman-owned subcontractor(s). This breakdown shall be sent to the Chief of Operations, Division of Revenue, P.O. Box 628, Trenton, NJ 08646.

6.4 OPTIONAL PAYMENT METHOD: P-CARD - The State offers contractors the opportunity to be paid through the MasterCard procurement card (p-card). A contractor's acceptance and a State agency's use of the p-card are optional. P-card transactions do not require the submission of a contractor invoice; purchasing transactions using the p-card will usually result in payment to a contractor in three (3) days. A contractor should take note that there will be a transaction-processing fee for each p-card transaction. To participate, a contractor must be capable of accepting the MasterCard. Additional information can be obtained from banks or merchant service companies.

6.5 NEW JERSEY PROMPT PAYMENT ACT - The New Jersey Prompt Payment Act, N.J.S.A. 52:32-32 et seq., requires state agencies to pay for goods and services within 60 days of the agency's receipt of a properly executed State Payment Voucher or within 60 days of receipt and acceptance of goods and services, whichever is later. Properly executed performance security, when required, must be received by the State prior to processing any payments for goods and services accepted by state agencies. Interest will be paid on delinquent accounts at a rate established by the State Treasurer. Interest shall not be paid until it exceeds \$5.00 per properly executed invoice.

Cash discounts and other payment terms included as part of the original agreement are not affected by the Prompt Payment Act.

6.6 AVAILABILITY OF FUNDS – The State's obligation to make payment under this contract is contingent upon the availability of appropriated funds and receipt of revenues from which payment for contract purposes can be made. No legal liability on the part of the State for payment of any money shall arise unless and until funds are appropriated each fiscal year to the using agency by the State Legislature and made available through receipt of revenue.

EXHIBIT A

MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE N.J.S.A. 10:5-31 et seq. (P.L. 1975, C. 127) N.J.A.C. 17:27

GOODS, PROFESSIONAL SERVICE AND GENERAL SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union of the contractor's commitments under this chapter and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to make good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27 5.2.

The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, and labor unions, that it does not discriminate on the basis of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions.

In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

Letter of Federal Affirmative Action Plan Approval

Certificate of Employee Information Report

Employee Information Report Form AA302 (electronically provided by the Division and distributed to the public agency through the Division's website at www.state.nj.us/treasury/contract_compliance)

The contractor and its subcontractors shall furnish such reports or other documents to the Division of Public Contracts Equal Employment Opportunity Compliance as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Public Contracts Equal Employment Opportunity Compliance for conducting a compliance investigation pursuant to **Subchapter 10 of the Administrative Code at N.J.A.C. 17:27-1 et seq.**

EXHIBIT B

MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE

N.J.S.A. 10:5-31 et seq. (P.L. 1975, C. 127)

N.J.A.C. 17:27

CONSTRUCTION CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, up grading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor will send to each labor union, with which it has a collective bargaining agreement, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer, pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

When hiring or scheduling workers in each construction trade, the contractor or subcontractor agrees to make good faith efforts to employ minority and women workers in each construction trade consistent with the targeted employment goal prescribed by N.J.A.C. 17:27-7.2; provided, however, that the Division may, in its discretion, exempt a contractor or subcontractor from compliance with the good faith procedures prescribed by the following provisions, A, B and C, as long as the Division is satisfied that the contractor or subcontractor is employing workers provided by a union which provides evidence, in accordance with standards prescribed by the Division, that its percentage of active "card carrying" members who are minority and women workers is equal to or greater than the targeted employment goal established in accordance with N.J.A.C. 17:27-7.2. The contractor or subcontractor agrees that a good faith effort shall include compliance with the following procedures:

(A) If the contractor or subcontractor has a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor shall, within three business days of the contract award, seek assurances from the union that it will cooperate with the contractor or subcontractor as it fulfills its affirmative action obligations under this contract and in accordance with the rules

promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et. seq., as supplemented and amended from time to time and the Americans with Disabilities Act. If the contractor or subcontractor is unable to obtain said assurances from the construction trade union at least five business days prior to the commencement of construction work, the contractor or subcontractor agrees to afford equal employment opportunities minority and women workers directly, consistent with this chapter. If the contractor's or subcontractor's prior experience with a construction trade union, regardless of whether the union has provided said assurances, indicates a significant possibility that the trade union will not refer sufficient minority and women workers consistent with affording equal employment opportunities as specified in this chapter, the contractor or subcontractor agrees to be prepared to provide such opportunities to minority and women workers directly, consistent with this chapter, by complying with the hiring or scheduling procedures prescribed under (B) below; and the contractor or subcontractor further agrees to take said action immediately if it determines that the union is not referring minority and women workers consistent with the equal employment opportunity goals set forth in this chapter.

(B) If good faith efforts to meet targeted employment goals have not or cannot be met for each construction trade by adhering to the procedures of (A) above, or if the contractor does not have a referral agreement or arrangement with a union for a construction trade, the contractor or subcontractor agrees to take the following actions:

- (1) To notify the public agency compliance officer, the Division, and minority and women referral organizations listed by the Division pursuant to N.J.A.C. 17:27-5.3, of its workforce needs, and request referral of minority and women workers;
- (2) To notify any minority and women workers who have been listed with it as awaiting available vacancies;
- (3) Prior to commencement of work, to request that the local construction trade union refer minority and women workers to fill job openings, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade;
- (4) To leave standing requests for additional referral to minority and women workers with the local construction trade union, provided the contractor or subcontractor has a referral agreement or arrangement with a union for the construction trade, the State Training and Employment Service and other approved referral sources in the area;
- (5) If it is necessary to lay off some of the workers in a given trade on the construction site, layoffs shall be conducted in compliance with the equal employment opportunity and non-discrimination standards set forth in this regulation, as well as with applicable Federal and State court decisions;
- (6) To adhere to the following procedure when minority and women workers apply or are referred to the contractor or subcontractor:
 - (i) The contractor or subcontractor shall interview the referred minority or women worker.
 - (ii) If said individuals have never previously received any document or certification signifying a level of qualification lower than that required in order to perform the work of the construction trade, the contractor or subcontractor shall in good faith determine the qualifications of such individuals. The contractor or subcontractor shall hire or schedule those individuals who satisfy appropriate qualification standards in conformity with the equal employment opportunity and non-discrimination principles set forth in this chapter. However, a contractor or subcontractor shall determine that the individual at least possesses the requisite skills, and experience recognized by a union, apprentice program or a referral agency, provided the referral agency is

acceptable to the Division. If necessary, the contractor or subcontractor shall hire or schedule minority and women workers who qualify as trainees pursuant to these rules. All of the requirements, however, are limited by the provisions of (C) below.

(iii) The name of any interested women or minority individual shall be maintained on a waiting list, and shall be considered for employment as described in (i) above, whenever vacancies occur. At the request of the Division, the contractor or subcontractor shall provide evidence of its good faith efforts to employ women and minorities from the list to fill vacancies.

(iv) If, for any reason, said contractor or subcontractor determines that a minority individual or a woman is not qualified or if the individual qualifies as an advanced trainee or apprentice, the contractor or subcontractor shall inform the individual in writing of the reasons for the determination, maintain a copy of the determination in its files, and send a copy to the public agency compliance officer and to the Division.

(7) To keep a complete and accurate record of all requests made for the referral of workers in any trade covered by the contract, on forms made available by the Division and submitted promptly to the Division upon request.

(C) The contractor or subcontractor agrees that nothing contained in (B) above shall preclude the contractor or subcontractor from complying with the union hiring hall or apprenticeship policies in any applicable collective bargaining agreement or union hiring hall arrangement, and, where required by custom or agreement, it shall send journeymen and trainees to the union for referral, or to the apprenticeship program for admission, pursuant to such agreement or arrangement. However, where the practices of a union or apprenticeship program will result in the exclusion of minorities and women or the failure to refer minorities and women consistent with the targeted county employment goal, the contractor or subcontractor shall consider for employment persons referred pursuant to (B) above without regard to such agreement or arrangement; provided further, however, that the contractor or subcontractor shall not be required to employ women and minority advanced trainees and trainees in numbers which result in the employment of advanced trainees and trainees as a percentage of the total workforce for the construction trade, which percentage significantly exceeds the apprentice to journey worker ratio specified in the applicable collective bargaining agreement, or in the absence of a collective bargaining agreement, exceeds the ratio established by practice in the area for said construction trade. Also, the contractor or subcontractor agrees that, in implementing the procedures of (B) above, it shall, where applicable, employ minority and women workers residing within the geographical jurisdiction of the union.

After notification of award, but prior to signing a construction contract, the contractor shall submit to the public agency compliance officer and the Division an initial project workforce report (Form AA 201) electronically provided to the public agency by the Division, through its website, for distribution to and completion by the contractor, in accordance with N.J.A.C. 17:27-7.

The contractor also agrees to submit a copy of the Monthly Project Workforce Report once a month thereafter for the duration of this contract to the Division and to the public agency compliance officer.

The contractor agrees to cooperate with the public agency in the payment of budgeted funds, as is necessary, for on the job and/or off the job programs for outreach and training of minorities and women.

(D) The contractor and its subcontractors shall furnish such reports or other documents to the Division of Public Contracts Equal Employment Opportunity Compliance as may be requested by the Division from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Public Contracts Equal Employment Opportunity Compliance for conducting a compliance investigation pursuant to Subchapter 10 of the Administrative Code (N.J.A.C. 17:27-1 *et seq.*).

EXECUTIVE ORDER NO. 151 REQUIREMENTS

It is the policy of the Division of Purchase and Property that its contracts should create a workforce that reflects the diversity of the State of New Jersey. Therefore, contractors engaged by the Division of Purchase and Property to perform under a construction contract shall put forth a good faith effort to engage in recruitment and employment practices that further the goal of fostering equal opportunities to minorities and women.

The contractor must demonstrate to the Division of Purchase and Property's satisfaction that a good faith effort was made to ensure that minorities and women have been afforded equal opportunity to gain employment under the Division of Purchase and Property's contract with the contractor. Payment may be withheld from a contractor's contract for failure to comply with these provisions.

Evidence of a "good faith effort" includes, but is not limited to:

1. The Contractor shall recruit prospective employees through the State Job bank website, managed by the Department of Labor and Workforce Development, available online at <http://NJ.gov/JobCentralNJ>;
2. The Contractor shall keep specific records of its efforts, including records of all individuals interviewed and hired, including the specific numbers of minorities and women;
3. The Contractor shall actively solicit and shall provide the Division of Purchase and Property with proof of solicitations for employment, including but not limited to advertisements in general circulation media, professional service publications and electronic media; and
4. The Contractor shall provide evidence of efforts described at 2 above to the Division of Purchase and Property no less frequently than once every 12 months.
5. The Contractor shall comply with the requirements set forth at N.J.A.C. 17:27.

This language is in addition to and does not replace good faith efforts requirements for construction contracts required by N.J.A.C. 17:27-3.6, 3.7 and 3.8, also known as Exhibit B.