

CITY OF PORTLAND
AGREEMENT FOR PHARMACY BENEFIT MANAGEMENT SERVICES

CONTRACT NO. 30002105

SHORT TITLE OF WORK PROJECT:

Health Plan Pharmacy Benefit Management Contract

This contract is between the City of Portland, acting by and through its Elected Officials, hereafter called "City," and Kroger Prescription Plans, Inc.(KPP), hereafter called Contractor. The City's Project Manager for this contract is the Benefits Manager .

Effective Date and Duration

This contract shall become effective on July 1, 2011. This contract shall expire, unless otherwise terminated or extended, on July 1, 2016.

Consideration

(a) City agrees to pay Contractor a sum not to exceed \$9,000,000 for Pharmaceutical Benefit Management Services during plan year 2010-11. Future annual costs will be mutually agreed by both parties on an annual basis through the contract period. For internal tracking requirements, the cost of the 5 year contract period based upon the 5-year forecast is estimated to be \$45,000,000.

(b) Monthly payments shall be made to Contractor according to the schedule identified in the STATEMENT OF THE WORK AND PAYMENT SCHEDULE.

CONTRACTOR DATA AND CERTIFICATION

Name (please print): Kroger Company

Address: Kroger PBM, PO Box 677551, Dallas, TX 75267-7551

Employer Identification Number (EIN) 48-0196590

City of Portland Business License # 111719

Citizenship: Nonresident alien Yes No

Business Designation (check one): Individual Sole Proprietorship Partnership Corporation

Limited Liability Co (LLC) Estate/Trust Public Service Corp. Government/Nonprofit

Payment information will be reported to the IRS under the name and taxpayer I.D. number provided above. Information must be provided prior to contract approval. Information not matching IRS records could subject you to 20 percent backup withholding.

STANDARD CONTRACT PROVISIONS

1. Access to Records

The Contractor shall maintain, and the City of Portland ("City") and its mutually agreed upon duly authorized representatives shall have access to the books, documents, papers, and records of the Contractor which are directly pertinent to the specific contract for the purpose of making audit, examination, excerpts, and transcripts for a period of three years after final payment. Copies of applicable records shall be made available upon request. Payment for cost of copies is reimbursable by the City.

2. Audits

(a) The City, either directly or through a mutually agreed upon designated representative, may conduct financial and performance audits of the billings and services that directly relate to the performance between the City and KPP specified in this agreement at any time in the course of the agreement and during the three (3) year period established by section 1, **Access to Records**. Audits will be conducted in accordance with generally accepted auditing standards as promulgated in Government Auditing Standards by the Comptroller General of the United States General Accounting Office. The City acknowledges and agrees that any review by the City of Pharmaceutical Manufacturer rebate contracts shall be performed by a mutually agreed independent third party auditor for the limited purpose of verifying KPP's compliance with the terms of this Agreement. The City further agrees and acknowledges that the third party auditors shall disclose rebate contract information to the City in the aggregate only. Upon KPP's request, during and after the term of this Agreement, the Plan shall respond to reasonable information requests from KPP, resulting from audits by manufacturers participating in the Rebate Program, within thirty (30) days of receipt of the information request. Responses to KPP's requests for information related to manufacturer audits shall be at no cost to KPP. Such requests from KPP shall not be considered an "audit" for purposes of this Section.

(b) If an audit discloses that payments to the Contractor were in excess of the amount to which the Contractor was entitled, then the Contractor shall repay the amount of the excess to the City.

(c) If any audit shows performance of services is not efficient in accordance with Government Auditing Standards, or that the program is not effective in accordance with Government Auditing Standards, the City may pursue remedies provided under section 5, **Early Termination of Agreement** and section 7, **Remedies**.

3. Effective Date and Duration

The passage of the contract expiration date (as recorded on reverse side) shall not extinguish, prejudice, or limit either party's right to enforce this contract with respect to any default or defect in performance that has not been cured.

4. Order of Precedence

This contract consists of the terms and conditions of this contract, any exhibits, statements of work, addendum, and amendments. In the event of any apparent or alleged conflict between these various documents, the following order of precedence shall apply to resolve the conflict: a) this contract's terms and conditions, b) any exhibits, statements of work, addendum, and amendments. In addition to the order of precedence any conflicts between the terms and conditions of the contract shall be resolved by applying the terms of the City's Agreement for Pharmacy Benefit Management Services first.

5. Early Termination of Agreement

- (a) The City and the Contractor, by mutual written agreement, may terminate this Agreement at any time.
- (b) The City on ninety (90) days written notice to the Contractor, may terminate this Agreement for any reason deemed appropriate in its sole discretion.
- (c) Either the City or the Contractor may terminate this Agreement in the event of a breach of the Agreement by the other. Prior to such termination, however, the party seeking the termination shall give to the other party written notice of the breach and of the party's intent to terminate. If the party has not entirely cured the breach within fifteen (15) days of the notice, then the party giving the notice may terminate the Agreement at any time thereafter by giving a written notice of termination.

6. Payment on Early Termination

- (a) In the event of termination under subsection 5(a) or 5(b), **Early Termination of Agreement** hereof, the City shall pay the Contractor for work performed in accordance with the Agreement prior to the termination date.
- (b) In the event of termination under subsection 5(c), **Early Termination of Agreement** hereof, by the Contractor due to a breach by the City, then the City shall pay the Contractor as provided in subsection (a) of this section.
- (c) In the event of termination under subsection 5(c), **Early Termination of Agreement** hereof, by the City due to a breach by the Contractor, then the City shall pay the Contractor as provided in subsection (a) of this section, subject to set off of excess costs, as provided for in section 7(a), Remedies.
- (d) In the event of early termination all of the Contractor's work product will become and remain property of the City. "Work product" is defined as shown in Section 11, Ownership of Work Product.

7. Remedies

- (a) In the event of termination under subsection 5(c), **Early Termination of Agreement**, hereof, by the City due to a breach by the Contractor, then the City may complete the work either itself, by agreement with another contractor or by a combination thereof. In the event the cost of completing the work exceeds the remaining unpaid balance of the total compensation provided under this contract, then the Contractor shall pay to the City the amount of the reasonable excess.
- (b) The remedies provided to the City under section 5, **Early Termination of Agreement** and section 7, **Remedies** for a breach by the Contractor shall not be exclusive. The City also shall be entitled to any other equitable and legal remedies that are available.
- (c) In the event of breach of this Agreement by the City, then the Contractor's remedy shall be limited to termination of the Agreement and receipt of payment as provided in section 5(c), **Early Termination of Agreement** and section 6(b), **Payment on Early Termination** hereof.

8. Subcontracts and Assignment

Contractor shall not, assign any of the work scheduled under this agreement, without the prior written consent of the City. Notwithstanding City approval of a subcontractor, the Contractor shall remain obligated for full performance hereunder, and the City shall incur no obligation other than its obligations to the Contractor hereunder. The Contractor agrees that if subcontractors are employed in the performance of this Agreement, the Contractor and its subcontractors are subject to the requirements and sanctions of ORS Chapter 656, Workers' Compensation.

9. Compliance with Applicable Law

In connection with its activities under this Agreement, Contractor shall comply with all applicable federal, state and local laws and regulations including the City's Equal Benefits Ordinance and its administrative rules, all of which are incorporated by this reference. Failure to comply with the Ordinance permits the City to impose sanctions or require remedial actions as stated in Section 13.1 of the administrative rules. Contractor shall complete the INDEPENDENT CONTRACTOR CERTIFICATION STATEMENT, which is attached hereto and by this reference made a part hereof.

(a) Indemnity - Claims for Other than Professional Liability

Contractor shall defend, save, and hold harmless the City of Portland, its officers, agents, and employees, from all claims, suits, or actions of whatsoever nature, including intentional acts, resulting from or arising out of the activities of Contractor or its subcontractors, agents or employees under this agreement. Nothing in this section requires the Contractor or its insurer to indemnify the City for any claims or losses arising out of death, or bodily injury to persons, or property damage caused by the negligence of the City.

(b) Indemnity - Claims for Professional Liability

Contractor shall defend, save, and hold harmless the City of Portland, its officers, agents, and employees, from all claims, suits, or actions arising out of the professional negligent acts, errors or omissions of Contractor or its subcontractors and sub-consultants, agents or employees in performance of professional services under this agreement. Nothing in this section requires the Contractor or its insurer to indemnify the City for any claims or losses caused by the negligence of the City.

(c) Indemnity - Standard of Care

If Contractor's services involve engineering or consulting, the standard of care applicable to Contractor's service will be the degree of skill and diligence normally employed by professional engineers or consultants performing the same or similar services at the time such services are performed. Contractor will re-perform any services not meeting this standard without additional compensation.

(d) Indemnity by the City. To the extent permitted by Oregon law, the City shall indemnify and hold KPP, and its officers, directors, shareholders, employees, successors, other agents and assigns ("KPP Indemnitees"), harmless from and against any claims, liabilities, damages, judgments or other losses (including attorneys' fees) imposed upon or incurred by KPP Indemnitees arising out of or as a result of any negligent act or omission of the City, or its officers, directors, employees or other agents in connection with the performance of any of their respective obligations arising under this Agreement, including without limitation, the submission to Participating Pharmacies or Pharmaceutical Manufacturers of inaccurate or false information provided by the City, as a result of a negligent act or omission.

10. Insurance

During the term of this contract Contractor shall maintain in force at its own expense, each insurance noted below:

(a) Workers' Compensation insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers (contractors with one or more employees, unless exempt under ORS 656.027).

(b) Required and attached or Waived by City Attorney: _____

General Liability insurance with a combined single limit of not less than \$1,000,000 per occurrence for Bodily Injury and Property Damage. It shall include contractual liability coverage for the indemnity provided under this contract, and shall provide that City of Portland, and its agents, officers, and employees are Additional Insured but only with respect to the Contractor's services to be provided under this Contract:

(c) Required and attached or Waived by City Attorney: _____

Automobile Liability insurance with a combined single limit of not less than \$1,000,000 per occurrence for Bodily Injury and Property Damage, including coverage for owned, hired, or nonowned vehicles, as applicable:

(d) Required and attached or Waived by City Attorney: _____

Professional Liability insurance with a combined single limit of not less than \$1,000,000 per claim, incident, or occurrence. This is to cover damages caused by error, omission or negligent acts related to the professional services to be provided under this contract. If insurance coverage is provided on a "claims made" basis, the successful Proposer shall acquire a "tail" coverage or continue the same coverage for three years after completion of the contract, provided coverage is available and economically feasible. If such coverage is not available or economically feasible, contractor shall notify City immediately.

(e) On all types of insurance. There shall be no cancellation, material change, reduction of limits, or intent not to renew the insurance coverage(s) without 30-days written notice from the Contractor or its insurer(s) to the City.

(f) Certificates of insurance. As evidence of the insurance coverages required by this contract, the Contractor shall furnish acceptable insurance certificates to the City at the time contractor returns signed contracts. The certificate will specify all of the parties who are Additional Insured and will include the 30-day cancellation clause and 10-day non-payment clause that provides that the insurance shall not terminate or be cancelled without 30 days or 10 days written notice first being given to the City Auditor. Insuring companies or entities are subject to City acceptance. If requested, complete policy copies shall be provided to the City. The Contractor shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance.

11. Ownership of Work Product

All work products produced by the Contractor under this contract is the exclusive property of the City. "Work product" is defined as eligibility data, claims data, history, utilization management and reporting. It does not include proprietary software, pricing or systems. The City agrees that aggregate compilations of information contained in any and all databases developed by KPP, and any prior and future versions thereof, are the property of KPP and protected by copyright, which shall be owned by KPP. KPP, its agents, employees and contractors shall have the right to use, reproduce and adapt all aggregate compilations of information obtained from the City in order to perform its duties under this agreement or to render services to its clients. Any work, compilation, processes or inventions developed by KPP or its agents, employees or contractors shall be owned by KPP or the appropriate party and deemed its confidential information.

12. Nondiscrimination

Contractor agrees to comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules, and regulations. Contractor also shall comply with the Americans With Disabilities Act of 1990 (Pub I. No. 101-336) including Title II of that Act, ORS 659.425, and all regulations and administrative rules established pursuant to those laws.

13. Successors in Interest

The provisions of this contract shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and approved assigns.

14. Severability

The parties agree that if any term or provision of this contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular term or provision held to be invalid.

15. Waiver

The failure of either party to enforce any provision of this contract shall not constitute a waiver by such party of that or any other provision.

16. Errors

The Contractor shall perform such additional work as may be necessary to correct errors in the work required under this contract without undue delays and without additional cost.

17. Governing Law

The provisions of this contract shall be construed in accordance with the provisions of the laws of the State of Oregon. Any action or suits involving any question arising under this contract must be brought in the appropriate court in Multnomah County Oregon.

18. Amendments

All changes to this contract, including changes to the scope of work and contract amount, must be made by written amendment and approved by the Director of Human Resources to be valid. Any amendment that increases the original contract amount by more than 25% must be approved by the City Council to be valid.

19. Business License

The Contractor shall obtain a City of Portland business license as required by PCC 7.02 prior to beginning work under this Agreement. The Contractor shall provide a business license number in the space provided on page one of this Agreement. Additionally, the Contractor shall pay all fees or taxes due under the Business License Law and the Multnomah County Business Income Tax (MCC Chapter 12) during the full term of this contract. Failure to be in compliance may result in payments due under this contract to be withheld to satisfy amount due under the Business License Law and the Multnomah County Business Income Tax Law.

20. Prohibited Interest

- (a) No City officer or employee during his or her tenure or for one year thereafter shall have any interest, direct or indirect, in this Agreement or the proceeds thereof.
- (b) No City officer or employee who participated in the award of this Agreement shall be employed by the Contractor during the period of the Agreement.

21. Payment to Vendors and Subcontractors

The Contractor shall timely pay all suppliers, lessors and contractors providing it services, materials or equipment for carrying out its obligations under this Agreement. The Contractor shall not take or fail to take any action in a manner that causes the City or any materials that the Contractor provides hereunder to be subject to any claim or lien of any person without the City's prior written consent.

Merger Clause

THIS CONTRACT AND ATTACHED EXHIBITS CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION, OR CHANGE OF TERMS OF THIS CONTRACT SHALL BIND EITHER PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. SUCH WAIVER, CONSENT, MODIFICATION, OR CHANGE IF MADE, SHALL BE EFFECTIVE ONLY IN SPECIFIC INSTANCES AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS CONTRACT. CONTRACTOR, BY THE SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE, HEREBY ACKNOWLEDGES THAT HE OR SHE HAS READ THIS CONTRACT, UNDERSTANDS IT AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

OPTIONAL PROVISIONS (selected by City Project Manager)

22. Arbitration: / / Not Applicable / ___ / Applicable (consult with City Attorney's Office before finalizing as applicable)

(a) Any dispute arising out of or in connection with this Agreement, which is not settled by mutual agreement of the Contractor and the City within sixty (60) days of notification in writing by either party, shall be submitted to an arbitrator mutually agreed upon by the parties. In the event the parties cannot agree on the arbitrator, then the arbitrator shall be appointed by the Presiding Judge (Civil) of the Circuit Court of the State of Oregon for the County of Multnomah. The arbitrator shall be selected within thirty (30) days from the expiration of the sixty (60) day period following notification of the dispute. The arbitration, and any litigation arising out of or in connection with this Agreement, shall be conducted in Portland, Oregon, shall be governed by the laws of the State of Oregon, and shall be as speedy as reasonably possible. The applicable arbitration rules for the Multnomah County courts shall apply unless the parties agree in writing to other rules. The arbitrator shall render a decision within forty-five (45) days of the first meeting with the Contractor and the City. Insofar as the Contractor and the City legally may do so, they agree to be bound by the decision of the arbitrator.

(b) Notwithstanding any dispute under this Agreement, whether before or during arbitration, the Contractor shall continue to perform its work pending resolution of a dispute, and the City shall make payments as required by the Agreement for undisputed portions of work.

23. Progress Reports: / ___ / Applicable / ___ / Not Applicable

The Contractor shall provide monthly progress reports to the Project Manager. If applicable, the STATEMENT OF THE WORK should list what information the Contractor must include in monthly progress reports.

24. Contractor's Personnel: / ___ / Applicable / ___ / Not Applicable

The Contractor shall assign the following personnel to do the work in the capacities designated: If applicable, list selected personnel in the STATEMENT OF THE WORK. The Contractor shall not change personnel assignments without the prior written consent of the City.

25. Subcontractors: / ___ / Applicable / ___ / Not Applicable

The City requires Contractors to use the Minority, Women and Emerging Small Business (M/W/ESB) subcontractors identified in their proposals, and as such the Contractor shall assign these subcontractors as listed in the STATEMENT OF THE WORK to perform work in the capacities designated. The Contractor shall not change subcontractor assignments without the prior written consent of the Chief Procurement Officer.

STATEMENT OF THE WORK AND PAYMENT SCHEDULE

SCOPE OF WORK Defined in Exhibits A & B

CONTRACTOR PERSONNEL

The Contractor shall assign the following personnel to do the work in the capacities designated:

| NAME | ROLE ON PROJECT |
|---------------------------------|--|
| Manager, PBM Sales and Services | Overall operations and management |
| National Account Manager | Account Management |
| Regional Account Manager | Account Management |
| Regional Account Coordinator | Daily Account Management |
| Clinical Program Manager | Clinical Programs and Account Management |
| Implementation Coordinator | Implementation of Programs |

SUBCONTRACTORS

The Contractor shall assign the following subcontractors to perform work in the capacities designated:

| NAME | ROLE ON PROJECT |
|-----------|---------------------|
| SXC, Inc. | Processor of Claims |

The City will enforce all diversity in workforce and Minority, Women and Emerging Small Business (M/W/ESB) subcontracting commitments submitted by the Contractor in its Proposal. For contracts valued \$100,000 or more, the Contractor shall submit a Monthly Subconsultant Payment and Utilization Report (MUR), made part of this contract by reference, reporting ALL subcontractors employed in the performance of this agreement. An electronic copy of the MUR may be obtained at: <http://www.portlandonline.com/shared/cfm/image.cfm?id=119851>.

COMPENSATION

Payments

a. Compensation to KPP. The City will reimburse KPP in accordance with Exhibits of this Agreement. The City agrees to pay all valid monthly invoices for administrative fees submitted by KPP within ten (10) days of receipt.

b. Billing and Funding. KPP shall invoice the City twice each month for claims. All payments by the City shall be made via electronic fund transfer, Automated Clearing House ("ACH") debit, or other mutually agreeable method, within ten (10) calendar days after the City receives an invoice from KPP. KPP shall retain cash management responsibilities over the payment for Claims to help ensure prompt payment to Participating Pharmacies.

Notwithstanding the provisions above, in the event that KPP elects to render Claims Payments prior to its receipt of such funds from the City, such election shall not constitute a waiver of KPP's right to suspend performance or of the City's obligation to render payment to KPP, either as to that payment or as to any other payment, nor shall such election serve to establish a course of dealing or a course of performance between KPP and the City.

Sale and Use Taxes. The parties hereby agree that the payment of any and all state and local sales taxes (and use taxes, if applicable) attributable to any Prescription Drug Services delivered pursuant to this Agreement shall be the sole and exclusive obligation of the City using the business processes and practices established by KPP.

PRESCRIPTION DRUG SERVICES

Charges related to Prescription Drug Services provided by all Kroger-owned retail pharmacies as relates to traditional days supply (i.e., '30 days') limits, the lesser of:

-
-
-

Charges related to Prescription Drug Services provided by all non-Kroger retail network pharmacies as relates to traditional days supply (i.e., '30 days') limits, the lesser of:

-
-
-

Charges related to Option90™ Prescription Drug Services provided by all Kroger-owned retail pharmacies, the lesser of:

-
-
-

Charges related to Pharmacy Services provided by Kroger's mail order service:

-
-

Charges related to Specialty Services provided by Kroger's Specialty Program

-
-

INDEPENDENT CONTRACTOR CERTIFICATION STATEMENT

SECTION A

CONTRACTOR CERTIFICATION I, undersigned, am authorized to act on behalf of entity designated below, hereby certify that entity has current Workers' Compensation Insurance.

Contractor Signature Philicity Date 6/29/11 Entity Kroger Prescription Plans

If entity does not have Workers' Compensation Insurance, City Project Manager and Contractor complete the remainder of this form.

SECTION B

ORS 670.600 Independent contractor standards. As used in various provisions of ORS Chapters 316, 656, 657, and 701, an individual or business entity that performs labor or services for remuneration shall be considered to perform the labor or services as an "independent contractor" if the standards of this section are met. The contracted work meets the following standards:

1. The individual or business entity providing the labor or services is free from direction and control over the means and manner of providing the labor or services, subject only to the right of the person for whom the labor or services are provided to specify the desired results;
2. The individual or business entity providing labor or services is responsible for obtaining all assumed business registrations or professional occupation licenses required by state law or local government ordinances for the individual or business entity to conduct the business;
3. The individual or business entity providing labor or services furnishes the tools or equipment necessary for performance of the contracted labor or services;
4. The individual or business entity providing labor or services has the authority to hire and fire employees to perform the labor or services;
5. Payment for the labor or services is made upon completion of the performance of specific portions of the project or is made on the basis of an annual or periodic retainer.

City Project Manager Signature

Date

SECTION C

Independent contractor certifies he/she meets the following standards:

1. The individual or business entity providing labor or services is registered under ORS Chapter 701, if the individual or business entity provides labor or services for which such registration is required;
2. Federal and state income tax returns in the name of the business or a business Schedule C or form Schedule F as part of the personal income tax return were filed for the previous year if the individual or business entity performed labor or services as an independent contractor in the previous year; and
3. The individual or business entity represents to the public that the labor or services are to be provided by an independently established business. Except when an individual or business entity files a Schedule F as part of the personal income tax returns and the individual or business entity performs farm labor or services that are reportable on Schedule C, an individual or business entity is considered to be engaged in an independently established business when four or more of the following circumstances exist. Contractor check four or more of the following:

- A. The labor or services are primarily carried out at a location that is separate from the residence of an individual who performs the labor or services, or are primarily carried out in a specific portion of the residence, which portion is set aside as the location of the business;
- B. Commercial advertising or business cards as is customary in operating similar businesses are purchased for the business, or the individual or business entity has a trade association membership;
- C. Telephone listing and service are used for the business that is separate from the personal residence listing and service used by an individual who performs the labor or services;
- D. Labor or services are performed only pursuant to written contracts;
- E. Labor or services are performed for two or more different persons within a period of one year; or
- F. The individual or business entity assumes financial responsibility for defective workmanship or for service not provided as evidenced by the ownership of performance bonds, warranties, errors and omission insurance or liability insurance relating to the labor or services to be provided.

Philicity
Contractor Signature

6/29/11
Date

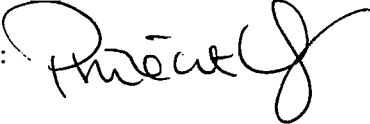
CONTRACTOR SIGNATURE:

This contract may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same Agreement.

The parties agree the City and Contractor may conduct this transaction, including any contract amendments, by electronic means, including the use of electronic signatures.

I, the undersigned, agree to perform work outlined in this contract in accordance to the STANDARD CONTRACT PROVISIONS, the terms and conditions, made part of this contract by reference, and the STATEMENT OF THE WORK made part of this contract by reference; hereby certify under penalty of perjury that I/my business am not/is not in violation of any Oregon tax laws; hereby certify that my business is certified as an Equal Employment Opportunity Affirmative Action Employer and is in compliance with the Equal Benefits Program as prescribed by Chapter 3.100 of Code of the City of Portland; and hereby certify I am an independent contractor as defined in ORS 670.600.

Kroger Prescription Plans, Inc.

BY: 

Date: 6/29/11


Name: Philecia Avery

Title: Manager, IBM Sales and Services

Contract No. 30002105
Contract Title: Health Plan Pharmacy Benefit Management Contract

CITY OF PORTLAND SIGNATURES:

By:  Date: 6/30/2011
Bureau Director

By:  Date: 7/6/11
Elected Official

Approved:
By: N/A Date: _____
Office of City Auditor

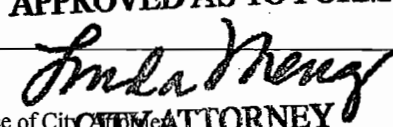
Approved as to Form:
APPROVED AS TO FORM *JUP*
By:  Date: 6/30/11
Office of City **CITY ATTORNEY**

EXHIBIT A

PRESCRIPTION PLAN SERVICE AGREEMENT

THIS SERVICE AGREEMENT (hereinafter referred to as the "AGREEMENT") is entered into the 1st day of July 2011, between Kroger Prescription Plans, Inc., located at 1014 Vine Street, Cincinnati, OH, 45202, hereinafter referred to as "KPP," and the City of Portland, located at 1120 SW Fifth Ave, Room 404, Portland OR 97204, hereinafter referred to as "the City".

WHEREAS, KPP is a corporation organized under the laws of the State of Ohio which offers comprehensive Pharmacy Benefit Management ("PBM") benefits to eligible individuals ("Eligible Members"), and

WHEREAS, KPP has contracted with retail, and specialty pharmacies for the purpose of providing prescription services to Eligible Members of the City, and

WHEREAS, the City desires hereby to engage KPP to perform Pharmacy Benefit Management ("PBM") services relating to prescription claim processing, eligibility verification, pricing, managing and administering prescription drug programs, compliance and disease management programs, certain other PBM services, and reporting required by the City, and

WHEREAS, KPP agrees to perform such matters, subject to the terms and conditions hereof:

NOW THEREFORE, in consideration of the mutual promises and agreement herein contained, the City and KPP hereby agree as follows:

I. DEFINITIONS

1.1 Average Wholesale Price

The term "Average Wholesale Price" shall mean the average wholesale price of a prescription drug or medication dispensed as set forth in the current price list in recognized sources such as Medi-Span, including its supplements, or other nationally recognized pricing source as determined by KPP. The applicable Average Wholesale Price ("AWP") for prescriptions dispensed at retail and mail services pharmacies shall be based on the actual 11 digit National Drug Code (NDC) from which it was dispensed.

The Average Wholesale Price of a prescription drug first available on the market before September 26, 2009, shall be either:

- a. the product of the wholesale acquisition price (WAC) of a prescription drug as set forth in the pricing source on the date dispensed times the mark-up factor over WAC that was established by the pricing source to calculate the average wholesale price of such drug on September 25, 2009, or
- b. the product of the manufacturer direct price (DP) of a prescription drug as set forth in the pricing source on the date dispensed times the mark-up factor over DP that was established by the pricing source to calculate the average wholesale price of such drug on September 25, 2009, and
- c. for products first available on the market on or after September 26, 2009, the average wholesale price of a prescription drug as set forth by the pricing source on the date dispensed.

In the event of any material change in the method used to determine AWP by the applicable pricing source, the parties agree to renegotiate the AWP discount rates for Prescription Plan Services provided under this Agreement in an equitable manner.

1.2 Benefit Plan

The term "Benefit Plan" shall mean the City's evidence of coverage ("EOC") summary including claims processing parameters and other information specifying healthcare coverage for Eligible Members, as those parameters currently exist or may be amended in the future. The City will provide KPP with certain information relating to such Benefit Plans ("Benefit Plan Information") including, but not limited to, the names of the Eligible Members and their Dependents entitled to Prescription Drug Services, Eligible Members' Copayments, maximum benefit amounts, deductible amounts, pre-existing drug exclusions, and other parameters of the Eligible Members' Benefit Plan as KPP may reasonably request from time-to-time.

1.3 Brand Drug

The term "Brand Drug" shall mean a drug that has a trade name, that is patent protected, and can be produced and sold only by the company holding the patent.

1.4 Compound Drug

The term "Compound Drug" shall mean a customized medication derived from two or more chemical compounds, devices, or powders, one of which is a federally legend drug.

1.5 Copayment

The term "Copayment" shall mean such amounts (copayment, deductible, coinsurance) as are required to be collected by Participating Pharmacies from Eligible Members, pursuant to the Benefit Plan information provided by the City.

1.6 Custom Network

The term "Custom Network" shall mean any network designed and contracted to fit the specific needs of the City.

1.7 Dependents

The term "Dependents" shall mean the dependents of each Eligible Member who are entitled to Prescription Drug Services through the City as identified in the Benefit Plan information prepared and maintained by the City and delivered to KPP.

1.8 Effective Date

The term "Effective Date" shall mean the date upon which this Agreement shall be effective. The Effective Date for this Agreement is the **1st day of July, 2011**.

1.9 Eligible Members

"Eligible Members" shall mean those individuals who are entitled to Prescription Drug Services through the City as identified in the Eligible Member List prepared and maintained by the City, and delivered to KPP.

1.10 Eligible Member List

The term "Eligible Member List" shall have the meaning set forth in Section 2.1.

1.11 ERISA

The term "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

1.12 Formulary

The term “Formulary” shall mean the list of FDA approved prescription drugs and/or supplies that are recommended by KPP to the City for routine use and which will be dispensed through Participating Pharmacies to Eligible Members.

1.13 Generic Drug

The term “Generic Drug” shall mean drugs that are off-patent, multi-source and single source drugs. Multi-source generic drugs are those drugs available from multiple manufacturers or those drugs available only from one manufacturer provided they had been available from multiple manufacturers in the past. Single-source generic drugs are those drugs available from one manufacturer only and that have never been available from another manufacturer.

1.14 HIPAA

The term HIPAA shall mean the Health Insurance Portability and Accountability Act of 1996, Subtitle F – Administrative Simplification.

1.15 Identification Cards

The term “Identification Cards” (“ID Cards”) shall mean printed identification cards containing specific information about the prescription drug benefits to which the Eligible Members are entitled. KPP shall provide Identification Cards to Eligible Members. Family members will be listed on the cards at no additional cost to the City.

1.16 MAC

The term “MAC” shall mean the then current maximum allowable cost of certain prescription products that will be reimbursed at a generic product level.

1.17 Mail Service Pharmacy

The term “Mail Service Pharmacy” shall mean Postal Prescription Services (PPS) and the services of which are described in Exhibit A.

1.18 Participating Pharmacies

The term “Participating Pharmacies” shall mean those organizations that contract with KPP to provide Prescription Drug Services for Eligible Members of the City, and shall include, but shall not be limited to, walk-ins, and specialty pharmacies.

1.19 Pharmaceutical Manufacturer

The term “Pharmaceutical Manufacturer” shall mean a pharmaceutical company which has entered into an agreement with KPP to offer rebates and/or discounts for drugs and supplies.

1.20 Pharmacy Benefit Management (“PBM”) Services

The term “Pharmacy Benefit Management Services” shall mean KPP’s Claims Processing Services, Pharmacy Network Management, rebate administration, reporting, and formulary and clinical support. These services shall be more specifically described in Exhibit A.

1.21 Pharmacy Network Management

The term "Pharmacy Network Management" shall mean KPP's responsibility for contract reimbursement negotiations, as well as provider relations with Participating Pharmacies. Reimbursement negotiations shall include: i) payment terms; ii) method of payment; iii) timeliness of payment; and iv) access fees, as well as any other issues related to payment to Participating Pharmacies. Provider relations shall include: i) store information updates; ii) credentialing; iii) contract compliance; iv) Eligible Member service issues; v) auditing of performance as well as any other issues related to the relationship with Participating Pharmacies.

1.22 Prescription Drug Services

The term "Prescription Drug Services" shall mean those prescription drug services or supplies provided as a covered benefit to Eligible Members as set forth in the Benefit Plan.

1.23 Processed Claims or Claim Forms

The terms "Processed Claims," "Claims," or "Claim Forms" shall mean all claims transmitted to KPP by Participating Pharmacies or Eligible Members as a result of dispensing Prescription Drug Services to Eligible Members.

1.24 Rebate

The term "Rebate" shall mean any and all compensation that KPP receives from a Pharmaceutical Manufacturer, attributable to the purchase or utilization of Covered Drugs by an eligible participant under this Agreement, including, but not limited to, discounts, credits, rebates, regardless of how categorized; fees, market share incentives, commissions, and administrative management fees.

1.25 Specialty Products

The term Specialty Products shall mean those prescription drug products provided in a separate list to the City. Any additional drugs added to the list must be made in good faith and be consistent with the industry prevailing characterization of the drug as a specialty drug in the marketplace by other reputable sources. Characteristics of specialty products include unique requirements for handling, shipping and storage, unique patient compliance and/or safety monitoring, and potential high cost products.

1.26 Subsidy Reports

The term "Subsidy Reports" shall mean a monthly eligibility file and cost data extract representing gross covered retiree Plan-related prescription drug costs for required Centers for Medicare and Medicaid ("CMS") reporting for payment of the subsidy, in such a format and contract as required under CMS rules.

II. **DUTIES TO BE PERFORMED BY THE CITY**

2.1 Eligible Member List. The City or a designee shall provide to KPP a list of Eligible Members and their Dependents (the "Eligible Members List") and KPP agrees to provide mutually agreed upon refreshes and updates. The City shall be solely responsible for ensuring the accuracy of its Eligible Members List and shall be obligated to pay KPP for Claims accepted by KPP that are submitted by or on behalf of persons listed on any Eligible Members List. The City bears the risk of all fraudulent Claims submitted by Eligible Members or by unauthorized persons using an Eligible Member's ID Card or identification number for which the City knows or should have known were fraudulent. The Eligible Members List shall contain mutually agreed upon minimum information as required by KPP in the prescribed format. Subject to Section VI of this Agreement, KPP will be financially responsible for

unauthorized paid claims in the event of KPP's negligence.

2.2 Benefit Plan Information. The City will deliver to KPP detailed Benefit Plan information for each Eligible Member group. Such information shall contain all of the elements required by KPP so that KPP may verify and price the Claims submitted by Participating Pharmacies, and to prepare the various reports specified by the City. In addition, the City shall provide any Benefit Plan information changes that would require systems modifications to KPP at least thirty (30) days before the date such changes shall become effective (the "change date"). Failure to provide Benefit Plan information changes in the time frame described in this Section 2.2 may result in postponement of the proposed change date. The City shall also provide to KPP on a timely basis any subsequent changes to applicable Benefit Plan Information related to the Prescription Drug Services administered by KPP under this Agreement.

2.3 Provision of Eligibility Information. KPP will provide Eligible Members List to the Participating Pharmacies; however, in providing this information, KPP will rely on the Eligible Members List as provided by the City or its designee. KPP will not pay any Claims for persons not listed on the Eligible Members List. The City shall indemnify KPP from any damages arising from inaccuracies in the Eligible Members List. KPP shall indemnify and hold harmless the City from any costs or damages arising from KPP's use of and/or reliance on Eligible Member information not provided by the City or its designee. The City accepts no responsibility for Eligible Member information not provided by the City or its designee.

2.4 Review and Notification Requirements. The City will review all reports, statements, and invoices provided by KPP and shall notify KPP in writing of any errors or objections within one hundred twenty (120) days of receipt. Specifically, this shall also apply to all service requests, benefit change request forms, and pharmacy operations change requests. Until the City notifies KPP in writing of any errors or objections, KPP will be entitled to rely on the information contained in the reports, statements, and invoices. If the City does not notify KPP in writing of any errors or objections within the one hundred twenty (120) day period, the information contained therein will be deemed accurate, complete, and acceptable to the City, and thereafter KPP shall have no liability related thereto.

III. DUTIES TO BE PERFORMED BY KPP

3.1 Provision of Services to the Plan. KPP shall provide to the City the services listed in this Exhibit A. and Exhibit B. These services shall be provided at the agreed upon rates listed herein.

3.2 Performance Guarantees. KPP shall be subject to the Performance Guarantees as agreed upon. In the event KPP does not meet its Performance Guarantees, the City shall be entitled to all remedies available to it, either at law or in equity, including any penalty specified in this Agreement.

IV. RECORDS

4.1 Maintenance of Records. KPP shall maintain documentation of all Claims processed for six (6) years from the date of payment of the Claim or for such longer period if required by applicable law. Such documentation shall be in a format and media deemed appropriate by KPP. Upon request, the City shall be entitled to review and audit all Claims processed by KPP, pursuant to City Section 1, Access to Records.

V. CONFIDENTIALITY

5.1 Confidential Information. The term "Confidential Information" means information of a confidential or proprietary nature relating to the subject matter described in this Agreement which is taken from or disclosed by one

party (the "Disclosing Party") to the other (the "Receiving Party"). Confidential Information includes, but is not limited to, matters of a technical nature such as trade secrets, methods, compositions, data and know-how, designs, systems, processes, computer programs, files and documentation, similar items or research projects, and any information derived there from; matters of a business nature, such as the terms of this Agreement (including any pricing terms and Pharmaceutical Manufacturer contract terms which must be subject to a protective order), marketing, sales, strategies, proposals, Eligible Member information, all utilization, formulary, and pharmacy and therapeutics programs developed in conjunction with The City and lists of actual or potential Eligible Members, Participating Pharmacies and Pharmaceutical Manufacturers as well as any other information that is designated by either party as confidential.

5.2 Treatment of Confidential Information. The Receiving Party agrees: (i) to hold the Disclosing Party's Confidential Information in strict confidence and to take reasonable precautions to protect such Confidential Information (including, without limitation, all precautions Receiving Party employs with respect to its own confidential materials); (ii) not to divulge any such Confidential Information or any information derived there from to any third party unless required in the performance of the Receiving Party's duties under this Agreement; (iii) not to make any use whatsoever at any time of such Confidential Information except for the purpose of this Agreement and will not use it for its own or any third party's benefit; and (iv) not to copy, analyze, transcribe, transmit, decompile, disassemble or reverse engineer any such Confidential Information, and not use such Confidential Information in any patent application. The confidentiality obligations of this Section shall not apply to information which, as evidenced in writing:

- a. is or becomes publicly known by Receiving Party through no breach of this Agreement;
- b. is learned by the Receiving Party from a third party entitled to disclose it;
- c. is rightfully obtained by the Receiving Party prior to this Agreement;

The confidential obligations contained in the foregoing clauses (i), (ii), (iii) and (iv) shall be perpetual. Receiving Party may make disclosures required by law or court order provided Receiving Party provides notice of such disclosure to the Disclosing Party.

5.3 No Transfer Or Right Or Title. Receiving Party acknowledges that it shall not acquire any rights or title to any Confidential Information merely by virtue of its use or access to such Confidential Information hereunder. Neither the execution of this Agreement nor the furnishing of any Confidential Information hereunder shall be construed as granting, either expressly or by implication, or otherwise, the Receiving Party any license under any invention or patent now or hereafter owned by or controlled by the Disclosing Party. None of the information that may be submitted or exchanged by the parties shall constitute any representation, warranty, assurance, guarantee, or inducement by a party to the other with respect to the infringement of patents, copyrights, trademarks, trade secrets, or any other rights of third persons.

VI. EXCLUSIVITY

6.1 Exclusivity. The City agrees that KPP shall be the sole and exclusive agent for the City for each of the services described in this Exhibit A during the Term of this Agreement, unless agreed to in writing by both parties.

VII. GENERAL PROVISIONS

7.1 Successors and Assigns; Binding Effect. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either party hereto (whether by operation of law or otherwise) without the prior written consent of the other party hereto, except that KPP may assign this Agreement to an affiliate or subsidiary without such consent.

7.2 Force Majeure. The performance obligations of KPP and/or the City respectively hereunder shall be suspended to the extent that all or part of this Agreement cannot be performed due to causes which are outside the control of KPP and/or the City, and could not be avoided by the exercise of due care, including but not limited to acts of God, acts of a public enemy, acts of a sovereign nation or any state or political subdivision or any department or regulatory agency thereof or entity created thereby, acts of any person engaged in a subversive or terrorist activity or sabotage, fires, floods, earthquakes, explosions, strikes, slow-downs, lockouts or labor stoppage, freight embargoes, or by any enforceable law, regulation or order. The foregoing shall not be considered to be a waiver of any continuing obligations under this Agreement, and as soon as conditions cease, the party affected thereby shall fulfill its obligations as set forth under this Agreement. In order to benefit from the provisions of this Section 11.8, the party claiming force majeure must notify the other reasonably promptly in writing of the force majeure condition. If any event of force majeure, in the reasonable judgment of the parties, is of a severity or duration such that it materially reduces the value of this Agreement, then this Agreement may be terminated without liability or further obligation of either party (except for any obligation expressly intended to survive the termination of this Agreement and except for all amounts that have become or will become due and payable hereunder).

7.3 Use of Name. Neither party shall use the other party's name, trade or service mark, logo, or the name of any affiliated company in any advertising or promotional material, presently existing or hereafter established, except in the manner and to the extent permitted by prior written consent of the other party.

7.4 Notice. Any notice required or permitted by this Agreement, unless otherwise specifically provided for in this Agreement, shall be in writing and shall be deemed given: (i) one (1) day following delivery to a nationally reputable overnight courier; (ii) one (1) day following receipt by facsimile during the receiving party's business hours with written confirmation thereof; or (iii) three (3) days after the date it is deposited in the United States mail, postage prepaid, registered or certified mail, or hand delivered addressed as follows:

To KPP:

Kroger Prescription Plans, Inc.
1014 Vine Street
Cincinnati, OH 45202
Attn: Philecia Avery
Manager, PBM Sales & Service
Phone: 513-762-4968
Toll Free: 1/800-917-4926
E-mail: Philecia.Avery@kroger.com

To the City:

City Of Portland
1120 SW Fifth Avenue, Room 404
Portland, OR 97204
Attn: Cathy Bless
Title: Benefits & Wellness Manager

Either party may at any time change its address for notification purposes by mailing a notice stating the change and setting forth the new address.

7.5 Headings. The headings of Articles, Sections and Exhibits contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

7.6 Compliance with Laws and Regulations. This Agreement will be in compliance with all pertinent federal and state statutes and regulations. If this Agreement, or any part hereof, is found not to be in compliance with any pertinent federal or state statute or regulation, then the parties shall renegotiate the Agreement or the part that is affected for the sole purpose of correcting the non-compliance.

7.7 Construction.

a. For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

b. The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

c. As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "without limitation."

d. Except as otherwise indicated, all references in this Agreement to "Articles," "Sections" and "Exhibits" are intended to refer to Articles of this Agreement, Sections of this Agreement and Exhibits to this Agreement.

7.8 HIPAA Compliance. The parties agree to be bound by the terms and conditions of the Business Associate Addendum attached hereto and incorporated herein as Exhibit C.

EXHIBIT B

I. SERVICES

A. Claims Processing

Eligibility Management: KPP will process eligibility files received from the City or its designee and will refresh and update eligibility files on a mutually agreed upon schedule. Electronic eligibility files will be processed within a monthly average of two business days of receipt. KPP will terminate coverage as detailed during implementation planning; and will add coverage for new members joining the City within 24 hours of receipt of eligibility data; update member information (e.g. address changes) within 48 hours of receipt of eligibility data; notify appropriate party(ies) of eligibility issues within 24 hours of processing of eligibility data. Manual exceptions, as requested by the City, will be processed within one business day.

(i) Claims Processing Services. KPP shall provide the claims processing services related to Claims for prescriptions dispensed on or after the Effective Date of this Agreement. KPP agrees to process Claims received from Participating Pharmacies and Eligible Members, determine whether such Claims qualify for reimbursement in accordance with the terms of the Plan and determine the payment applicable to them. KPP further agrees to process Claims within National Council for Prescription Drug Programs (NCPDP) adopted by the HIPAA Regulations for Electronic Transactions. KPP shall process Claims within the time frames established by applicable state and federal law and corresponding to the industry standards. Upon termination of this Agreement, KPP shall be solely responsible to process only those Claims which are for prescriptions dispensed before the termination date and which are received by KPP within thirty (30) days of the termination date.

(ii) Claims from Participating Pharmacies. The following services to be provided upon receipt of a prescription Claim:

Verification that the patient for which the claim was submitted is an Eligible Member and is entitled to Prescription Drug Services;

If applicable, verification that the prescriber is an authorized prescriber under the Plan; and

Verification that the product dispensed is a Prescription Drug Service.

(iii) Collection of Deductible or Copayment by Participating Pharmacies. Prior to providing to an Eligible Member any of the Prescription Drug Services to which the Eligible Member is entitled under the Plan, the Participating Pharmacy shall be required to collect from Eligible Member the amount of any Copayment. Additionally, Participating Pharmacies shall not recover from Eligible Members any unpaid balances due Participating Pharmacies.

(iv) Claim Submission. The City acknowledges that KPP shall require the Participating Pharmacies to send to KPP, at the expense of the Participating Pharmacies, Claims via on-line point-of-sale terminals ("POS"). If such a media is not available at the Participating Pharmacy, then the pharmacy shall provide the completed Claims on the Universal Claim Form ("UCF"), and/or magnetic tapes or diskettes containing claims information. Incorrect Claims will be denied. The Claims form information shall be sent to an address designated by KPP.

(v) RxVIEW™. The City shall have access to RxVIEW for the charge listed in Exhibit I. RxVIEW is a web-based user interface to RxCLAIM with limited functionality that is primarily related to eligibility.

B. Retail Participating Pharmacy Network.

KPP shall provide, maintain, and manage a national network of Participating Pharmacies. For the national network, KPP shall negotiate reimbursement rates, Maximum Allowable Cost for multi-sourced product and corresponding programs according to the needs of the City. The City acknowledges that KPP shall negotiate with Participating Pharmacies at various reimbursement rates and methodologies throughout the term of the contract. The City acknowledges that KPP may retain any differential between the negotiated rates in agreements with network pharmacies and the negotiated rates set forth in Exhibit A herein. KPP management of

the networks includes, but is not limited to, auditing and reporting on network functions; ensuring network compliance with all applicable contract terms; reviewing pharmacy licensure; and providing education and ongoing communication with pharmacies.

Unless mutually agreed to prior to the execution date of the Agreement, The City acknowledges that KPP uses zero-balance logic as defined by the industry for all of its networks. If The City elects not to employ zero balance logic, the City acknowledges that KPP will provide an additional \$0.25 dispensing fee to the pharmacy per paid claim, pursuant to terms contained within KPP network provider agreement with the pharmacies.

KPP further agrees to provide the City with their best-discounted national pharmacy network rate and, so long as the City's membership qualifies, to provide to the City any greater negotiated discounted network obtained by KPP for the term of this Agreement.

KPP agrees that the City may, with reasonable justification, require the termination of a specific retail pharmacy for good cause including quality of care issues and loss of appropriate licensure. The City further agrees that KPP may, with reasonable justification, terminate a specific retail pharmacy. KPP shall notify the City of any terminations material to the City in the Participating Pharmacy network prior to the termination effective date.

Payments to Participating Pharmacies. KPP agrees to pay to the Participating Pharmacies, on behalf of the City, reimbursement as may be agreed upon by Participating Pharmacies and KPP for provisions of Prescription Drug Services to Eligible Members. Payment shall be made within the industry standard after receipt of funds from the City for this purpose.

C. Rebate Program

(i) Participation in Program.

Subject to the provisions of this Section, and upon qualifying to participate in the rebate program, the City will be eligible to receive rebates from certain Pharmaceutical Manufacturers for prescription drugs dispensed to Eligible Members who are covered by the City or by Cities that utilize the City which meet the following criteria:

The City develops, publishes, presents and distributes a drug formulary or other preferred drug list consistent with KPP's recommended drug formulary and/or the City's customized formulary, including all subsequent revisions; and

The City meets the eligibility inclusion criteria of each of the respective Pharmaceutical Manufacturers for the City's applicable agreements.

KPP will provide the City updated formulary document templates in a mutually agreeable format on an annual basis and no later than twenty (20) days prior to the beginning of each calendar year. KPP will provide an electronic version of the formulary at no cost to the City. If KPP provides formulary booklets, the City agrees to reimburse KPP for the expenses incurred in the production of the formulary booklets.

(ii) Full Disclosure. KPP shall provide documentation to the City to provide full rebate disclosure and verify all monies billed and recovered. Moreover, should KPP receive any fees or other compensation from manufacturers for services provided under this Agreement, including administrative fees and fees for property provided or certain services rendered to a manufacturer, KPP agrees to disclose and pass through 100 % of such fees to the City as dictated in Exhibit A.

(iii) Payment of Rebates. Subject to the terms and conditions of this Agreement, on behalf of the City, KPP will receive the rebates paid by manufacturers to the City. KPP shall pay to the City the amount received from pharmaceutical manufacturers for all rebate programs as applied to those eligible Claims, attributable to the City utilizing the City's Eligible Members' prescriptions. KPP shall direct payment to the City every calendar quarter all such monies received from pharmaceutical companies for eligible prescriptions. KPP shall calculate all amounts at the close of the calendar quarter in accordance with its standard rebate calculation and disbursement methods and policies.

(iv) Eligible Rebate Data. Drug utilization generated from any program for providing pharmacy discounts in the absence of satisfactory pharmacy coverage underwritten by the City shall not be eligible to participate in the rebate program. Drug utilization which has been submitted by any entity other than KPP including, but not limited to the following government entities: Medicaid; Medicare; or other state or federal health care program which receives rebates, discounts, or other forms of price reduction directly or indirectly from pharmaceutical manufacturers, shall not be eligible to participate in this Program. The City shall clearly identify to KPP all members whose drug utilization or claims have been otherwise submitted to pharmaceutical manufacturers or whose claims have been or will be filed for reimbursement with government entities, including Medicaid, Medicare, or any state or federal health care program. If the City fails to identify such known members, pharmacies or claims and any pharmaceutical manufacturer's audit of

its rebate program reveals improperly calculated rebates involving such members or claims, then the City shall be solely responsible for the reimbursement of any rebates improperly made or calculated and any corresponding refunds associated with the audit.

(v) **Rebate Limitations.** Except where KPP has caused any of the above or been a party to such failure, loss, cost or expenses, the City waives, releases, and forever discharges KPP from any claims, demands, losses, attorneys' fees, costs, expenses, or liabilities of any nature, whether known or unknown, arising from (i) a Pharmaceutical Manufacturer's breach of an agreement related to this Agreement; or (ii) a Pharmaceutical Manufacturer's negligence or misconduct. The City acknowledges that rebates will not be paid with respect to claims submitted by Medicaid agencies.

(vi) **Other Pharmaceutical Relationships.** Nothing in this Agreement shall preclude KPP from pursuing other, independent sources of revenue from pharmaceutical manufacturers, and engaging in other revenue-producing relationships with pharmaceutical manufacturers.

D. Clinical Services.

Clinical services will be provided under this Agreement so long as the City elects to participate in the KPP clinical and formulary programs. Clinical programs shall include:

(i) **Concurrent Drug Utilization Review.** KPP agrees to provide concurrent on-line drug utilization review to Participating Pharmacies for all claims submitted via on-line POS terminals. This information is intended to assist the pharmacist in identifying drug interactions and other issues that may be indicative of inappropriate drug use.

(ii) **Prior Authorization.** KPP shall, at the City's request, perform prior authorization services. Specifically, KPP shall administer rules and conditions established and/or approved by the City under which certain drugs or drug classes or categories may be approved as a covered benefit.

(iii) **Formulary Management.** KPP shall provide a recommended drug Formulary or preferred drug list to the City. The City may, at its discretion, provide an additional clinical review, but without such review agrees to implement, administer, and adhere to the Formulary.

(iv) **Plan Administration.** KPP shall provide support in pharmacy benefit plan development, set-up and administration on behalf of the City. KPP will set up and maintain plan via plan implementation documents provided by the City to KPP. The City and KPP shall mutually agree on the format of the implementation documents; however, the City will have the ultimate responsibility for approving any pharmacy benefit design. Additionally, the City acknowledges that nothing in this Agreement shall be deemed to confer upon KPP the status of named fiduciary as defined in the Employee Retirement Income Security Act of 1974, as amended, or any responsibility for the terms or validity of the Plan.

(v) **Member Appeals.** KPP shall, at the City's request, administer first and second level prior authorization appeal services. Specifically, KPP, at the City's request, shall administer a member prior authorization appeal process including rules and conditions established and/or approved by the City under which members may formally request an appeal review for prior authorization denials for certain drugs or drug classes or categories. The KPP Appeal Services are defined in Exhibit D:

E. Account Management.

KPP shall provide trained, experienced account service resources to serve as a liaison between the City and KPP for the purpose of facilitating operational activities, resolving issues, and providing consultative support. On an annual basis, an onsite review will occur between KPP and the City prior to the City's annual benefit planning period.

F. Call Center Support

KPP shall provide a toll-free call center to the City and all Participating Pharmacies during regular hours of business. These hours shall be Monday through Friday, 8:00 am to 7:30 pm, Eastern Time. These hours are subject to change and do not include national holidays. It is agreed, however, that the City shall be notified of any material changes to schedule of business hours.

KPP shall provide member call center services for the City's Eligible Members and Participating Pharmacies. The hours of service shall be seven days per week twenty-four hours a day.

G. Ancillary Services.

In the event that the City requests additional or ancillary services other than those described herein, including consultative services, KPP shall attempt to accommodate the City at a mutually agreed upon rate set forth in writing and signed by the parties prior to the performance of the services.

II. ADMINISTRATIVE FEES

For the compensation provided herein, KPP agrees to provide the following services to the City as defined within the Agreement:

A. General Services

1. Claims Processing Services including:

Eligibility Management;

Eligibility Verification;

On-line Electronic Claims Processing/Administration; and

Direct Member Reimbursement;

2. A National Pharmacy Network Services including:

Negotiation of the Network Pharmacy Discount Contracts;

Administration of the National Pharmacy Network;

Management and Administration of Maximum Allowable Cost (MAC) List;

Pharmacy Reimbursement; and

Pharmacy Help Desk;

3. Pharmaceutical Manufacturer Rebate Services including:

Negotiation Pharmaceutical Manufacturer Rebate contracts;

Management and Administration of Pharmaceutical Rebate program;

4. Client and Member Services including;

Member Help Desk;

Account Management; and

Implementation Support;

5. Custom KPP Reporting Package;

6. Access to Clinical Programs; and

7. Account Management

For the Services provided herein, The City agrees to compensate KPP as follows:

(i). GENERAL FEES

| A. Administrative Services | Fee |
|---|-----|
| General Services | |
| Paper Claims Processing (per adjudicated claim) | |
| On-line Claims Data Access | |
| Plan / group set up Fees | |
| Member Communication – Printing | |
| Clinical Prior Authorization Service | |
| Administrative over-rides | |
| RxVIEW™ | |

B. Manual Entry

KPP Data Entry:
 Pharmacy Reimbursement
 UCF
 Other

The City Data Entry:

C. Batch Entries

Batch (History, Submission, Data Analysis)

KPP Format

D. ID Cards

Initial ID Card(s)

ID Cards after implementation

F. Explanation of Benefits

G. Claims Processing: Miscellaneous Services

(i) Connectivity

Service Provider Charges

VPN (Virtual Private Network)

User Security for Operational Databases

TBD On-Line User IDs

(ii) Data Retention

Operational

(iii) Informational

Base Extract

On-Line

Each Additional Month

Off-Line

Restore Archived Data

H. Postage and Mailings

(i) All Pharmacy Reimbursements / Check-runs

(ii) Eligible Member-specific mailings

EXHIBIT C

HIPAA ADDENDUM TO AGREEMENT

BETWEEN CITY OF PORTLAND AND KROGER PRESCRIPTION PLANS, INC.

1. **Effective Date.** This Addendum shall be effective on July 1, 2011.

2. **HIPAA Privacy Rule Compliance.** The parties acknowledge that for purposes of fulfilling the obligations of **Kroger Prescription Plans, Inc.** to City of Portland (Employer) and its Self Insured Group Health Plans (Plans) under this Agreement, KROGER PRESCRIPTION PLANS, INC. is the Business Associate of Employer. The parties therefore desire to bring the Contract between KROGER PRESCRIPTION PLANS, INC. and Employer into compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), its implementing Administrative Simplification regulations (45 C.F.R. Parts 160-164, Subparts A and E), and other state or federal privacy laws applicable to the relationship among Employer, Plans, and KROGER PRESCRIPTION PLANS, INC. Employer and/or Plan Sponsor (collectively referred to as Employer) and KROGER PRESCRIPTION PLANS, INC. agree to perform their respective obligations on behalf of Employer in compliance with the Privacy Rule.

3. **Definitions.** Terms used, but not otherwise defined, in this Addendum shall have the same meaning as those terms in 45 CFR §§ 160.103 and 164.501.

3.1 **Breach.** "Breach" shall have the same meaning as the term "breach" in 45 CFR § 164.402

3.2 **Business Associate.** "Business Associate" shall mean KROGER PRESCRIPTION PLANS, INC.

3.3 **Designated Record Set** Designated Record Set shall have the same meaning as the term "designated record set" in 45 CFR 164.501.

3.4 **Employer.** Employer means the City of Portland, which has designated itself as a "Hybrid Entity" pursuant to HIPAA.

3.5 **Group Health Plans.** Group Health Plans (Plans) means the City of Portland Self-Insured Group Health Plans, which are known as City Select, City Basic and City Core.

3.6 **Individual.** Individual shall have the same meaning as the term "individual" in 45 CFR § 164.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

3.7 **Protected Health Information.** Protected Health Information ("PHI") means individually identifiable health information maintained and transmitted in any form or medium, including without limitation, all information (including demographic, medical, and financial information) data, documentation, and materials that is created or received by a health care provider, health plan, or health care clearinghouse and relates to : (a) the past, present, or future physical or mental health or condition of an individual; (b) the provision of health care to an individual; (c) the past, present, or future payment for the provision of health care to an individual and that identifies or could reasonably be used to identify an individual. PHI does not include: (1) health information that has been de-identified in accordance with the standards for de-identification provided for in the Privacy Rule, or (2) employment records held by the Employer.

3.8 Plan Sponsor. Plan Sponsor means the City of Portland, which has designated itself as a “Hybrid Entity” pursuant to HIPAA.

3.9 Privacy Rule. Privacy Rule means the standards for privacy set forth in 45 CFR Part 160 and Part 164, Subparts A and E.

3.10 Regulatory References. A reference in this Addendum to a section in the Privacy Rule means the section as in effect or as amended, and for which compliance is required.

3.11 Required By Law. Required by Law shall have the same meaning as the term "required by law" in 45 CFR § 164.103.

3.12 Secretary. Secretary means the Secretary of the Department of Health and Human Services or his designee.

3.13 Summary Health Information. Summary Health Information means information, which may be Protected Health Information that: 1) summarizes claims history, claims expenses, or types of claims experienced by Individuals for whom Employer has provided health care benefits under Plans; and 2) from which the identifiers specified in 45 CFR § 164.514(b)(2)(i) have been deleted (except that zip codes can be aggregated to the level of a 5-digit zip code).

4. KROGER PRESCRIPTION PLANS, INC. Obligations.

4.1 Permitted Uses and Disclosures. KROGER PRESCRIPTION PLANS, INC. shall not use or further disclose Protected Health Information other than as: 1) permitted in writing by Employer; 2) authorized by an individual; 3) Required by Law; or 4) as permitted in this section as follows:

4.1.1 To perform functions, activities, or services for, or on behalf of, Employer as specified in the Contract or this Addendum, provided that such use or disclosure would not violate the Privacy Rule if done by Employer as a Hybrid Entity as defined in the Privacy Rule;

4.1.2 For the proper management and administration of KROGER PRESCRIPTION PLANS, INC. or to carry out the legal responsibilities of KROGER PRESCRIPTION PLANS, INC.;

4.1.3 For the proper management and administration of KROGER PRESCRIPTION PLANS, INC., provided that disclosures are required by law, or KROGER PRESCRIPTION PLANS, INC. obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies KROGER PRESCRIPTION PLANS, INC. of any instances of which it is aware in which the confidentiality of the information has been breached;

4.1.4 To provide Data Aggregation services to Employer as permitted by 42 CFR § 164.504(e)(2)(i)(B); and

- 4.1.5 Business Associate may use PHI to report violations of law to appropriate Federal and State authorities, consistent with § 164.502(j)(1).
- 4.2 **Protected Health Information to Employer.** Employer specifically authorizes KROGER PRESCRIPTION PLANS, INC. to make disclosures of Protected Health Information to Employer made in accordance with Section 9 of this Addendum.
- 4.3 **Protected Health Information to Business Associates of Employer.** Employer specifically authorizes KROGER PRESCRIPTION PLANS, INC. to disclose Protected Health Information to those Business Associates of Employer identified in Exhibit 2 ("Designated Business Associates"). Employer may revise Exhibit 2 upon advance written notice to KROGER PRESCRIPTION PLANS, INC.
- 4.4 **Minimum Necessary.** KROGER PRESCRIPTION PLANS, INC. will make reasonable efforts to use, disclose, or request only the minimum necessary Protected Health Information to accomplish the intended purpose. Business Associate and Covered Entity acknowledge that the phrase "minimum necessary" shall be interpreted in accordance with the Health Information Technology for Economic and Clinical Health Act ("HITECH Act"), passed as part of the American Recovery and Reinvestment Act of 2009, and government guidance on the definition.
- 4.5 **Safeguards.** KROGER PRESCRIPTION PLANS, INC. shall use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by this Addendum.
- 4.6 **Mitigate Harmful Effects.** KROGER PRESCRIPTION PLANS, INC. shall mitigate, to the extent practicable, any harmful effect that is known to KROGER PRESCRIPTION PLANS, INC. of a use or disclosure of Protected Health Information by KROGER PRESCRIPTION PLANS, INC. in violation of the requirements of this Addendum.
- 4.7 **Agents and Subcontractors.** KROGER PRESCRIPTION PLANS, INC. shall ensure that any of its agents, including a subcontractor, to whom it provides Protected Health Information that is created or received by KROGER PRESCRIPTION PLANS, INC. on behalf of Employer, shall agree to the same restrictions and conditions that apply through this Addendum to KROGER PRESCRIPTION PLANS, INC. with respect to such information.
- 4.8 **Inspection of Books and Records.** So Employer may meet its access obligations to the Secretary under 45 CFR § 160.310, KROGER PRESCRIPTION PLANS, INC. shall make internal practices, books, and records relating to the use and disclosure of Protected Health Information created or received by KROGER PRESCRIPTION PLANS, INC. on behalf of, Employer available to the Secretary, in a reasonable time and manner, for purposes of the Secretary determining compliance with the Privacy Rule by Employer.
- 4.9 **Prohibition on Sale of Records.** As of the effective date specified by HHS in final regulations to be issued on this topic, Business Associate shall not directly or indirectly receive remuneration in exchange for any Protected Health Information of an Individual unless the Covered Entity or Business Associate obtained from the Individual, in accordance with 45 CFR § 164.508, a valid authorization that includes a specification of whether the Protected Health Information can be further exchanged for remuneration by the entity receiving Protected Health Information of that Individual, except as otherwise allowed under the HITECH Act.

4.10 **Penalties for Noncompliance.** Business Associate acknowledges that it is subject to civil and criminal enforcement for failure to comply with relevant portions of the privacy rule and security rule, as amended by the HITECH Act.

4.12 **Access.** To the extent Business Associate maintains Protected Health Information in a Designated Record Set, so Employer may meet its access obligations to Individuals under 45 CFR § 164.524, KROGER PRESCRIPTION PLANS, INC. shall provide access at the request of Employer, and in a reasonable time and manner, to an Individual to his or her Protected Health Information.

4.13 **Amendment of Protected Health Information.** To the extent Business Associate maintains Protected Health Information in a Designated Record Set, KROGER PRESCRIPTION PLANS, INC. agrees to process requests for any amendment(s) to Protected Health Information that may be requested by Individuals pursuant to 45 CFR 164.526 in a reasonable time and manner.

4.14 **Privacy Notice.** Employer will be solely responsible for the production and distribution of the required Privacy Notice as set forth below at 6.1.

4.15 **Standards For Electronic Transactions.** In connection with the services to be provided Employer and its Plans as identified in this Addendum, KROGER PRESCRIPTION PLANS, INC. agrees that if it (or an agent or subcontractor) conducts an electronic transmission for which the Secretary of the Department of Health and Human Services has established a "standard transaction," KROGER PRESCRIPTION PLANS, INC. (or its agent or subcontractor) shall comply with the requirements of the Standards for Electronic Transactions (45 C.F.R. parts 160 and 162). KROGER PRESCRIPTION PLANS, INC. shall attain compliance no later than the regulatory compliance date prescribed by the Department of Health and Human Services, which is now October 16, 2003.

4.16 **Transmissions of Standard transactions.** KROGER PRESCRIPTION PLANS, INC. agrees that, in connection with the transmission of standard transactions, it will not (and will not permit any business associate, agent, or subcontractor with which it might contract to):

4.16.1 Change the definition, data condition, or use of a data element or segment in a standard transaction;

4.16.2 Add any data elements or segments to the maximum defined data set;

4.16.3 Use any code or data elements that are either marked "not used" in the standard's implementation specification or are not in the standard's implementation specification; or

4.16.4 Change the meaning or intent of the standard's implementation specification(s).

4.17 **Modifications to Standard Transactions by DHHS.** KROGER PRESCRIPTION PLANS, INC. understands and agrees that from time-to-time the Department of Health and Human Services might modify the standard transactions now identified in 45 C.F.R. §§ 162.1101 through 162.1802. To the extent legally required, KROGER PRESCRIPTION PLANS, INC. agrees to abide by any changes to such standard transactions that are applicable to the services to be supplied in connection with this Addendum.

5. **Compliance with Security Regulations.** With respect to any electronic PHI that Business Associate creates, receives, maintains, or transmits, Business Associate shall:

- 5.1 Implement administrative safeguards, physical safeguards and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic PHI, as required by the Security Standards;
- 5.2 Ensure that any agent, including a subcontractor, to whom it provides such electronic PHI agrees to implement reasonable and appropriate safeguards to protect it; and
- 5.3 Report to the Health Plan any attempt or successful unauthorized access, use, disclosure, modification, or destruction of electronic PHI, or interference with system operations in an information system, of which it becomes aware.

6. Employer Obligations.

- 6.1 **Privacy Notice.** The Employer has produced a Notice of Privacy Practices in accordance with 45 CFR § 164.520 which is given to all employees, retirees and COBRA enrollees who are currently, or at any time in the future, enrolled in the City's self-insured health plans. The Employer will give a copy to KROGER PRESCRIPTION PLANS, INC. and will notify KROGER PRESCRIPTION PLANS, INC. if there are any changes to the Notice of Privacy Practices.
- 6.2 **Changes to, or Revocations of, Protected Health Information.** Employer shall provide KROGER PRESCRIPTION PLANS, INC. with any changes to, or revocation of, permission by Individual to use or disclose Protected Health Information, if such changes affect KROGER PRESCRIPTION PLANS, INC.'s permitted or required uses and disclosures.
- 6.3 **Restrictions to Protected Health Information.** Employer shall notify KROGER PRESCRIPTION PLANS, INC. of any restriction to the use or disclosure of Protected Health Information that Employer has agreed to in accordance with 45 CFR § 164.522.
- 6.4 **Permissible Requests.** Employer shall not request KROGER PRESCRIPTION PLANS, INC. to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule.

7, Individual Rights.

- 7.1 **Access.** Business Associate will, within 10 calendar days following Covered Entity's request, make available to Covered Entity or, at Covered Entity's direction, to an Individual (or the Individual's personal representative) for inspection and obtaining copies Covered Entity's Protected Health Information about the Individual that is in Business Associates' custody or control, so that Covered Entity may meet its access obligations under 45 CFR § 164.524. Effective as of the date specified by HHS, if the Protected Health Information is held in an Electronic Health Record, then the Individual shall have a right to obtain from Business Associate a copy of such information in an electronic format. Business Associate shall provide such a copy to Covered Entity or, alternatively, to the Individual directly, if such alternative choice is clearly, conspicuously, and specifically made by the Individual or Covered Entity.
- 7.2 **Amendment.** To the extent Business Associate maintains Protected Health Information in a Designated Record Set, Business Associate will, upon receipt of written notice from Covered Entity, promptly amend or permit Covered Entity access to amend any portion of Covered Entity's Protected Health Information, so that Covered Entity may meet its amendment obligations under 45 CFR § 164.526.
- 7.3 **Disclosure Accounting.** To allow Covered Entity to meet its disclosure accounting obligations under 45 CFR § 164.528.

- 7.3.1 **Disclosures Subject to Accounting.** Business Associate will record the information specified below (“Disclosure Information”) for each disclosure of Covered Entity’s Protected Health Information, not excepted from disclosure accounting as specified below, that Business Associate makes to Covered Entity or to a third party.
- 7.3.2 **Disclosures Not Subject to Accounting.** Business Associate will not be obligated to record Disclosure Information or otherwise account for disclosures of Covered Entity’s Protected Health Information if Covered Entity need not account for such disclosures.
- 7.3.3 **Disclosure Information.** With respect to any disclosure by Business Associate of Covered Entity’s Protected Health Information that is not excepted from disclosure accounting, Business Associate will record the following Disclosure Information as applicable to the type of accountable disclosure made:
- A. **Disclosure Information Generally.** Except for repetitive disclosures of Covered Entity’s Protected Health Information as specified below, the Disclosure Information that Business Associate must record for each accountable disclosure is (i) the disclosure date, (ii) the name and (if known) address of the entity to which Business Associate made the disclosure, (iii) a brief description of Covered Entity’s Protected Health Information disclosed, and (iv) a brief statement of the purpose of the disclosure.
 - B. **Disclosure Information for Repetitive Disclosures.** For repetitive disclosures of Covered Entity’s Protected Health Information that Business Associate makes for a single purpose to the same person or entity (including Covered Entity), the Disclosure Information that Business Associate must record is either the Disclosure Information specified above for each accountable disclosure, or (i) the Disclosure Information specified above for the first of the repetitive accountable disclosures; (ii) the frequency, periodicity, or number of the repetitive accountable disclosures; and (iii) the date of the last of the repetitive accountable disclosures.
- 7.3.4 **Availability of Disclosure Information.** Business Associate will maintain the Disclosure Information for at least 6 years following the date of the accountable disclosure to which the Disclosure Information relates (3 years for disclosures related to an Electronic Health Record, starting with the date specified by HHS). Business Associate will make the Disclosure Information available to Covered Entity within 30 calendar days following Covered Entity’s request for such Disclosure Information to comply with an individual’s request for disclosure accounting. Effective as of the date specified by HHS, with respect to disclosures related to an Electronic Health Record, Business Associate shall provide the accounting directly to an Individual making such a disclosure request, if a direct response is requested by the Individual.

- 7,4 **Restriction Agreements and Confidential Communications.** Business Associate will comply with any agreement that Covered Entity makes that either (i) restricts use or disclosure of Covered Entity’s Protected Health Information pursuant to 45 CFR § 164.522(a), or (ii) requires confidential communication about Covered Entity’s Protected Health Information pursuant to 45 CFR § 164.522(b), provided that Covered Entity notifies Business Associate in writing of the restriction or confidential communication obligations that Business Associate must follow. Covered Entity will promptly notify Business Associate in writing of the termination of any such restriction agreement or confidential communication requirement and, with respect to termination of any such restriction agreement, instruct Business Associate whether any of Covered Entity’s Protected Health Information will remain

subject to the terms of the restriction agreement. Effective February 17, 2010 (or such other date specified as the effective date by HHS), Business Associate will comply with any restriction request if: (i) except as otherwise required by law, the disclosure is to a health plan for purposes of carrying out payment or health care operations (and is not for purposes of carrying out treatment); and (ii) the Protected Health Information pertains solely to a health care item or service for which the health care provider involved has been paid out-of-pocket in full.

8. Breaches and Security Incidents.

8.1 Reporting.

8.1.1 Privacy or Security. Business Associate will report to Covered Entity any use or disclosure of Covered Entity's Protected Health Information not permitted by this Addendum along with any Breach of Covered Entity's Unsecured Protected Health Information. Business Associate will treat the Breach as being discovered in accordance with 45 CFR § 164.410. Business Associate will make the report to Covered Entity's Privacy Official not more than 30 calendar days after Business Associate learns of such non-permitted use or disclosure. If a delay is requested by a law-enforcement official in accordance with 45 CFR § 164.412, Business Associate may delay notifying Covered Entity for the applicable time period. Business Associate's report will at least:

- A. Identify the nature of the Breach or other non-permitted use or disclosure, which will include a brief description of what happened, including the date of any Breach and the date of the discovery of any Breach, if known;
- B. Identify Covered Entity's Protected Health Information that was subject to the non-permitted use or disclosure or Breach (such as whether full name, social security number, date of birth, home address, account number or other information were involved on an individual basis;
- C. Identify who made the non-permitted use or disclosure and who received the non-permitted disclosure;
- D. Identify what corrective or investigational action Business Associate took or will take to prevent further non-permitted uses or disclosures and to mitigate harmful effects and to protect against any further Breaches;
- E. Identify what steps the individuals who were subject to a Breach should take to protect themselves.
- F. Provide such other information, including a written report, as Covered Entity may reasonably request.

9. Additional Employer Obligations.

9.1 Final Authority. Employer retains full and final authority and responsibility for Group Health Plans and their operation. KROGER PRESCRIPTION PLANS, INC. is empowered to act on behalf of Employer only as stated in the Contract, this Addendum, or as mutually agreed in writing by Employer and KROGER PRESCRIPTION PLANS, INC.

9.2 Receipt of De-Identified Information. KROGER PRESCRIPTION PLANS, INC. may disclose De-identified Information to Employer. Employer may elect to receive only de-identified information from KROGER PRESCRIPTION PLANS, INC. by selection de-identified information on Exhibit 1.

9.3 Receipt of Protected Health Information. Employer certifies that it has amended its Plan Document and is in compliance with the Privacy Rule. As such, KROGER PRESCRIPTION PLANS, INC. may provide Protected Health Information to Employer under this Addendum.

10. Term and Termination.

10.1 Term. The term of this Addendum shall be the same as the current contract for services. Upon termination of that contract, the terms of this Addendum shall remain in effect until all of the Protected Health Information provided by Employer to KROGER PRESCRIPTION PLANS, INC., or created or received by KROGER PRESCRIPTION PLANS, INC. on behalf of Employer, is returned to Employer or destroyed, or, if KROGER PRESCRIPTION PLANS, INC. claims it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.

10.2 Termination for Cause. In addition to the termination rights set forth in the Contract, upon Employer's knowledge of a material breach of this Addendum by KROGER PRESCRIPTION PLANS, INC., Employer shall either: 1) provide KROGER PRESCRIPTION PLANS, INC. with written notice and an opportunity for KROGER PRESCRIPTION PLANS, INC. to cure the breach or end the violation and terminate the Contract if KROGER PRESCRIPTION PLANS, INC. does not cure the breach or end the violation within the time specified in writing by Employer; or 2) immediately terminate the Contract if KROGER PRESCRIPTION PLANS, INC. has breached a material term of this Addendum and cure is not possible.

10.3 Effect of Termination. Upon termination of the Contract, for any reason, KROGER PRESCRIPTION PLANS, INC. shall return or destroy all Protected Health Information received from Employer, or created or received by KROGER PRESCRIPTION PLANS, INC. on behalf of Employer. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of KROGER PRESCRIPTION PLANS, INC.. KROGER PRESCRIPTION PLANS, INC. shall retain no copies of the Protected Health Information EXCEPT in the event KROGER PRESCRIPTION PLANS, INC. determines that returning or destroying the Protected Health Information is infeasible, KROGER PRESCRIPTION PLANS, INC. shall extend the protections of this Addendum to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return infeasible, for so long as KROGER PRESCRIPTION PLANS, INC. maintains such Protected Health Information.

11. Amendment. The Parties shall take such action as is necessary to amend the Contract or this Addendum as necessary to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act, Public Law 104-191.

12. Survival. The respective rights and obligations of KROGER PRESCRIPTION PLANS, INC. under Section 4 shall survive termination of the Contract.

13. Interpretation. Any ambiguity in this Addendum shall be resolved in favor of a meaning that permits Employer to comply with the Privacy Rule.

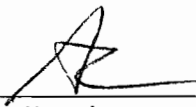
14. Counterparts. This Addendum may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

HIPAA ADDENDUM TO AGREEMENT

BETWEEN CITY OF PORTLAND AND KROGER PRESCRIPTION PLANS, INC.

CITY OF PORTLAND

APPROVED AS TO FORM



Anna Kanwit

APPROVED AS TO FORM


City Attorney **CITY ATTORNEY**

HIPAA Privacy & Security Officer

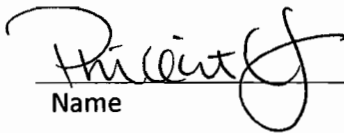
7-6-4

Date

6/30/11

Date

KROGER PRESCRIPTION PLANS, INC.



Name

Manager, TBM Sales and Services

Title

6/29/2011

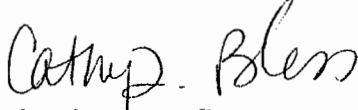
Date

HIPAA ADDENDUM EXHIBIT 1

EMPLOYER MUST SIGN EITHER A OR B BUT NOT BOTH. NO PROTECTED HEALTH INFORMATION WILL BE DISCLOSED BY KROGER PRESCRIPTION PLANS, INC. TO EMPLOYER AFTER APRIL 14, 2003 WITHOUT THE SIGNATURE OF EMPLOYER.

A. EMPLOYER REQUEST FOR PROTECTED HEALTH INFORMATION AND CERTIFICATION.

Employer is the Plan Sponsor of the Group Health Plans for which KROGER PRESCRIPTION PLANS, INC. performs administrative functions as set forth in the Contract. Employer performs certain plan administration functions and hereby requests Kroger Prescription Plans, Inc. to provide access to Protected Health Information of Plan enrollees to carry out those plan administrative functions. Employer hereby certifies it is in compliance with the requirements of 45 Code of Federal Regulations §164.504(f)(2), appropriately safeguard and limit the use and disclosure of enrollees' Protected Health Information which Employer may receive from KROGER PRESCRIPTION PLANS, INC..


Cathy Bless, Benefits Manager

6/30/11
Date

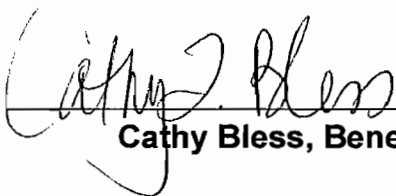

Anna Kanwit

7-6-11
Date

HIPAA Privacy & Security Officer

B. EMPLOYER REQUEST FOR DE-IDENTIFIED INFORMATION ONLY

Employer requests that it shall only receive de-identified information (as defined in the Privacy Rule) from KROGER PRESCRIPTION PLANS, INC. in the performance of KROGER PRESCRIPTION PLANS, INC.'s services under the Contract. This request shall not restrict Employer from requesting, or KROGER PRESCRIPTION PLANS, INC. from disclosing, Protected Health Information by KROGER PRESCRIPTION PLANS, INC. to another business associate of Employer as necessary for the provision of services on behalf of the Employer


Cathy Bless, Benefits Manager

6/30/11
Date

HIPAA Addendum EXHIBIT 2
DESIGNATED BUSINESS ASSOCIATES

AonHewitt

ODS Health Plans

EXHIBIT D

KPP APPEAL SERVICES

Administrative Appeals

If an Eligible Member has a concern regarding an administrative Plan benefit edit, the Eligible Member may contact the KPP member services helpdesk. Working with client-approved guidelines, the KPP member service representative can resolve most Eligible Member administrative benefit issues quickly and satisfactorily. If an Eligible Member feels that the issue has not been resolved after speaking with the KPP member services representative or feels the Plan guidelines are inappropriate, the Eligible Member is directed to contact their respective Plan's Benefit Services department to discuss their concern with the specific Plan benefit edit in question.

Medication Prior Authorization (PA) Appeals

A member or their physician on the member's behalf may submit a written appeal request for pre-service or post-service PA appeals due to a PA request denial. PA appeal forms are available from KPP for the Eligible Member or their physician to complete and submit to KPP to initiate an appeal review. Written PA appeal requests should be faxed or mailed to the following address:

Kroger Prescription Plans, Inc.
C/o SXC Health Solutions
Attn: PA Department
2505 S. Finley Rd., Ste 110
Lombard, IL 60148
1-630-328-2186 (Fax)

SUBMISSION TIMELINES FOR ELIGIBLE MEMBER PA APPEALS

If an Eligible Member decides to file a PA appeal, they must submit the appeal within one hundred eighty (180) days from the date of the pre-service or post-service PA denial notice. A physician or other authorized representative of the Eligible Member may file an appeal on behalf of an Eligible Member. KPP shall work with the Eligible Member or their authorized representative or physician to resolve the appeal.

If the Eligible Member is not satisfied with the determination of the first level appeal, they may file a written request for a second level appeal with KPP within ninety (90) calendar days of receipt of the first level appeal determination letter.

FEES

| Appeal Level | Fee |
|---------------------|-----|
| First Level Appeal | |
| Second Level Appeal | |

*The Plan acknowledges that the appeal cost for the second level varies based upon the outside source utilized for the appeal.

Exhibit E

Health & Wellness Services Agreement

THIS AGREEMENT ("Agreement"), effective June 21, 2011 ("Effective Date"), is made by and between The Kroger Co, for itself and its wholly owned subsidiaries and affiliates, an Ohio corporation, with its principal place of business at 1014 Vine Street, Cincinnati, Ohio, 45202 ("Provider"), and the City of Portland, having its principal place of business at 1120 SW Fifth Avenue, Room 404, Portland, Oregon, 97204 ("CUSTOMER").

RECITALS

WHEREAS, Provider has developed and offers education, health and wellness services more specifically described herein; and

WHEREAS, CUSTOMER desires to contract with Provider to provide certain education, health and wellness services to its Participants (defined below).

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. **Definitions.** Unless defined elsewhere in this Agreement, capitalized terms used herein will have the following meanings:
 - a. **"Services"** shall mean those specific education, health and/or wellness services described in Exhibits A and B.
 - b. **"Participants"** shall mean individuals identified by CUSTOMER as eligible to receive Services from Provider.

2. **Term & Termination**

2.1 **Term of Agreement.** The initial term of this Agreement shall begin on the Effective Date and end one year from the Effective Date ("Initial Term"). This Agreement may be renewed or extended at the election of the parties, if the parties agree in writing to renew or extend the Agreement. Any renewal or extension of the Agreement shall specify the term of the Agreement, the Services to be provided by Provider, and whether the fees for the Services have been modified.

2.2 **Termination.** Either party shall have the right to terminate this Agreement:

2.2.1 In the event a law or regulation renders the services provided by either party under this Agreement in violation of such law or regulation or unreasonably burdens either party with respect to the provision of such services. Termination in such event shall be effective upon either party's provision of written notice to the other party.

2.2.2 In the event of a material breach by the other party. Termination in such event shall be effective fifteen (15) days after either party provides the other party written notice specifying the material breach, and the other party fails to cure such breach within such fifteen (15) day notice period.

2.2.3 Without cause upon thirty (30) days prior written notice to the other party.

2.3 Effect of Termination. Upon the effective date of termination of this Agreement, Provider shall immediately cease performing any Services under this Agreement. CUSTOMER agrees to pay Provider the fees owing under this Agreement for all Services completed by the effective date of termination. Termination of this Agreement by a party shall be without prejudice to any other right or remedy of such party under this Agreement or applicable law.

3. Responsibilities of Providers.

3.1 Provider reserves the right to exercise professional judgment in the denial of any Services.

3.2 Provider agrees that it will provide the Services at the Fees described in Exhibits A and B to a Participant upon appointment by the Participant.

3.3 Provider will not bill or attempt to bill a Participant for any amount owed by CUSTOMER pursuant to the terms of this Agreement.

3.4 Provider will designate one or more appropriate representatives who will serve as a liaison to CUSTOMER and who will be available during normal business hours to respond to inquiries from CUSTOMER.

3.5 Provider will perform Services in accordance with professional standards and applicable federal, state, and local laws, rules, and regulations.

4. Responsibilities and Rights of CUSTOMER.

4.1 CUSTOMER agrees to pay Provider the fees in accordance with Exhibit B.

4.2 CUSTOMER will designate one or more appropriate representatives of CUSTOMER who will serve as a liaison to Provider and who will be available during normal business hours to respond to inquiries from Provider.

4.3 CUSTOMER shall provide to Provider any material that CUSTOMER desires provider to distribute on the CUSTOMER's behalf.

4.4 CUSTOMER shall provide adequate controls for the purpose of monitoring the eligibility of Participants.

5. Documentation.

5.1 Provider will document Services as required by law and in a manner sufficient for billing purposes.

6. Payment Terms.

6.1 Provider will invoice CUSTOMER for the Services and Fees on a monthly basis.

6.2 CUSTOMER shall remit payment to the Provider within thirty (30) days of CUSTOMER's receipt of invoice from Provider

6.3 CUSTOMER agrees to pay all applicable sales, use or service taxes imposed by any state tax authority on the Services or payments provided hereunder (except for taxes imposed on the Provider's income). Any such tax due is in addition to the fees herein and will be listed separately on invoices.

7. **Records, Data Collection, Citations and Right to Inspect Records.** For a period of three (3) years after the applicable Services were provided and subject to all laws, rules and regulations applicable to patient confidentiality, Provider shall permit CUSTOMER access, during regular business hours and upon reasonable written notice, to inspect books and records directly relating to the Services provided hereunder. Such information shall specifically be limited to such records as necessary to permit CUSTOMER to audit charges to CUSTOMER for the Services.

8. **Indemnification.** Each party hereto shall indemnify and hold harmless the other for any and all loss, damage, liability, and expense, including reasonable attorney's fees and court costs, to the extent caused by the negligent acts or omissions or willful misconduct of the party or the respective party's employees or agents acting alone or in collusion with others. If this Agreement is terminated, the rights and obligation of the parties regarding indemnification under this paragraph shall survive the termination of this Agreement regarding any liability for acts for omissions that occurred prior to the termination date.

9. **No Referrals.** No provision of this Agreement is intended as an inducement or offer to give or receive anything of value, either directly or indirectly, for the referral of patients or for the arranging or furnishing of any item or service for which payment may be made by a federal or state health care program.

10. **Limitation of Liability.** EXCEPT FOR ITS INDEMNIFICATION OBLIGATIONS HEREUNDER, TO THE MAXIMUM EXTENT PERMITTED BY LAW, NEITHER PARTY WILL BE LIABLE WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT UNDER ANY CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF PROFIT OR GOODWILL OR WORK STOPPAGE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

11. **Public Announcements.** Each party shall obtain approval from the other party prior to making any media releases, public announcements or public disclosures relating to this Agreement or its subject matter, including, without limitation, promotional or marketing materials, such approval not to be unreasonably withheld. This restriction does not apply to any announcement intended solely for internal distribution by such party or any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of that party prior to the release. Neither party shall, without the prior written consent of the other party, which consent shall not be unreasonably withheld, use the name, logo or other intellectual property of the other party or any of its subsidiaries or affiliates for any purpose, including without limitation, for sales, marketing or other promotional activities, except to the extent otherwise permitted under this Agreement.

12. **Confidentiality.** Each party acknowledges that during its activities pursuant to this Agreement it may acquire or have access to information that is proprietary and/or confidential and of value to the other party ("Confidential Information"). Confidential Information includes, but is not limited to, the terms of this Agreement, cost data, pricing and the format of reports, program operational materials and operating procedures. Each party agrees to use the other party's Confidential Information only in

furtherance of this Agreement and not to disclose or use the other party's Confidential Information without the written authorization of the other party. All parties agree to do whatever is required under the law and good business practice to safeguard Participant confidentiality. The confidentiality requirements of this Section shall not apply to information which: (i) was in the possession of the recipient without restriction at the time of disclosure, (ii) is in or hereafter enters the public domain through no fault of the receiving party, or (iii) is independently developed by the recipient without use of the Confidential Information disclosed by the other party. Upon termination of this Agreement, both parties shall return to the other party or destroy all materials comprising Confidential Information in its possession.

The parties acknowledge that the Health Insurance Portability and Accountability Act of 1996 and regulations hereunder as amended from time to time (collectively, "HIPAA") govern certain protected health information ("PHI") (as defined in 45 C.F.R. § 164.501) obtained or created through the provision of the Services under this Agreement.

13. Warranty.

13.1 Each party warrants on behalf of itself that:

13.1.1 The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action.

13.1.2 They have full power and authority to grant the rights granted by this Agreement and has all rights necessary to fulfill its obligations hereunder.

13.1.3 All parties shall comply with all applicable federal, state and local laws in performance of its obligations under this Agreement. CUSTOMER represents and warrants that it is not currently excluded from participation under federal health care programs pursuant to 42 U.S.C. 1320a-7, is not currently the subject of any pending exclusion proceeding under that section, and have not been adjudicated or determined to have committed any action that would subject it to mandatory or permissive exclusion under that section for which such an exclusion has not been implemented. CUSTOMER shall notify Provider immediately of its receipt of notice of exclusion or proposed exclusion from federal health care programs under 42 U.S.C. 1320a-7, or of the date of any adjudication or determination that it has committed any action which would subject it to mandatory or permissive exclusion under that section.

14. Governing Law and Venue. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the laws of the State of Ohio, without regard to conflict of law principles.

15. No License. Nothing in this Agreement shall be construed as a grant of license of any intellectual property.

16. Integration. This Agreement, together with the Exhibits attached hereto which are incorporated herein by reference represents the entire agreement between the parties regarding the subject matter addressed herein and supersedes any previous or other Agreements. All prior discussions, agreements or arrangements written or orally between the parties relating to the subject matter hereof are hereby cancelled. This Agreement may not be modified except in writing and signed by both parties and shall be binding upon and inure to the benefit of the parties and their successors and assigns.

17. **No Implied Waiver.** In the event any covenant, representation, or undertaking in this Agreement is breached by either party, and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived. The waiving party shall not be deemed to waive the legal consequences of any other breach under this Agreement.

18. **Assignment.** Neither party may assign this Agreement without prior written consent of the other party; provided however that either party may assign some or all of its rights and/or obligations hereunder without such consent to any of its affiliates, or in connection with a sale or merger involving substantially all of the assets of its business which is related to this Agreement.

19. **Subcontractors.** Provider shall not subcontract, or delegate any work, service, responsibility or other obligation of Provider under this Agreement without the prior written consent of CUSTOMER. This section does not preclude use of contract workers (consultants), temporary workers, technology, telecommunications, product fulfillment services or other general business services that Provider may use in the normal course of its business. Provider shall at all times be responsible for the performance of the delegate or subcontractor for their company.

20. **Independent Contractor Relationship.** The relationship between CUSTOMER and Provider is solely that of independent contractors, and nothing in this Agreement or otherwise shall be construed or deemed to create any other relationships.

20. **Notices.** All notices, requests, demands or other communications pertaining to this Agreement shall be made by registered, airmail letter, postage prepaid, return receipt requested directed to the other party as directed below. Notices shall be deemed given upon receipt.

If to CUSTOMER: The City of Portland
 1120 SW Fifth Avenue, Room 404
 Portland, OR 97204
 Attn: Cathy Bless
 Title: Benefits & Wellness Manager

If to Provider: The Kroger Co
 1014 Vine Street
 Cincinnati, OH 45237
 Attn: Pat Achoe
 Manager of Clinical Sales

21. **Amendments.** This Agreement can only be amended by a written agreement signed by both parties.

24. **No Third Party Rights.** This Agreement shall not provide third parties with any remedy, cause, liability, reimbursement, claim of action or other right in law or in equity for any matter governed by or subject to the provisions of this Agreement.

25. **Non-discrimination.** Providers and CUSTOMER shall not differentiate or discriminate in providing services pursuant to this Agreement with regard to race, religion, gender, color, national origin, age or physical or mental health status, or any other basis deemed unlawful under federal, state or local law.

26. **Force Majeure.** Either party shall be excused from the performance of any of its obligations hereunder, and such party's nonperformance shall not be a default or grounds for termination of this Agreement to the extent that such party is prevented, hindered or delayed from performing any of its obligations, in whole or in part, as a result of an act of God, war, terrorism, bio-terror, epidemic, civil disturbance, court order, regulatory order, labor dispute, lack of supply of vaccine, or other cause beyond that party's control. Notwithstanding the foregoing, force majeure shall not excuse a failure in payment, except to the extent that such payment relates to performance under the contract which is delayed by a force majeure event.

27. **Construction.** This Agreement shall be construed without regard to the party that drafted it, and any ambiguity shall not be interpreted against either party.

HEALTH & WELLNESS SERVICES AGREEMENT EXHIBIT A

SERVICES

Provider will provide Biometric Screening and Diabetes Coaching which includes Point of Care Testing (as more specifically described on Exhibit B).

**HEALTH & WELLNESS SERVICES EXHIBIT B
FEES**

Biometric Screening

TC, HDL, TC/HDL ratio, LDL, Triglycerides

Blood Glucose

Blood Pressure

B MI/ Weight

Waist Circumference

Diabetes Coaching

Point of Care Testing

Hemoglobin A1c (HbA1c) Diabetes Test

Biometric Screening



Kroger Prescription Plans

February 17, 2011

Paige R. Sipes-Metzler
Aon Hewitt
851 SW Sixth Avenue, Suite 385
Portland, OR 97204

RE: RFP No. 2011-PBM-001, Pharmaceutical Benefits Management Services

Dear Paige:

I am delighted to present the information you requested regarding Kroger Prescription Plans (KPP) and our comprehensive array of pharmacy benefit management programs for The City of Portland.

KPP understands the requirements of the RFP, is capable of providing quality service and/or products to meet the objectives of the RFP, and agrees to be bound by the terms, conditions and pricing stated in its proposal. The enclosed submitted proposal shall remain valid for a period of one year from today's date.

As requested, the following contact information pertains to the person authorized to negotiate and to sign any Agreement that may result:

Philecia Avery
1014 Vine Street, 3rd Floor
Cincinnati, OH 45202
Phone: 513-762-1368
Fax: 866-762-1014
Email: Philecia.avery@kroger.com

Our Business License, or Certificate of Compliance Account Number is 111719. The Equal Employment Opportunity (EEO) expiration date is 2/9/2013.

KPP is rapidly becoming a leading provider of prescription benefit programs and healthcare information. We achieve our goals on your behalf by relying on a client-centered, consultative approach to managing your pharmacy benefit. As a retailer-owned PBM, KPP allows you to bypass traditional PBM bureaucracy and negotiate more directly with the pharmacy provider community.

We believe our value lies in multiple areas, including:

Fully-Leveraged Retail Network. Naturally, our parent company's retail pharmacies are a key component of our network; however, we contract with all other major chains and most independent pharmacies nationwide to provide convenient access to The City of Portland's participants.

A Full Range of Clinical Management Services. These include Specialty Pharmacy programs designed to meet The City of Portland's goals, as well as multiple system-driven services such as Step Therapy, Prior Authorizations, and customizable reports that inform rather than overwhelm.

Financial Transparency. Throughout our history, KPP has set the standard of financial transparency in our client relationships. From full disclosure of manufacturer rebates to full disclosure of our captured revenue, we regularly demonstrate our value to you.

FEB 17 2011 09:33 AM PHARM 002 293 0041

\$4/\$10 Generic program. Kroger owned pharmacies are offering a 30 day supply for \$4 and 90 day supply for \$10 of more than 300 generic medications. This program is proving valuable in containing plan costs by encouraging generic use that saves members money due to the fact that \$4 and \$10 is generally lower than their generic copay.

We are excited about the opportunity to provide pharmacy benefit management services to The City of Portland's members. Please feel free to contact me at (719) 380-8166 if I can provide any information that would assist you in evaluating our proposal.

Sincerely,



Philecia Avery
Vice President
Kroger Prescription Plans

**CITY OF PORTLAND
HIS FIRST TIER SUBCONSULTANT DISCLOSURE FORM
(FORM 1)**

This Request for Proposal requires submission by the Proposer of the First Tier Subconsultant Disclosure Form. When the agreement amount of a first tier subconsultant furnishing services, labor or labor and materials would be greater than or equal to \$10,000, the Proposer must disclose the following information about that subconsultant.

Proposer Name: Kroger Prescription Plans Proposed Cost: \$28,000.00

RFP Number: 2011-PBM-001 Project Name: Pharmaceutical Benefits Mgmt.

| SUBCONSULTANT INFORMATION (Please Print) | M/W/ESB | SCOPE/TYPE OF WORK | SUBAGREEMENT AMOUNT |
|---|---------|---|------------------------|
| Firm Name: SXC Health Solutions Phone #: 630-577-3100 Fax #: 800-282-3232 | N/A | Electronic Claim Adjudication System Eligibility Maintenance Formulary Maintenance | \$28,000.00 |
| Firm Name: Phone #: Fax #: | | ID Cards Member Service Call Center Pharmacy Network Call Center Member Submitted Claim Adjudication | \$ |
| Firm Name: Phone #: Fax #: | | Rebate Contracting Retail Network Management Appeals | \$ |
| Firm Name: Phone #: Fax #: | | | \$ |
| Firm Name: Phone #: Fax #: | | | \$ |
| Firm Name: Phone #: Fax #: | | | \$ |

NOTE:

- 1) If the Proposer will not be using any subconsultants that are subject to the above disclosure requirements, the Proposer is required to indicate "NONE" on this form.
- 2) All subconsultants with agreements \$10,000 or over must be listed on this form. Leave M/W/ESB column blank if firm is not confirmed certified through the State of Oregon Office of Minority, Women and Emerging Small Business: <http://egov.oregon.gov/DCBS/OMWESB/index.shtml>.

**Request for PBM Proposal (RFP) for City of Portland
Officer Certification**

Please have an Officer review and sign this worksheet to confirm the information is valid.
Please include the completed form with your proposal.

| OFFICER'S STATEMENT | |
|---|---------------------------|
| PBM Vendor Legal Name | Kroger Prescription Plans |
| PBM Vendor Marketing Name | KPP |
| Street Address | 1014 Vine Street |
| City | Cincinnati |
| State | Ohio |
| Zip | 45202 |
| Phone Number | 513-762-1358 |
| Fax Number | 800-762-1014 |
| Web Address | kpp-rx.com |
| Name of Officer completing statement | Phyllis Avery |
| Title of Officer completing statement | Vice President |
| Phone Number of Officer completing statement | 513-762-1358 |
| Email Address of Officer completing statement | phyllis.avery@kroger.com |

I certify that our response to Aon Hewitt's RFP (Request for Proposal) is complete and accurate to the best of my knowledge and contains no material omissions or misstatements. I acknowledge that Aon Hewitt's clients will rely upon the information included in our response to make decisions concerning the pharmacy benefit management services that are offered to their employees.



Officer's Signature

2/17/2011

Date Signed



Request for PBM Proposal (RFP) for City of Portland

BACKGROUND AND ADMINISTRATIVE INFORMATION

Introduction

The City of Portland has retained Aon Hewitt to solicit proposals from pharmacy benefit management (PBM) firms to administer a prescription drug program effective July 1, 2011. The City of Portland prefers to utilize a single vendor for an integrated retail, mail order and specialty program, but will consider separate vendors, depending on which scenario is financially and administratively advantageous. **Proposals are due by February 22, 2011 at 5pm EST.**

Company Description

The Client is the largest municipality in the State of Oregon with approximately 5,600 employees of which 3,600 will be covered under this RFP. The Client offices are located at 1120 SW 5th Avenue in Portland, OR 97204.

More information may be obtained by accessing the company's web site at www.portlandonline.com.

The Client's NAICS Code is 921110

Current Prescription Program and Strategy for this Marketing

CURRENT PLAN DESIGN

CityCore – RETAIL (30 days) – 3,600 enrollees

- * Generic medication – member pays 10% with a \$5 minimum/\$50 maximum
- * Brand medication Preferred – member pays 20% with a \$5 minimum/\$50 maximum
- * Brand medication Nonpreferred – member pays 30% with a \$5 minimum/\$50 maximum

Mail Order

- * Mail order copays are equivalent to retail as described above for a 90-day supply
- * Maintenance drugs are encouraged to be purchased through Mail Order

Economy (High Deductible) Plan available only to Non-represented employees, Retirees, and COBRA participants. This plan is the same as CityCore, except under this plan design prescriptions are subject to the deductible along with other medical expenses prior to payment of Rx benefits.

"Seasonal Maintenance Worker Plan" has the same plan design structure as CityCore.

Provide Diabetes disease management incentive program as outlined herein.

| Classes/Groups | Eligible Employees | Enrolled Lives |
|----------------|--------------------|----------------|
| Active | 3,042 | N/A |
| COBRA/Retirees | 535 | N/A |
| Total | 3,577 | Approx. 8,550 |

The objectives of the Prescription program are to provide a cost effective, well managed prescription drug program with excellent customer service to The City's enrollees.

Please see 'Plan Design Worksheet' sent as a separate file for current prescription drug benefit designs.

Aon Compensation

The City of Portland has retained Aon Hewitt on a fixed fee for service basis to prepare these specifications, analyze all proposals and make recommendations to them. Your quotation should be net of any commissions or additional fees.



Request for PBM Proposal (RFP) for City of Portland

BACKGROUND AND ADMINISTRATIVE INFORMATION

Financial Pricing Model

Please provide a pricing proposal assuming a **Transparent, pass through** pricing structure.

Please carefully review the "**Questionnaire**" Worksheet, the Financial Quotation section, for definitions and requirements you should adhere to in the preparation of your quote.

Contract/Rate Guarantee Periods

The Client plans to enter into an agreement with the selected vendor(s) effective **July 1, 2011** for an initial period of **60** months (with the option to extend the contract for up to an additional two (2) 12 month terms). The vendor must guarantee first contract period rates/fees through **June 30, 2016** with rates/fees in Year 4 (July 1, 2014 - June 30, 2015) and Year 5 (July 1, 2015 - June 30, 2016) guaranteed to be the same as the pricing guaranteed in Year 3 (July 1, 2013 - June 30, 2014) if not better, depending on market conditions.

Census File

The Census file was sent as a separate file as part of this RFP.

Proposal Objectives

The goal of this RFP is to identify a long-term PBM partner who can demonstrate ability and commitment to meet current and future program goals. Specifically, the City of Portland is seeking a provider who is willing to commit to the following:

- * The best in class price as well as fair and auditable contract terms that are directly related to the cost of delivering such goods and services
- * Aligned incentives and a business model that drives value for the City of Portland and its employees
- * Comprehensive account and customer service including resources and personnel as necessary to support the City of Portland's broader health care strategy
- * Clinical and account team excellence including very capable, designated resources
- * Effective coordination and integration with the City of Portland's other external vendor partners
- * Compliance with a detailed process measurement model that will evaluate a vendor's performance and hold them accountable for certain guaranteed standards
- * New program innovations that will address cost, healthy workforce, quality and employee satisfaction
- * Flexible, self-service reporting/data analysis tools and innovative web-based solutions
- * Sophisticated, fully tested data warehousing interfaces combining medical and pharmacy claims as a basis for physician interventions
- * Best in class enrollee focus with staff determined to get the issues resolved in a timely manner

Proposal Process

This is a confidential marketing effort. This RFP, including all electronic and/or hard copy attachments that you have received as part of this marketing, should be treated as confidential business documents. No data or details of this RFP are to be shared with outside parties. Do not contact any employee of the City of Portland regarding this RFP or the vendor selection process.

The City of Portland reserves the right to:

- * Reject any or all proposals tendered;
- * Negotiate exclusively with one or more vendors of choice; and/or



Request for PBM Proposal (RFP) for City of Portland

BACKGROUND AND ADMINISTRATIVE INFORMATION

* Terminate or modify the process at any time.

We want this to be an interactive process. We will make every reasonable effort to provide you with sufficient data for your responses. You are invited to ask questions during the proposal process and to seek additional information, if needed.

Aon Hewitt Contacts:

All questions regarding this proposal should be submitted by **February 11, 2011** to:

| | |
|--------------------|--|
| Primary Contact | Andrew Conroy |
| Consultant's Title | Pharmacy Analyst |
| Address | 1111 Metropolitan Avenue |
| Address (Optional) | Suite 400 |
| City, State, Zip | Charlotte, NC 28204 |
| Phone Number | 704.343.8673 |
| Cell Number | |
| Fax Number | 704.343.4197 |
| E-mail Address | andrew.conroy@aonhewitt.com |

| | |
|-----------------------|--|
| Secondary Contact (s) | Hitesh Patel, R.Ph., M.M |
| Consultant's Title | Vice President- Pharmacy Practice |
| Address | 200 E Randolph Street |
| Address (Optional) | Suite 900 |
| City, State, Zip | Chicago, IL 60601 |
| Phone Number | 312.381.4852 |
| Cell Number | 312.391.4105 |
| Fax Number | 312.381.9171 |
| E-mail Address | hitesh.patel@aonhewitt.com |

| | |
|-----------------------|--|
| Secondary Contact (s) | Paige Sipes-Metzler, DPA, MS, RN |
| Consultant's Title | Assistant Vice President |
| Address | |
| Address (Optional) | |
| City, State, Zip | |
| Phone Number | 503.306.2891 |
| Cell Number | |
| Fax Number | 847.953.2180 |
| E-mail Address | paige.sipes-metzler@aonhewitt.com |

Timetable/Deadlines

The following timetable is expected to apply during this marketing effort:

| Event | Target Date |
|--|-----------------------------|
| RFP released to vendors | Thursday, February 03, 2011 |
| Aon Hewitt receives vendor confirmation to bid | Monday, February 07, 2011 |
| Questions due to Aon Hewitt | Friday, February 11, 2011 |
| Responses to questions released to vendors | Tuesday, February 15, 2011 |

7



Request for PBM Proposal (RFP) for City of Portland

BACKGROUND AND ADMINISTRATIVE INFORMATION

| | |
|---------------------------------|----------------------------|
| Deadline for RFP responses | Tuesday, February 22, 2011 |
| Notification of finalists | Wednesday, March 09, 2011 |
| Finalist Interviews/Site Visits | Week of March 14, 2011 |
| Selection of First Finalist | Week of March 21, 2011 |
| Plan Effective Date | 7/1/2011 |

Finalists may be asked to participate in vendor interviews at the City of Portland's office. More details will be provided on this at a later date in the RFP process.

Proposal Format

All proposals must be submitted using this Excel file, including the various worksheets contained in this workbook by the proposal due date: **5pm EST on February 22, 2011**. The majority of the questions in this RFP have been structured to elicit declarative responses through the use of drop down boxes.

To record your response:

- * Click on the response cell in the Response column;
- * Click on the down arrow which appears directly to the right of the cell;
- * Click on the response that best describes your answer.

To enter your responses where a numeric, percent or ratio value is indicated as the answer format, simply enter the value in the corresponding response cell.

Next to each response cell, additional space is available for a brief text explanation. However, if the length of the explanation is greater than 400 characters, you must go to the "Explanation" Worksheet to provide your detailed explanation. All explanations must be numbered to correspond to the questions to which they pertain and should be brief.

If you have any difficulty entering data in the appropriate cells, please contact **Andrew Conroy** at 704.343.8673.

Additional required information must be submitted using the appropriate worksheets in this RFP. A list of these additional worksheets is shown in **Section 1**. In addition, you are asked to provide supplemental electronic materials which are listed in **Section 2**.

In order to help you organize your proposal and ensure that it is complete, please review the following list to ensure that you have provided each required item.

Section 1. Electronic Request for Proposal (RFP)

| Worksheets | Name of Worksheet |
|-----------------------------------|---|
| Questionnaire (RFP) | Questionnaire |
| Explanations, if necessary | Explanation |
| Plan Design | Plan Design Worksheet [provided separately] |
| Census | Census Worksheet [provided separately] |
| Experience Data | Rx Claim Data Worksheet [provided separately] |
| Financial Rx-Pricing, Transparent | Rx-Pricing, Transparent |
| Specialty Drugs | Specialty Drugs |
| Network Access | Network Access |
| Account Management Plan | Acct Management Plan |
| Bio of Account Manager | Account Mgr Bio |
| Hold Harmless Language | Hold Harmless |



Request for PBM Proposal (RFP) for City of Portland

BACKGROUND AND ADMINISTRATIVE INFORMATION

| | |
|-----------------------|-------------------|
| Officer Certification | Officer Statement |
|-----------------------|-------------------|

Section 2. Requested File Attachments from Vendor

| Attachments | Name of Electronic File |
|---|--|
| Audited Financial Statement | [Your Organization's Name]_Financial Statement. |
| Implementation Plan | [Your Organization's Name]_Implementation Plan |
| Standard Forms | [Your Organization's Name]_Standard Forms |
| Sample Employee Communication Materials | [Your Organization's Name]_Sample Employee Communication Materials |
| Website Screen Shots | [Your Organization Name]_Sample Website Screens. |
| Sample Employer Contract | [Your Organization's Name]_Sample Employer Contract. |

Submission Format

As noted in the preceding Proposal Format section, your completed proposal must be submitted electronically, in a single submission. You are requested to submit your proposal on CD to the address noted above OR a zipped file sent to the email address of the primary contact noted above.

In addition, please provide one (1) hard copy of the set forth above comprising your completed proposal. This hard copy should be sent to Paige Sipe-Metzler (contact info. listed above).

Evaluation Format and Content

Your proposal will be evaluated based on each answer provided. Do not refer to attachments or exhibits. Responses should reflect data specific to the market(s) to which you are responding. Do not default to nationally collected data or statistics unless the information or processes are identical. You must clearly identify any qualifications or contingencies on your proposed fees, plan design, rate guarantees/performance guarantees.

Proposal Requirements

Basis of Cost Proposal

Your proposal should be based on your charge for the services and any insurance arrangements requested. We may permit minor deviations from the requested arrangements, if you obtain advance approval from Aon Hewitt.

Cost of Submitting Proposal

All costs associated with your proposal, including its preparation and presentation, will be borne by your organization and not the City of Portland or Aon Hewitt.

Subcontractors

It is the intent that the City of Portland will contract directly with a vendor for all the capabilities described in this RFP. Any capability for which the vendor will be relying upon the services or assistance of a third party must be disclosed. The vendor should describe the nature of such relationships, including a description of all relevant agreements between the two parties. Examples of this would be mail order or utilization review services.

Vendor's Errors/Omissions



Request for PBM Proposal (RFP) for City of Portland

BACKGROUND AND ADMINISTRATIVE INFORMATION

Neither the City of Portland nor Aon Hewitt will be responsible for errors or omissions made in your proposal. You will be permitted to submit only one proposal. You may not revise or withdraw a submitted proposal after the applicable deadline. After submission, revisions to your original submission will not be allowed, except as requested by Aon Hewitt or City of Portland. Therefore, please take care to make your bid sound and competitive.

Confidentiality

All information contained in this RFP is **confidential** and may not be used for any other purposes than preparation of your proposal.

Officer Certification

All vendors participating in this RFP will be required to have a company officer attest to compliance with RFP specifications and the accuracy of all responses provided. Instructions are given in the **'Officer'** worksheet for the completion of this sign-off.

Do not contact any member of City of Portland evaluation team directly regarding this RFP or the vendor selection process.

Completeness

We ask that your proposal be complete and that it comply with all aspects of these specifications. Any missing information could disqualify your proposal. ***Unless you note to the contrary, we will assume that your proposal conforms to our specifications in every way.***



Request for PBM Proposal (RFP) for City of Portland

Questionnaire

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

I.

| GENERAL VENDOR INFORMATION Corporate Headquarters | | | |
|---|---------------|---------------------------|-------------|
| | Answer Format | Response | Explanation |
| 1. PBM Name | text | Kroger Prescription Plans | |
| 2. Street Address | text | 1014 Vine Street | |
| 3. City | text | Cincinnati | |
| 4. State | text | Ohio | |
| 5. Zip Code | text | 45202 | |
| 6. Web Address | text | kpp-rx.com | |

| Contacts | | | |
|---|---------------|----------------------------------|-------------|
| | Answer Format | Response | Explanation |
| Please indicate the primary and secondary contact who will answer questions related to this RFP. | | | |
| 7. Primary Contact | | | |
| a. Name | text | Denise Kmilek | |
| b. Title | text | Regional Sales Manager | |
| c. Address | text | 3500 SE26th Avenue | |
| d. City | text | Portland | |
| e. State | text | Oregon | |
| f. Zip | text | 97202 | |
| g. Phone Number | text | 719-380-8188 | |
| h. Fax Number | text | 503-797-3470 | |
| i. E-mail Address | text | denise.kmilk@kroger.com | |
| 8. Secondary Contact | | | |
| a. Name | text | Stephanie Rushing | |
| b. Title | text | Western Regional Account Manager | |
| c. Address | text | 3500 SE 26th Ave | |
| d. City | text | Portland | |
| e. State | text | Oregon | |
| f. Zip | text | 97202 | |
| g. Phone Number | text | 503-797-3444 | |
| h. Fax Number | text | 503-797-3470 | |
| i. E-mail Address | text | stephanie.rushing@fredmeyer.com | |

| Vendor Financial Strength/Stability | | | |
|---|---------------|-----------------------|-------------|
| | Answer Format | Response | Explanation |
| For the entity that will be underwriting this coverage, provide your most recent financial ratings or filings and effective dates of the ratings from each of the following agencies: | | | |
| Comment: Indicate whether your organization has received a financial rating for each of the rating agencies listed below by using the drop down box in the response cell to the right of each agency's name. Do not respond by providing information about your organization's credit ratings. | | | |
| a. A.M. Best: Financial Rating Status | drop down box | Not Financially Rated | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|--|---------------|---|---|
| | Financial Rating (do not report credit rating) | drop down box | Not Financially Rated | |
| | Financial Rating Modifiers (if applicable) | drop down box | | |
| | Date Rating Effective (if rated; if not financially rated, leave response cell blank) | date | | |
| b. | Standard & Poor's: Financial Rating Status | drop down box | Rated | |
| | Financial Rating (do not report credit rating) | drop down box | AA (Very Strong) | |
| | Financial Rating Modifiers (if applicable) | drop down box | PI (Rating based on published financial information only) | |
| | Date Rating Effective (if rated; if not financially rated, leave response cell blank) | date | | |
| c. | Moody's: Financial Rating Status | drop down box | Not Financially Rated | |
| | Financial Rating (do not report credit rating) | drop down box | | |
| | Date Rating Effective (if rated; if not financially rated, leave response cell blank) | date | | |
| d. | Fitch: Financial Rating Status | drop down box | Not Financially Rated | |
| | Financial Rating (do not report credit rating) | drop down box | Not Financially Rated | |
| | Date Rating Effective (if rated; if not financially rated, leave response cell blank) | date | | |
| 10. | Vendor's financial rating change within the past 12 months: | | | |
| a. | A.M. Best | drop down box | Not Financially Rated | |
| b. | Standard & Poors | drop down box | No Change | |
| c. | Moody's | drop down box | Not Financially Rated | |
| d. | Fitch. | drop down box | Not Financially Rated | |
| 11. | Provide an electronic copy of your company's most recent financial statement. If your company will not release this information, provide proof of ongoing financial stability. Name the file: [Your Organization's Name]_Financial Statement. | drop down box | Provided | Please see Attachment labeled "KPP Financial Statement" |

| | Vendor Accreditations | Answer Format | Response | Explanation |
|-----|---|---------------|-----------------------------|-------------|
| 12. | Does your firm currently have URAC accreditation for: | | | |
| a. | Pharmacy Benefit Management | drop down box | No | |
| b. | Specialty Pharmacy | drop down box | No | |
| c. | Mail Service Pharmacy | drop down box | No | |
| 13. | NCQA Disease Management Program Accreditation | drop down box | Accreditation Not Requested | |
| a. | Expiration date of accreditation/certification. | date | | |
| 14. | List any other accreditations for which your organization has been certified: | text | | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | Vendor References | Answer Format | Response | Explanation |
|-----|---|----------------------|--|--------------------|
| 15. | Please provide three current employer client references for the proposed account team, preferably for clients of similar size, industry and complexity as The City for whom you provide integrated retail and mail services. | | | |
| a. | Company | text | UFCW Local 227 | |
| | Contact Person | text | Wanda Christian | |
| | Title | text | Plan Administrator | |
| | Phone Number | text | 502-339-7041 | |
| b. | Company | text | UFCW Local 1995 | |
| | Contact Person | text | Dennis Nast | |
| | Title | text | Plan Administrator | |
| | Phone Number | text | 770-997-9910 | |
| c. | Company | text | The Salvation Army | |
| | Contact Person | text | Keith Achterhof | |
| | Title | text | Health Benefits Manager | |
| | Phone Number | text | 562-491-8366 | |
| 16. | Please provide two references for employers who terminated your services within the last two years, preferably employers of similar size, industry and complexity as The City. | | | |
| a. | Company | text | Health Alliance | |
| | Contact Person | text | Jim Peters | |
| | Title | text | Director | |
| | Phone Number | text | 513-585-7918 | |
| | Program Termination Date | Month Day, Year | January 1, 2009 | |
| b. | Company | text | Harrison Trust | |
| | Contact Person | text | Rich Crook | |
| | Title | text | Account Manager for Taft Hartley plans | |
| | Phone Number | text | 503-242-1621 | |
| | Program Termination Date | Month Day, Year | January 1, 2010 | |
| 17. | Services Overview | Answer Format | Response | Explanation |
| | Do you subcontract any of the following services? | drop down box | Yes | |
| a. | Appeals Processing: | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| b. | Biotech / Specialty Pharmacy Distribution or Management | drop down box | Subcontracted/Outsourced | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|--|-----------------|--------------------------|--|
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | BioScrip | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | May-08 | |
| c. | Communications | drop down box | In-House | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | | |
| | Exclusive Relationship? (Yes / No) | drop down box | | |
| | Effective Date of Subcontract | Month Day, Year | | |
| d. | Customer Service / Call Center | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| e. | Data Warehousing / Integration | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| f. | Disease Management | drop down box | In-House | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | | |
| | Exclusive Relationship? (Yes / No) | drop down box | | |
| | Effective Date of Subcontract | Month Day, Year | | |
| g. | Electronic Claim Processing/Adjudication | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| h. | Eligibility Maintenance | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| i. | File Backup - System Security | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| j. | Formulary Management: | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|---|-----------------|--------------------------|--|
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| k. | Generic "MAC" List Establishment and Maintenance | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| i. | ID Card Production and Distribution | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| m. | Mail Order Dispensing/Fulfillment | drop down box | In-House | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | | |
| | Exclusive Relationship? (Yes / No) | drop down box | | |
| | Effective Date of Subcontract | Month Day, Year | | |
| n. | Network Pharmacy Credentialing/Re-credentialing | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| o. | P&T Committee | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| p. | Paper Claim Processing | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| q. | Pharmacy Auditing | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| r. | Reporting | drop down box | Subcontracted/Outsourced | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions | |
| | Exclusive Relationship? (Yes / No) | drop down box | No | |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 | |
| s. | Utilization Review | drop down box | In-House | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

| PBM RFP 2010 | | | |
|--------------|---|-----------------|--------------------------|
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | |
| | Exclusive Relationship? (Yes / No) | drop down box | |
| | Effective Date of Subcontract | Month Day, Year | |
| t. | Coordination of Benefits | drop down box | Subcontracted/Outsourced |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | SXC Health Solutions |
| | Exclusive Relationship? (Yes / No) | drop down box | No |
| | Effective Date of Subcontract | Month Day, Year | Jan-07 |
| u. | Other, specify | drop down box | |
| | Name of Contracted Vendor, if outsourced/subcontracted | Text | |
| | Exclusive Relationship? (Yes / No) | drop down box | |
| | Effective Date of Subcontract | Month Day, Year | |
| 18. | If your organization is a healthcare organization, are you willing to offer PBM services on a stand-alone basis (e.g., unbundled from any other healthcare coverage)? | | |
| a. | For insured Employer Clients? | drop down box | N/A |
| b. | For self-insured Employer Clients? | drop down box | N/A |

| II. FINANCIAL QUESTIONNAIRE | | | | |
|--------------------------------------|---|---------------|-----------------------------|-------------|
| | Aon Hewitt Compensation | Answer Format | Response | Explanation |
| 1. | As noted in the "Introduction", Aon Hewitt is conducting this marketing for The City under a fee for service compensation arrangement. Please confirm that this is the basis upon which you have quoted your proposal. | drop down box | Quote is net of commissions | |
| Rate Guarantees, Initial and Renewal | | | | |
| | | Answer Format | Response | Explanation |
| 2. | Initial contract term will be for 60 months. Contract extensions may be negotiated on award anniversaries for a maximum of 2 contract extensions. | drop down box | Yes | |
| 3. | All financial terms must be guaranteed for 60 months from the contract effective date. | drop down box | Yes | |
| 4. | All financial terms offered for the optional 12 month contract extension terms in Year 4 and Year 5 are guaranteed to be the same as guaranteed pricing in year 3 of the initial contract term, if not better (depending on market conditions). | drop down box | Yes | |
| 5. | Pricing can only change on the contract anniversary date, or sooner if mutually agreed to by Vendor and The City. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|---|---------------|-----|--|
| 6. | 90-days advance notice must be provided for any pricing change. | drop down box | Yes | |
| 7. | The City requires a PBM contract with fair and flexible annual market checks to preserve competitiveness of financial terms. Confirm this requirement will be provided. | drop down box | Yes | |
| 8. | You agree to provide a renewal proposal to The City at least 180 days prior to the contract expiration date. | drop down box | Yes | |

| | Financial Offer - General | Answer Format | Response | Explanation |
|-----|--|---------------|----------|-------------|
| 9. | In the "Rx Pricing, Transparent worksheet," you will quote a Transparent pricing offer on a post-AWP rollback basis, with a full pass-through of network discounts and fees and total rebates. In addition your offer must include annual minimum guarantees for all discounts and rebates, annual maximum dispensing fees, and administrative fees. | drop down box | Yes | |
| 10. | Indicate below that you have completed the pricing worksheets included in this Workbook: | | | |
| a. | The "RX-Pricing, Transparent" Worksheet has been completed: | drop down box | | Completed |
| b. | The "Specialty Drugs" Worksheet has been completed: | drop down box | | Completed |
| | <p>The following are requirements for this bid, including entries made in the other worksheets in this Workbook.</p> <p>A "Yes" response indicates that you fully comply with the specific requirement. Any other response indicates that you cannot or will not comply with the specific requirement, in which case you must provide an explanation. "Yes" responses with exceptions will be treated as "No" responses.</p> <p>The explanation must be brief and should be entered into the column herein labeled "Explanation." If more space is needed, or if directed to enter information in the "Explanation" worksheet, you must be brief and number your response/explanation to correspond to the question in this worksheet for which it pertains.</p> | | | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|---------------|-----|--|
| 11. | You understand that the information entered within this Workbook is the only information that may be submitted as part of your offer. In other words NO additional documents may be provided unless specifically requested and/or approved by Aon Hewitt. | drop down box | Yes | |
| a. | The terms you propose are for the entire contract period and do NOT require The City to implement any plan designs or programs that are different from the plan design and programs currently in place. | drop down box | Yes | |
| b. | If the client decides to implement a mandatory generic, mandatory mail, and/or step therapy program during the contract period, you agree that your proposed pricing terms will remain unchanged or will improve. | drop down box | Yes | |
| c. | All applicable financial terms (including but not limited to AWP discounts, dispensing fees, administrative and clinical program fees, rebates, specialty discounts, and specialty dispensing fees) submitted by you will be guaranteed as specified for the full three-year contract period, reconciled for all of The City, and incorporated into the contract. | drop down box | Yes | |
| d. | You will provide reporting to validate compliance with each and every financial guarantee, and such reporting must tie to your management reports. | drop down box | Yes | |
| 12. | All guarantees will be on a dollar for dollar basis meaning that you will pay/credit The City 100% of any shortfall, with The City retaining 100% of any additional savings achieved above the guarantee. | drop down box | Yes | |
| 13. | Surpluses for one guarantee will NOT be used to subsidize deficits for another guarantee. | drop down box | Yes | |
| 14. | Your proposed pricing guarantees (i.e. discounts, dispensing fees, admin fees, rebates) will not vary based on days supply at retail, mail order, or specialty. | drop down box | Yes | |
| 15. | You will disclose all sources of revenue and their respective amounts as requested by The City. | drop down box | Yes | |
| 16. | You will utilize the brand/generic indicator available from only one nationally recognized source like First DataBank, Medispan, etc. unless a change in the indicator will lower the price for the Plan or the Plan agrees that the change is acceptable. | drop down box | Yes | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|--|---------------|------------------------|--|
| 17. | Multi-source ("MS") brands and generics will be defined as those available from more than one source. | drop down box | Yes | |
| 18. | Single-source ("SS") brands and generics will be defined as those products that are only available from one source. | drop down box | Yes | |
| 19. | Your standard policy is to ensure that "once a generic, always a generic." In other words, members will pay a generic copay for single-source and multi-source generics regardless of your drug-type classification policy. | drop down box | No - See "Explanation" | MediSpan updates are automatic into our system. There have been instances where MediSpan changes the classification of a medication from generic to brand. |
| 20. | You use the "maintenance medication indicator" provided in a nationally recognized drug information source (e.g., First DataBank) to identify/define "maintenance medications" for purposes of a mandatory mail program (or a program that charges a penalty for refills obtained at retail pharmacies instead of mail). | drop down box | Yes | |
| a. | If "yes," are you willing to provide a copy of your "maintenance drug list?" | drop down box | Yes | |
| b. | List any deviations you have made from this maintenance indicator. | Text | N/A | |
| c. | You remove medications from the "maintenance medications" that are on back-order or in short supply (e.g., Armour Thyroid). | drop down box | No | |
| 21. | Regarding claims pricing/processing logic, please confirm the following: | | | |
| a. | The AWP used to price the claim must be from only one nationally recognized source like First DataBank, Medispan, etc. | drop down box | Yes | |
| b. | Specify the source you will use as referenced above. | Text | MediSpan | |
| c. | The AWP used to price the claim will be the one associated with the actual NDC-11 submitted by the pharmacy, and used to fill the prescription. Note and include separately a list of any exceptions to this rule (e.g., compound prescriptions, etc.) if necessary as an explanation. | drop down box | Yes | |
| d. | The actual package size used for dispensing will serve as the basis for AWP and discount calculations. This applies at retail, mail service and specialty. | drop down box | Yes | |
| e. | You will not charge The City a higher AWP price for any repackaged products assigned a new NDC number by a repackager, a manufacturer, or at mail order, than the original manufacturer/labeler AWP price for the same product (drug name, form, and strength). | drop down box | Yes | |



**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|---------------|---|--|
| f. | In the event there are changes in the marketplace to the benchmark (e.g., AWP) or methodology used to determine a drug's ingredient cost, you will notify The City at least 90 days in advance of the effective date of any such change and provide a detailed analysis explaining your methodology and assumptions. The adjusted terms must be agreed upon before any changes are made. The terms will be adjusted accordingly to provide an equivalent ingredient cost. An independent audit firm must corroborate your findings. | drop down box | Yes | |
| g. | The terms you propose are The City-specific, not book of business averages. | drop down box | Yes | |
| 22. | Regarding pricing adjustments related to the AWP-Rollback, please respond to the following: | | | |
| a. | What adjustments have you made related to the AWP rollback, which took effect September 26, 2009? | text | See "Explanation" tab | |
| b. | How are you planning to deal with the eventual "retirement of AWP"? | text | If MediSpan or any other nationally available AWP reporting source discontinues or modifies the reporting of AWP, KPP shall negotiate an appropriate modification of the services, reimbursement rates, Administrative fees and rebates such that KPP and The City are returned to their relative economic position as of the effective date of the contract. | |
| 23. | Regarding ingredient cost guarantees, please confirm the following: | | | |
| | Calculation of the discount guarantees may NOT include the following types of claims: compounds, powders, secondary COB, or U&C, or savings associated with any drug utilization review program, which includes but is not limited to switching from brands to generics, switching from non-preferred to preferred brands, switching from retail to mail, etc. Note: Zero-balance claims pricing logic is not allowed; thus, it may not be used in the calculation for discount guarantees. | drop down box | Yes | |

| | | | |
|---------------------|---------------|----------|-------------|
| Administrative Fees | Answer Format | Response | Explanation |
|---------------------|---------------|----------|-------------|

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

24.

Confirm that the following services are included in the base administrative fees quoted in the "Rx Pricing" Worksheet(s) by responding "Yes". If any of these services are: 1. either not offered, and therefore, not included in the quote; or 2. included in the quote, but at an additional cost, please answer "no" and provide the additional fee in the appropriate "Rx Pricing" Worksheet(s).

| | | | | |
|----|---|---------------|------------------------|--|
| a. | Customized Messages | drop down box | Yes | |
| b. | Checks/Remittance/Processing Charge (unless indicated otherwise) | drop down box | No - See "Explanation" | \$2.00 per paper claim |
| c. | Charges for on-line adjudication (paid, reversed and denied claims) | drop down box | No - See "Explanation" | Administrative Fees apply to Paid Claims only. Denied and Reversed Claims are no charge to The City |
| d. | Mail service claims integration | drop down box | Yes | |
| e. | Specialty pharmacy claims integration | drop down box | Yes | |
| f. | Toll-Free Numbers for Participants, Pharmacies and Providers | drop down box | Yes | |
| g. | Member welcome packages including ID card production and delivery to household | drop down box | No | ID cards will be invoiced at cost (approximately \$1/card) or subtracted from the Implementation Credit. |
| h. | Replacement ID cards (production and delivery to household) | drop down box | No | ID cards will be invoiced at cost (approximately \$1/card) |
| i. | Eligibility maintenance and support, including manual eligibility updates as needed | drop down box | Yes | |
| j. | Online administrative access to update eligibility in real-time | drop down box | Yes | |
| k. | COB Processing | drop down box | No - See "Explanation" | Electronic eligibility only |
| l. | Hard copy of retail network listing when requested | drop down box | Yes | |
| m. | Account management team and support | drop down box | Yes | |
| n. | Designated implementation team and support | drop down box | Yes | |
| o. | Support for open enrollment benefit fairs | drop down box | Yes | |
| p. | Plan design set-up and maintenance | drop down box | Yes | |

25.

| | | | | |
|---------------------------|--|---------------|------------------------|------------|
| Clinical Programs: | | | | |
| a. | Concurrent Drug Utilization Reviews (CDUR) | drop down box | Yes | |
| b. | Drug utilization review, Retrospective (RDUR) | drop down box | No - See "Explanation" | \$.10 pepm |
| c. | Controlled substance excessive use programs | drop down box | Yes | |
| d. | Formulary management | drop down box | Yes | |
| e. | Medication adherence programs (e.g., refill reminders) | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|------------|--|----------------------|------------------------|---|
| f. | Communications to participants about lower cost alternatives (generics, mail, etc.) when available | drop down box | No - See "Explanation" | Communications will be provided at cost |
| g. | Member access to web-based drug information | drop down box | Yes | |
| h. | Member access to web-based patient claims history records | drop down box | Yes | |
| i. | Appeals (first level, second level and urgent) | drop down box | No - See "Explanation" | First level appeals - \$100/incident Second level appeals - \$200 - \$300/incident |
| j. | Prior authorization | drop down box | No - See "Explanation" | Administrative Prior Auths - Included Clinical Prior Auths - \$25/incident |
| k. | Quantity duration/level limits | drop down box | Yes | |
| l. | Step therapy protocols. | drop down box | Yes | |
| m. | Disease Management programs | drop down box | No - See "Explanation" | Please refer to Explanation tab |
| 26. | Data Reporting: | | | |
| a. | Access Charge | drop down box | Yes | |
| b. | Access to web-based reporting | drop down box | Yes | |
| c. | Hardware/Software access fees | drop down box | Yes | |
| d. | Member profiling | drop down box | Yes | |
| e. | Pharmacy profiling | drop down box | Yes | |
| f. | Physician profiling | drop down box | No - See "Explanation" | Physician profiling is an optional service and fees may apply. |
| g. | Standard Reporting Package | drop down box | Yes | |
| h. | Adhoc reports | drop down box | No - See "Explanation" | Adhoc reporting tool included. If programming is required, \$150/hr |
| 27. | Member-Directed Materials: | | | |
| a. | Claim Forms (e.g., direct member reimbursement, home delivery pharmacy, etc.) | drop down box | Yes | |
| b. | Explanation of Benefits | drop down box | No - See "Explanation" | EOB with paper claim submission is included. Annual EOBs require \$2.00/letter |
| c. | Hard Copy of Formulary (or preferred drug list) | drop down box | Yes | |
| d. | Communication and Marketing Materials | drop down box | No - See "Explanation" | Communications will be provided at cost |
| e. | The City will pay administrative fees monthly. | drop down box | Yes | |
| 28. | Dispensing Fees | Answer Format | Response | Explanation |
| a. | The guaranteed average annual dispensing fee per claim is based on paid claims only, NOT claims that are reversed or rejected. | drop down box | Yes | |
| b. | U&C priced claims at retail will NOT be assessed a dispensing fee. | drop down box | Yes | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|--|---------------|------------------------|--|
| c. | Claims priced using the U&C price (or submitted price, etc.) will be NOT be included in the guaranteed average annual dispensing fee per claim. | drop down box | Yes | |
| d. | The dispensing fee per claim listed for mail, if any, is not an average but the maximum amount that will apply per claim. | drop down box | Yes | |
| e. | You agree to measure, report and reconcile the dispensing fee guarantees at retail and mail order annually comparing actual dispensing fees with guaranteed dispensing fees. | drop down box | Yes | |
| f. | You agree to pay/credit The City 100% of any overpayment for each dispensing fee guarantee within 90 days from June 30th of each year (with The City retaining 100% of any savings achieved below each maximum guarantee). | drop down box | Yes | |
| g. | You agree not to pass any increases in mailing/postage fees to The City during the contract term. | drop down box | No - See "Explanation" | Member Communications are invoiced at cost (time, materials and postage) |

29.

| | Ingredient Costs - Retail | Answer Format | Response | Explanation |
|----|--|---------------|------------------------|---|
| a. | The ingredient cost for retail brand and generic drugs will be an amount equal to the lowest of the pharmacy's U&C price (including the pharmacy's sale price, if any), MAC (where applicable), or the proposed AWP discount percentage. | drop down box | Yes | |
| b. | You will NOT charge a minimum copay (or other amount) for retail claims. | drop down box | Yes | |
| c. | Retail claims will be processed such that members always pay the lowest of the contracted price, U&C price (including the pharmacy's sale price, if any), or the plan copayments/coinsurance. No claims will be subject to "Zero Balance Logic" or ZBL processing. | drop down box | Yes | |
| d. | You will provide The City a minimum aggregate retail brand AWP discount guarantee and a minimum aggregate retail generic AWP discount guarantee. | drop down box | Yes | |
| e. | You agree to include all retail brand drugs (MAC'd brand drugs and non MAC'd brand drugs; multi-source brand and single-source brand drugs; and specialty drugs) in the retail brand AWP discount guarantee. | drop down box | No - See "Explanation" | Retail Brand guarantee does not include Specialty. See Rx-Pricing tab which has Specialty guarantees as a separate line item. |
| f. | You agree to include all retail generic drugs (MAC'd generics and non MAC'd generics; multi-source and single-source generics; and all specialty generics) and generics dispensed through the specialty pharmacy in the retail generic AWP discount guarantee. | drop down box | No - See "Explanation" | Retail Generic guarantee does not include Specialty. See Rx-Pricing tab which has Specialty guarantees as a separate line item. |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|--|---------------|-----|--|
| g. | You agree to measure, report and reconcile both guarantees annually comparing actual discounts realized with guaranteed discounts. | drop down box | Yes | |
| h. | You agree to pay/credit The City 100% of any shortfall for each guarantee within 90 days from June 30th of each year (with The City retaining 100% of any additional savings achieved above each minimum guarantee). | drop down box | Yes | |
| i. | In the "Rx Pricing" worksheet, the percentage discounts you enter represent the guaranteed minimum average annual ("Effective") AWP Discounts. | drop down box | Yes | |
| j. | In the "Rx Pricing" worksheet, the dispensing fees you enter represent the guaranteed maximum average annual Dispensing Fees. | drop down box | Yes | |

| 30. | Ingredient Costs - Mail Service | Answer Format | Response | Explanation |
|-----|--|---------------|------------------------|---|
| a. | Mail order prescriptions will always be processed such that members always pay the lower of the ingredient cost of the prescription or the plan copayment/coinsurance amount. | drop down box | Yes | |
| b. | You will NOT charge a minimum copay for mail order claims. | drop down box | Yes | |
| c. | You agree to provide The City a minimum aggregate mail order brand AWP discount guarantee and a minimum aggregate mail order generic AWP discount guarantee. | drop down box | Yes | |
| d. | You agree to include all mail brand drugs (MAC'd brand drugs and non MAC'd brand drugs; multi-source and single-source brands; and specialty drugs) in the mail brand AWP discount guarantee. | drop down box | No - See "Explanation" | Mail Brand guarantee does not include Specialty. See Rx-Pricing tab which has Specialty guarantees as a separate line item. |
| e. | You agree to include all mail generic drugs (MAC'd generics and non MAC'd generics; multi-source and single-source generics) in the mail generic AWP discount guarantee. | drop down box | Yes | |
| f. | You agree to measure, report and reconcile these guarantees annually comparing actual discounts realized with guaranteed discounts. | drop down box | Yes | |
| g. | You agree to pay/credit The City 100% of any shortfall for each guarantee within 90 days from June 30th of each year (with The City retaining 100% of any additional savings achieved above each minimum guarantee). | drop down box | Yes | |
| h. | In the "Rx Pricing" worksheet, the percentages you enter represent the guaranteed minimum average annual ("Effective") AWP Discounts. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|---|---------------|-----|--|
| i. | In the "Rx Pricing" worksheet, the dispensing fees you enter represent the guaranteed maximum average annual Dispensing Fees. | drop down box | Yes | |
|----|---|---------------|-----|--|

| 31. | MAC Pricing | Answer Format | Response | Explanation |
|-----|---|---------------|---|--|
| a. | The MAC list at mail order will include the same list of drugs as at retail. | drop down box | Yes | |
| b. | In addition, the MAC pricing schedule at mail will include more favorable pricing (i.e., lower per unit prices) than at retail for every drug. | drop down box | No - See "Explanation" | The MAC pricing per unit is identical for Retail and Mail service claims |
| c. | Your MAC pricing schedule at mail will include a comparable list of 300-400 low cost generics included in retail generic promotion programs at competitive pricing (i.e., pricing will match \$10 for 90 day supply). | drop down box | No | |
| d. | You agree to notify The City of any changes in the MAC-list that negatively impact the amount that participants or The City pays for the medication and provide information to support the reason for the change. | drop down box | Yes | |
| e. | Indicate the number of months after patent expiration that drugs are added to your MAC list? | Text | There is a 6 month period the 1st manufacturer has for exclusive marketing. The minimum timeframe would be 7 months. MAC pricing is set when 3 manufacturers are providing a generic. | |

| 32. | Specialty Drugs | Answer Format | Response | Explanation |
|-----|--|---------------|----------|-------------|
| a. | You agree that specialty drugs must meet at least two of the first four criteria (a thru d) below and the final criteria (e) in order to be placed on your specialty drug list. | drop down box | Yes | |
| b. | Produced through DNA technology or biological processes | drop down box | N/A | |
| c. | Targets a chronic or complex disease | drop down box | Yes | |
| d. | Route of administration could be inhaled, infused, or injected | drop down box | N/A | |
| e. | Unique handling, distribution and/or administration requirements | drop down box | Yes | |
| f. | Requires a customized medication management program that includes medication use review, patient training, coordination of care and adherence management for successful use such that more frequent monitoring and training is required. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|--|---------------|------------------------|--|
| 33. | You will allow The City the flexibility to determine if participants can fill specialty drug prescriptions at retail, and will include pricing for a voluntary option (open retail network/no retail refill limit) and a closed network option (retail lockout or retail refill limit). Please include pricing on "Specialty Drugs" Worksheet | drop down box | Yes | |
| 34. | You will provide a current and complete list of Specialty Drugs with pricing as of July 1, 2011. Only newly FDA-approved and launched drugs, and drugs not on the market as of July 1, 2011 may be considered for addition to the specialty pharmacy drug price list after this date. Your list will identify limited distribution drugs. Please provide list on "Specialty Drugs" Worksheet | drop down box | Yes | |
| a. | You may modify the list of Specialty Drugs and corresponding pricing terms on 60-days advance written notice to The City along with an explanation of the rationale for such modifications. | drop down box | Yes | |
| b. | In making any such modifications, you will provide The City with a revised and complete list noting the effective date for each modification. | drop down box | Yes | |
| c. | Additions to your list will be based on the agreed upon criteria for defining Specialty Drugs, unless approved by The City. | drop down box | Yes | |
| d. | Your proposed specialty pricing will include varying ingredient cost discounts by drug with an overall effective discount guarantee for all brand specialty drugs. | drop down box | No - See "Explanation" | KPP will provide pricing on each medication. Because of the small number of scrips filled and large price variance, drug mix would cause an overall rate guarantee to be |
| e. | Your annual overall effective discount guarantee for all brand specialty drugs will include new brand name drugs added to the list of Specialty Drugs each year. | drop down box | N/A | |
| f. | Pricing for Specialty Drugs added to the list on or after July 1, 2011 shall be competitive in the marketplace and considered on an individual drug basis, and shall not automatically default to a minimum discount. | drop down box | Yes | |
| g. | Your pricing for brand specialty drugs dispensed through your specialty pharmacy channel will be exclusive of rebates and will always be better than your aggregate pricing guarantee for brand retail network drugs (e.g., AWP-X%+\$Y dispensing fee). | drop down box | No - See "Explanation" | KPP would agree to this stipulation except on limited distribution specialty products. |

| | | | | |
|-----|---------|---------------|----------|-------------|
| 35. | Rebates | Answer Format | Response | Explanation |
|-----|---------|---------------|----------|-------------|

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|---|---------------|---|--|
| a. | "Rebates" for purposes of your offer will be defined as all revenue/financial benefits you receive from outside sources related to The City's utilization or enrollment in programs. These would include but are not limited to Formulary/Access Rebates, Market Share Rebates, Performance/Incentive Rebates, Rebate Administration Fees, Data Fees, Compliance Program Funding, Clinical Program support/funding, Therapeutic Intervention funding, Marketing Grants for Clinical Studies, Specialty Drug Rebates, Specialty Clinical/Case Management Funding, Specialty Compliance Program funding, Research, etc. | drop down box | Yes | |
| b. | You agree to pass-through 100% of the "total rebates" based on the definition above less a formulary management fee. | drop down box | Yes | |
| c. | Specify your proposed formulary management fee | Text | If the City utilizes KPP's standard formulary, Prior Auths, and/or Step Therapy there is no charge. | |
| d. | Your offer will also include guaranteed minimum rebates per paid prescription at retail, mail order and specialty. You may provide different minimum rebate guarantees in each year of the contract. | drop down box | Yes | |
| e. | Specify if the guaranteed rebates apply to all of the client's plan designs or if they vary by plan design. If they vary by plan design, explain which rebates apply to each plan design. | Text | Yes. Guaranteed rebates apply to all of the client's plan designs. | |
| f. | Rebates will not be contingent on a minimum days supply for retail, mail, or specialty claims. Your guaranteed minimum rebates per paid prescription apply to ALL retail claims, ALL mail claims, and ALL specialty claims regardless of the days supply. | drop down box | Yes | |
| g. | You will report and pay guaranteed rebates on a quarterly basis within 90 days from the close of the quarter. | drop down box | No - See "Explanation" | KPP will report and pay rebates on a quarterly basis within 90 days from the close of the quarter after the first 6 months from the effective date of the plan |
| h. | A surplus in the guaranteed rebates for one channel cannot be used to fund a shortfall in guaranteed rebates in another channel. | drop down box | Yes | |
| i. | You will provide an annual reconciliation of the percent pass-through of rebates and minimum guaranteed rebates. | drop down box | Yes | |
| j. | At year end, you will reconcile the rebate pass-through percent against the guaranteed rebates and provide documentation of your calculation and the result to The City within 150 days after the end of each contract year. | drop down box | Yes | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|--|---------------|------------------------|---|
| k. | Any resulting credit will be made to The City automatically within 150 days after the end of each contract year without written request. | drop down box | Yes | |
| l. | Any rebates received from manufacturers after the reconciliation will be applied to the next annual reconciliation and will be clearly noted. | drop down box | Yes | |
| m. | What is the percent of total gross spend (after discounts, dispensing fees and tax) that you estimate will be offset by your rebate offer? | percent, 0 | 6.4% | |
| n. | You agree to pay The City all rebates received within 24 months after the termination of the agreement. | drop down box | No - See "Explanation" | KPP will pay all rebates to The City, less any owed fees, received by KPP within 12 months after the termination of the agreement |
| o. | You will accept full responsibility for negotiating and maintaining all rebate contracts with pharmaceutical manufacturers and submitting the appropriate files for rebate collections. This also includes follow up with the manufacturer to ensure timely collection of rebates (i.e. you will receive as close to 100% of the rebates earned by The City within 120 to 150 days of the close of each contract year) | drop down box | Yes | |

| 36. | Clinical Programs - Savings & Reporting | Answer Format | Response | Explanation |
|-----|---|---------------|------------------------|---|
| a. | You agree that clinical programs included in your financial proposal will have no shared savings and the fee will not be based on the Plan's average membership. | drop down box | Yes | |
| b. | All proposed clinical programs will be guaranteed dollar-for-dollar, and The City will receive 100% of any/all savings achieved in excess of any minimum guaranteed savings within 90 calendar days from the end of each contract year. | drop down box | No - See "Explanation" | Although KPP does not guarantee savings on clinical programs, The City will receive all savings realized by any clinical program implemented. |
| c. | All proposed utilization management programs will have a positive ROI for the entire time period they are in place. | drop down box | No - See "Explanation" | Although KPP does not guarantee savings on clinical programs, The City will receive all savings realized by any clinical program implemented. |
| d. | You will provide the methodology for calculating ROI prior to the start of the program and will not change methodology during the life of the program without prior The City consent. | drop down box | Yes | |
| e. | Any savings achieved in excess from one clinical program will not be used to subsidize short falls in savings resulting from any other clinical program in any contract year. | drop down box | No - See "Explanation" | KPP does not guarantee savings on clinical programs |
| f. | You will exclude savings from Concurrent DUR and administrative edits, including but not limited to "refill too soon", from any clinical savings guarantee. | drop down box | No - See "Explanation" | KPP does not guarantee savings on clinical programs |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|--|---------------|------------------------|--|
| g. | You will provide quarterly performance reporting (activity and savings/outcomes) for all clinical programs within 30 days from the close of each quarter. | drop down box | Yes | |
| h. | The reporting must clearly outline the performance of each individual clinical edit separately in addition to summary level reporting. | drop down box | Yes | |
| i. | Savings assumptions must be based on The City-specific utilization and not on book of business measures. | drop down box | Yes | |
| j. | Savings reported will be direct savings associated with the pharmacy benefit and will not include any inferred medical savings. | drop down box | Yes | |
| k. | You will provide a fixed fee per letter, if any, to provide and mail communications pieces to participants to help them lower costs (e.g., switching to generics, mail, etc.). | drop down box | Yes | |
| l. | There are no other programs for which the Plan will be charged that is not disclosed as "Other Program Fee(s)/Cost(s)" in the "RX-Pricing" Worksheet. | drop down box | No - See "Explanation" | KPP develops clinical programs on a continuous basis based upon the industry and market. This list will be updated and costs associated, if any, communicated accordingly. |

| 37. | Implementation Allowance / Credit | Answer Format | Response | Explanation |
|-----|--|---------------|----------|-------------|
| a. | You agree to provide an implementation allowance in the "Rx Pricing" Worksheet | drop down box | Yes | |
| b. | Payment of the implementation allowance does not require The City to submit receipts for services; instead, the payment will be provided automatically 60 days after implementation. | drop down box | Yes | |

| 38. | Performance Guarantees | Answer Format | Response | Explanation |
|-----|---|---------------|----------|-------------|
| | The City is considering negotiating performance standards on financial and service performance results with the selected vendor to encourage the vendor to provide superior performance. Vendor's failure to meet the performance guarantee(s) would result in a financial penalty. Please indicate your concurrence below. | | | |
| a. | Confirm your willingness to offer performance guarantees. | drop down box | Yes | |
| b. | You agree to provide quarterly reports (or other frequency as mutually defined) to validate compliance with the service and performance guarantees. Reports will be provided automatically without a written request requirement. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|---------------|--|--|
| c. | You agree that The City can allocate up to 30% of the annual aggregate dollars at risk to any one performance guarantee? | drop down box | | |
| d. | You agree to allow The City the flexibility to allocate in writing the total amount at risk among the various performance categories at least 30 days prior to the start of each contract year. | drop down box | | |
| e. | You agree that the guarantees will be measured and reconciled on a quarterly basis within 45 days from the close of the quarter, with the exception of annual guarantees which will be measured and reconciled within 45 days from the close of the year. All performance guarantees will be audited on a scheduled basis. | drop down box | | |
| f. | You agree that penalties will automatically be paid annually within 90 days of the close of the measurement period without any written request requirement. | drop down box | | |
| g. | You agree that all performance guarantees must be measured and reported on client-specific data, not book of business. | drop down box | | |
| h. | Are you willing to put \$150,000 at risk annually for ongoing service performance? | drop down box | | |
| 39. | Implementation: | | | |
| a. | All services are implemented as proposed within specified timeframe and to The City's satisfaction. Measured by vendor's ability to complete all key functions in an accurate and timely manner according to the detailed work plan. Specifically, The City may assess a penalty if, three (3) months after the Effective Date, The City does not rate vendor's performance in implementing the Program in an accurate and timely manner an average of 4 or better on a scale of 1 to 5 (5 being the best). | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|---------------|--|--|
| b. | Benefit Set Up - Guarantee that upon receipt of final sign-off from The City of plan parameters, you will load, fully test, and release the plan benefit coding information for production within 6 weeks of The City's final sign off. Plan parameters shall include but not be limited to member cost share (e.g. integrated deductible, copayments, maximums, etc.) plan limitations (e.g. days supply, refills allowed, refill-too-soon, etc.) compensable medications (e.g. covered drugs, exclusions, etc.) | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| c. | ID Card Production & Mailing - Accurate ID cards will be mailed at least 10 days prior to July 1, 2011 . | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| d. | Pre-Implementation Audit - Vendor will fully support auditor requests for pre-implementation audit and will schedule on-site portion of audit at least 15 days prior to July 1, 2011 . | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| | Year 1: Implementation Service Guarantees - Total Dollar Amount at Risk | dollar, 0 | | |
| 40. | Ongoing Service: The following lists ongoing service performance guarantees. | | | |
| a. | Pharmacy Network Access - At least 95% of participants shall reside within 5 miles of a network pharmacy | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| b. | Retail direct reimbursement claims timeliness of processing and response - At least 97% of retail direct reimbursement claims processed for payment or rejected and responded to within 5 business days | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|---|---------------|--|--|
| c. | Mail order turnaround time for prescription drugs requiring no intervention (Non-Protocol or Clean Rx's) - 95% shipped within 2.0 business days (measured in business days from the date the prescription drug claim is received by the vendor (either via paper, phone, fax, or Internet) to the date it is shipped). | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| d. | Mail order turnaround time for prescription drugs requiring administrative /clinical intervention (Protocol Rx's) - 100% of prescriptions requiring administrative/clinical intervention will be shipped within 5 business days (measured in business days from the date the prescription drug claim is received by the vendor (either via paper, phone, fax, or Internet) to the date it is shipped). | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| e. | Mail order dispensing accuracy - At least 99.99% or greater. Dispensing Accuracy Rate means (i) the number of all mail order prescriptions dispensed in a contract quarter less the number of those prescriptions dispensed in such contract quarter which are reported and verified as having been dispensed with the incorrect drug, strength, form, patient name, directions, packing non-conformance, or address causing medication to be delivered incorrectly divided by (ii) the number of all mail order prescriptions dispensed in such contract quarter. | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|--|---------------|--|--|
| f. | <p>Claims processing accuracy (retail, mail, and specialty) - >99.9% Retail >99.99% Mail >99.99% Specialty Based on vendor's internal quality review. Calculated as all claims audited and found to be without adjudication error of any kind (i.e. any claim processing inaccuracy that results in an incorrect charge to The City or its plan members), divided by all claims audited.</p> | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| g. | <p>Member service telephone response time - 90% answered by a live voice within 30 seconds or less The amount of time that elapses between the times a call is received into a member service queue to the time the phone is answered by a Customer Service Representative (CSR). Measurement excludes calls routed to IVR.</p> | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| h. | <p>Member service call abandonment rate - 3% or less of calls will be abandoned (i.e. caller hangs up) before call is answered by CSR. Calculated as the number of calls that are not answered divided by the number of calls received. Measurement excludes calls routed to IVR and includes calls abandoned within the first 20 seconds.</p> | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| i. | <p>Member service first call resolution - At least 95% of all calls will be resolved at first point of contact. Calculated as the total calls to vendor minus total number of unresolved calls divided by the total number of calls received. Measurement excludes calls routed to IVR.</p> | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |



**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|---|---------------|--|--|
| | Proposed Financial Penalty | dollar, 0 | | |
| j. | Member service written inquiry (paper or electronic mail) response time - 96% within 5 business days 100% within 10 business days Response time for all written inquiries will be based on the number of calendar days subtracting the date received by vendor from the date the response was sent. | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| k. | Member satisfaction with retail, mail order, and specialty program - At least 95% satisfaction. Measured as the number of satisfied to highly satisfied survey ratings divided by the total number of survey responses. Survey tool and survey methodology will be mutually agreed upon by vendor and The City. | drop down box | | |
| | Will Measure and Report Annually | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

| PBM RFP 2010 | | | | |
|--------------|--|---------------|--|--|
| I. | <p>Overall account satisfaction guarantee - At least a 4.0 on a scale of 1 to 5 (with 5 being the best).</p> <p>Designated members of client's staff will complete an annual report card to evaluate vendor account 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:</p> <p>5 = Outstanding 4 = Commendable 3 = Satisfactory 2 = Needs improvement 1 = Unacceptable</p> <p>Account team is typically scored on:</p> <p>Technical knowledge Accessibility Interpersonal skills Communication skills Overall performance</p> <p>Vendor's overall service may be scored on such dimensions as:</p> <p>Proactiveness in communication of issues and rec Timeliness and accuracy of reports Responsiveness to day to day needs Adequacy of staffing and training Ability to meet performance standards</p> | drop down box | | |
| | Will Measure and Report Annually | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| m. | <p>Annual benefit plan review - You will maintain a documented quality control and pre-implementation document and provide it to The City for review and approval at least 15 days prior to implementation of any benefit or program change.</p> <p>Vendor will conduct an annual benefit plan review by mid-November to coincide with The City's plan implementation of benefit plan modifications. If such reviews identify any systems set in error by vendor, then vendor will reconcile such errors on a dollar for dollar basis, and shall pay The City's penalty amount at risk.</p> | drop down box | | |
| | Will Measure and Report Annually | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|--|---------------|--|--|
| n. | Timeliness of reporting - Vendor will deliver standard financial and clinical reports within 30 days from the close of each reporting period. | drop down box | | |
| | Will Measure and Report Quarterly | drop down box | | |
| | Proposed Financial Penalty | dollar, 0 | | |
| 41. | Year 1: Total Amount at Risk (Ongoing Service Guarantees) | dollar, 0 | | |
| 42. | Year 1: Aggregate Amount at Risk (Sum of Year 1 Implementation and Ongoing Service Guarantees) | dollar, 0 | | |
| 43. | Year 2: Aggregate Amount at Risk (Ongoing Service Guarantees) | dollar, 0 | | |
| 44. | Year 3: Aggregate Amount at Risk (Ongoing Service Guarantees) | dollar, 0 | | |

| III. | TECHNICAL QUESTIONNAIRE | Answer Format | Response | Explanation |
|------|--|---------------|----------|-------------|
| | BENEFIT COVERAGE/PLAN DESIGN | | | |
| 1. | Confirm your firm's ability to administer the following plan designs even though some may not be part of the current benefit design, but may be considered in the future: | | | |
| a. | The proposed plan design (see the "Plan Design" Worksheets) | drop down box | | |
| b. | Co-insurance at Retail | drop down box | | |
| c. | Co-insurance at Mail | drop down box | | |
| d. | Mixed copayments at Retail (fixed dollar and coinsurance) | drop down box | | |
| e. | Mixed copayments at Mail (fixed dollar and coinsurance) | drop down box | | |
| f. | Coinsurance with Min/Max amounts per Rx | drop down box | | |
| g. | Annual OOP maximums per person | drop down box | | |
| h. | OOP max per Rx | drop down box | | |
| i. | Therapeutic Class "MAC's" | drop down box | | |
| j. | Reverse copays (i.e. Client pays fixed amount, member pays the rest) | drop down box | | |
| k. | Greater than four tiers | drop down box | | |
| l. | Coverage of OTC products | drop down box | | |
| m. | Waive copays for the first x-number of fills | drop down box | | |
| n. | Value based design with reduced or waived copays for certain drug classes | drop down box | | |
| o. | Copays based on previous drug trials (e.g., higher copay if claims history does not include trial of first-line/preferred drug/drug class) | drop down box | | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|--|---------------|-----|--|
| p. | Copay incentives based on place of service (e.g., preferred retail pharmacies, specialty pharmacies, etc.) | drop down box | Yes | |
| q. | Copays dependent on participant's behavior (e.g. enrollment or stratification level in a disease management program) | drop down box | Yes | |
| r. | Copay proration at retail, mail and specialty based on days supply (e.g., apply retail copay for a specialty claim with a 30-day supply) | drop down box | Yes | |
| s. | Limit specialty drugs to a 30-day supply via mail/specialty pharmacies | drop down box | Yes | |
| t. | Electronic Coordination of Benefits | drop down box | Yes | |

Eligibility/Data Feeds

| | | | | |
|----|--|---------------|------------------------|---|
| 2. | You will accept electronic reporting of enrollment from at least one source (Third Part Administrator). You must accept various file formats, media and schedules, including daily or even real-time updates at no additional cost. | drop down box | No - See "Explanation" | KPP can accept electronic reporting of enrollment from at least one source (TPA). KPP can accept 834 file layout (NCPDP format) or our proprietary layout at various schedules, including daily, weekly, monthly or real-time at no additional cost to The City |
| 3. | You will also be capable of supporting manual updates and off-cycle files, which may arise from new acquisitions or strike situations. | drop down box | Yes | |
| 4. | You will provide immediate on-line real-time manual eligibility updates for urgent requests by The City staff. | drop down box | Yes | |
| 5. | You must capture both the 9-digit SSN and the X digit alphanumeric The City ID in your eligibility system. | drop down box | Yes | |
| 6. | You will accept eligibility files from the Third party Administrator (TPA) with COB flag information, and this information will be used in the claims adjudication process. | drop down box | Yes | |
| 7. | Based on the eligibility files you receive, you will: | | | |
| a. | Add coverage for members who have joined the plan within 48 hours of receipt of eligibility data | drop down box | Yes | |
| b. | Update member information (e.g., address changes) within 48 hours of receipt of eligibility data | drop down box | Yes | |
| c. | Notify appropriate party of eligibility issues within 24 hours of receipt of eligibility data | drop down box | Yes | |
| 8. | You agree to provide periodic electronic data feeds at no additional cost to a minimum of [2] unique vendors. Each data feed could be unique in nature and would range from real time to weekly to quarterly transmission intervals. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|---|---------------|-----|--|
| 9. | Accumulators for CDH plans and drugs that accumulate to a combined medical/Rx accumulator will be exchanged in real time with the medical vendor. | drop down box | Yes | |
|----|---|---------------|-----|--|

| 10. ID Cards | | | | |
|--------------|--|---------------|-----|--|
| a. | If requested, you will produce and send prescription drug ID cards for receipt by The City members on or before July 1st of each plan year. | drop down box | Yes | |
| b. | You will produce and send prescription drug ID cards for distribution to new The City members within 4 business days or less of receipt of clean eligibility and enrollment files. | drop down box | Yes | |
| c. | If related to PBM errors or PBM initiated charges, you will be responsible for cost to reproduce ID cards (including priority shipping). | drop down box | Yes | |

| 11. Retail Networks | | | | |
|---------------------|--|---------------|-----|-----------|
| a. | Please complete the "Network Access" Worksheet included in this Workbook and indicate if it has been completed. | drop down box | | Completed |
| b. | You will provide The City at least 90 days advance written notice of any changes to your proposed network, including a disruption analysis. | drop down box | Yes | |
| c. | There are no pending and/or expected changes to the network over the extent of the contract term that would lead to network disruption for the member. | drop down box | Yes | |

| 12. Mail Service | | | | |
|------------------|--|---------------|----------|-------------|
| | | Answer Format | Response | Explanation |
| a. | Provide the total number of Mail Order facilities nationwide: | number, 0 | 1 | |
| b. | You will communicate any delays beyond three days in the delivery of prescriptions to the participant | drop down box | Yes | |
| c. | You agree to arrange and pay for a short-term retail supply of a delayed or incorrectly processed mail order prescription caused by your organization. In addition, you agree not to charge The City members for expedited delivery of the mail order prescription if the prescription delay is caused by your organization. | drop down box | Yes | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|---|---------------|---|--|
| d. | In the event of a natural disaster or national emergency, you will continue to fill all prescription requests, proactively obtaining any necessary overrides to facilitate this process, and provide members with expedited delivery to convenient locations. | drop down box | Yes | |
| e. | You will assure that 100% of mail order prescriptions will be imaged and entered when received at mail service (including Specialty prescriptions). You will assure that you will be able to electronically track 100% of all mail order prescriptions (Including Specialty) throughout the filling process, on a timely basis, from the point of prescription is received until it is shipped to the member. | drop down box | Yes | |
| f. | You assure that, within 24 hours, you will contact prescribers and/or members via a telephone call or email for 100% of incomplete mail order prescriptions (including Specialty) that require additional information. | drop down box | Yes | |
| g. | You will provide both email and telephone voicemail capabilities to communicate to members their mail order has been received and the date the order has been shipped to members. | drop down box | No - See "Explanation" | PPS is capable of sending and receiving emails on order status. PPS does not routinely email or call members when orders are received or shipped unless requested by the member. |
| h. | You will have the capability to accept early refill orders and suspend or "queue" these orders in your system until the earliest refill date for processing. | drop down box | Yes | |
| i. | You will have the capability to accept major credit cards and store credit card number(s) by member account for future mail order prescriptions. You must have the capability to advise members 30 days in advance of the date their credit card number is doing to expire. | drop down box | Yes | |
| j. | If requested, will you provide members with checks for monies owed to them instead of maintaining credits at your mail facility? | drop down box | Yes | |
| k. | What is your standard floor limit for accepting prescription orders from members without the correct payment? | dollar, 0 | \$100 or if the member is past due by more than 45 days | |
| l. | You will not require The City to pay outstanding balances owed by membership. | drop down box | Yes | |
| m. | The City shall have the right to advise you in writing to change the floor limit for all members or just those with unpaid balances after 120 days of dispensing. | drop down box | No - See "Explanation" | PPS is willing to work with The City to establish a mutually agreeable floor limit. |
| n. | You will not require The City to mandate use of the mail pharmacies. | drop down box | Yes | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|----|--|---------------|-----|--|
| o. | If requested, you will provide members who are currently using the incumbent's mail facility an 800-number that may be called to provide you the information necessary to transfer their current mail-order prescriptions to your mail facility. | drop down box | Yes | |
| p. | If requested, you are willing and able to prorate copays at mail order for claims that are processed for less than or equal to a 60 day supply. | drop down box | Yes | |

| 13. | Mail Order Facilities | Answer Format | Response | Explanation |
|-----|---|---------------|------------------------------|-------------|
| | Provide information on the proposed Mail Order Facilities for this client (use the Census file to determine the geographic location of employees): | | | |
| a. | Primary Mail Order Facility Location: | text | Postal Prescription Services | |
| | Address: | | | |
| | Street Address | text | 3500 SE 26th Avenue | |
| | City | text | Portland | |
| | State | text | OR | |
| | Zip Code | text | 97202 | |
| | % Current Capacity/month | percent, 1 | 42.0% | |
| | What is the mail service dispensing capacity per month | number, 0 | 130,000 | |
| b. | Secondary Mail Order Facility Location(s) | | | |
| | Facility #1 | text | N/A | |
| | Address: | | | |
| | Street Address | text | | |
| | City | text | | |
| | State | text | | |
| | Zip Code | text | | |
| | % Current Capacity | percent, 1 | | |
| | What is the mail service dispensing capacity per month | number, 0 | | |
| c. | Third Mail Order Facility Location(s) | text | N/A | |
| | Address: | | | |
| | Street Address | text | | |
| | City | text | | |
| | State | text | | |
| | Zip Code | text | | |
| | % Current Capacity | percent, 1 | | |
| | What is the mail service dispensing capacity per month | number, 0 | | |
| d. | Fourth Mail Order Facility Location(s) | text | N/A | |
| | Address: | | | |
| | Street Address | text | | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use Column Q to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|------------|---------|--|
| | City | text | | |
| | State | text | | |
| | Zip Code | text | | |
| | % Current Capacity | percent, 1 | | |
| | What is the mail service dispensing capacity per month | number, 0 | | |
| e. | What are your standard hours of operation? | text | | |
| 14. | Service Statistics for all Mail Order Facilities (not just the ones proposed for this client): | | | |
| a. | Quarterly Dispensing Capacity | number, 0 | 360,000 | |
| b. | Number of Prescriptions Dispensed in the Most Recent Quarter | number, 0 | 132,000 | |
| c. | Ratio of Pharmacists to Pharmacy Technicians | X:XX | 14:20 | |
| d. | Average Number of Prescriptions Dispensed per Pharmacist per Hour | number, 1 | 25/hr | |
| 15. | Average turnaround time in the most recent quarter for prescriptions that: | | | |
| a. | Required intervention (in days) | number, 2 | 2.30 | |
| b. | Did not require intervention (in days) | number, 2 | 1.00 | |

| | Specialty Pharmacy Services | Answer Format | Response | Explanation |
|-----|--|---------------|--|-------------|
| a. | How do you define specialty drugs? | Text | A specialty medication is a product used to treat a complex disease state which usually requires special handling requirements and almost always is greater than \$500 per month or \$5,000 per year. Most products are injectable but in the future there will be an ever growing number of orally administered specialty products. Our base 6 disease states include MS, RA, Hep-C, RSV, growth hormone, and oral oncology. Kpp also requests medical claims data to analyze if any medications being dispensed on the medical side could be dispensed more cost effectively on the Rx side. | |
| b. | Provide the total # of Specialty pharmacies nationwide in your network: | number, 0 | 2 | |
| c. | You will not require The City to mandate use of your Specialty pharmacy(ies). | drop down box | Yes | |
| 17. | Describe your shipping and handling policy for Specialty products. Indicate your primary shipping carrier. | text | Specialty products are shipped according to manufacturers specifications. PPS calls the customer to verify the address and confirm someone will be available to accept the package the day it ships. Most overnight packages are sent via UPS. | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|---------------|--|---|
| 18. | Will your Specialty pharmacy ship to members choice of location (i.e., physician office, etc.)? | drop down box | Yes | |
| 19. | Indicate if your organization receives educational funding or support from pharmaceutical manufacturers. | drop down box | No | |
| a. | Describe exactly how these monies are used. | Text | N/A | |
| 20. | Describe the contracts you have in place to provide drugs that you do not buy and dispense. Include limited and closed distribution drugs and drug categories where you do not hold distribution rights or contracts. | Text | PPS stocks or has access to all products except limited distribution medications. We contract with BioScrip to do all the management of the program and for all limited distribution products. We also have secondary contracts through our | |
| 21. | Briefly describe your Specialty clinical management capabilities, including the UM programs offered. | text | We have a full suite of UMs across our formulary. BioScrip adheres to those. In addition they perform split billing of several oral oncology medications due to high quit rates. | |
| 22. | Do your Specialty pharmacies have access to complete patient profiles (i.e., are the Specialty, Retail and Mail systems fully integrated so that a complete patient profile is accessible)? | drop down box | No - See "Explanation" | KPP exchanges data from each source to intergrate the data accordingly. |
| 23. | You will allow The City the flexibility to determine if participants can fill specialty drug prescriptions at retail, and will include pricing for a voluntary option (open retail network/no retail refill limit) and a closed network option (retail lockout or retail refill limit). | drop down box | Yes | |
| 24. | Pricing for Specialty Drugs added to the list on or after July 1, 2011 shall be competitive in the marketplace and considered on an individual drug basis, and shall not automatically default to a minimum discount. | drop down box | Yes | |
| 25. | Briefly describe your specialty patient support services. When and how are patients identified, contacted, and monitored? | Text | The dedicated KPP Clinical team at BioScrip does a full intake of each patient including economic data so the patient can possibly be matched to manufacture or philanthropic based patient assistance programs during the benefits investigation process. For new to therapy patients, they offer pre, during, and post first dose administration counseling. The clinical team also handles all refills and actively schedules all refills and shipping dates to insure compliance | |

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|---------------|---|---|
| 26. | Briefly describe how you improve the compliance of participants receiving specialty pharmacy products. Include methods used to measure compliance, reports for documentation, frequency of measurement, and any costs associated. | Text | BioScrip actively manages all aspects of each patient's therapy. Reports are generated on a monthly basis tracking all prescriptions filled and the compliance rate across the membership population. | |
| 27. | How do you confirm appropriateness of therapy? | Text | BioScrip reaches out to the physician on each prescription for diagnosis. The clinical pharmacists then review each prescription to confirm the appropriateness. | |
| 28. | Confirm that any or all UM programs can be suppressed. | drop down box | Yes | |
| 29. | Describe the standard reporting, including new and/or critical patient alerts, available as part of your specialty program? | Text | The reports are thorough. BioScrip's software has the ability to pull data on any included metric. A sample report can be provided. | |
| 30. | Do your Specialty pharmacies have access to complete patient profiles (i.e., are the Specialty, Retail and Mail systems fully integrated so that a complete patient profile is accessible)? | drop down box | No - See "Explanation" | KPP exchanges data from each source to intergrate the data accordingly. |
| 31. | If a Specialty drug package is lost, stolen, or not delivered, you will not charge the client or client participant for the Specialty Drug. | drop down box | Yes | |

| | Channel Management - Internal Audits | Answer Format | Response | Explanation |
|-----|--|---------------|----------|-------------------------------------|
| 32. | Indicate the percentage of your network pharmacies in your Broadest Retail Network for which: | | | |
| a. | On-site audits are conducted | percent, 1 | 2.0% | |
| b. | Desk-top audits are conducted. | percent, 1 | 3.0% | |
| 33. | You agree to share 100% of retail network audit recoveries with the Plan. | drop down box | No | SXC retains 35% of Audit recoveries |
| 34. | Confirm that the same audits performed on your retail pharmacy network will be conducted on the: | | | |
| a. | Mail Order Pharmacies utilized | drop down box | Yes | |
| b. | Specialty Pharmacies utilized. | drop down box | Yes | |

| | QUALITY AND CLINICAL PROGRAMS | Answer Format | Response | Explanation |
|-----|--|---------------|----------|---|
| 35. | You have the capability to integrate medical and prescription drug claims data to enhance: | | | |
| a. | Concurrent Drug Utilization Reviews (i.e., drug-disease interactions) | drop down box | Yes | The only charge will occur if there is specific programming that is required. |
| b. | Therapeutic management initiatives (i.e., prior authorization programs) | drop down box | Yes | The only charge will occur if there is specific programming that is required. |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|---|---|---------------|---|---|
| c. | Compliance programs | drop down box | Yes | The only charge will occur if there is specific programming that is required. |
| d. | Gaps in (Omissions in) care | drop down box | Yes | The only charge will occur if there is specific programming that is required. |
| Comment: If you charge a fee for this service, disclose the fee in the "Explanation" column or Worksheet, if you require more space. | | | | |
| 36. | Clinical program offering includes: | | | |
| a. | Evidenced-based approach | drop down box | Yes | |
| b. | Compliance (poor adherence) | drop down box | Yes | |
| c. | Funding from pharmaceutical manufacturers | drop down box | Yes | |
| d. | Information available via the web | drop down box | Yes | |
| e. | Outcomes data (savings and member impact) | drop down box | Yes | |
| 37. | You will only communicate with participants about alternative medications or places of service when a change will save both the participant and The City money before the application of rebates. | drop down box | Yes | |
| 38. | You will allow The City the ability to "opt-out" of clinical programs, which include but are not limited to therapeutic substitution programs. | drop down box | Yes | |
| 39. | If requested, you will allow "grandfathering" of copays (formulary tier levels) for current utilizers for a specified period of time. | drop down box | Yes | |
| 40. | You have the ability to administer a step therapy program that focuses on Cholesterol-lowering medications. | drop down box | Yes | |
| 41. | You are willing and capable of providing reporting specific to the activity and outcomes associated with all of the utilization management tools and programs you answered "yes" in the question directly above as frequently as the plan requests. | drop down box | Yes | |
| 42. | Provide the number of programs available for the following specific types: | | | |
| a. | Prior authorization programs | number, 0 | 32 classes, 127 medications | |
| b. | Prior authorization programs specific for "specialty drugs"/self-administered injectable medications | number, 0 | 18 classes, 88 medications | |
| c. | Quantity limitation or dose duration programs | number, 0 | 242 medications | |
| d. | Step therapy protocol programs | number, 0 | 11 classes | |
| e. | For your step therapy programs, please provide a list of your targeted and preferred drugs. | text | Please see Explanation tab for list of programs | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|----------------------|---------------------------------------|--|
| 43. | How often are your clinical programs reviewed to ensure they remain up-to-date? | text | quarterly | |
| 44. | Pharmacy & Therapeutic Committee | Answer Format | Response | Explanation |
| | Pharmacy & Therapeutic Committee employs: | | | |
| a. | AMCP's formulary submission process | drop down box | Yes | |
| | Data provided by one or more of your employees | drop down box | No | |
| b. | Multi-disciplinary approach | drop down box | Yes | |
| c. | Outcomes data | drop down box | Yes | |
| d. | Pharmaceutical manufacturer representatives or their prepared data in decision-making | drop down box | No | |
| e. | Pharmacoeconomical data. | drop down box | Yes | All medications are classified as 1) must cover 2) may cover 3) must not cover. These designations are made on clinically derived outcomes/evidence based data. Only medications which fall in category 2 are examined from an economic aspect |
| 45. | You utilize a Pharmacy & Therapeutic Committee to develop and maintain: | | | |
| a. | Your formulary(ies) | drop down box | Yes | |
| b. | Utilization management programs and coverage rules. | drop down box | Yes | |
| 46. | Provide the following information concerning the Pharmacy & Therapeutic Committee: | | | |
| a. | Frequency of meetings | drop down box | Monthly Bi-Monthly (every two months) | |
| b. | Number of physicians | number, 0 | 8 | |
| c. | Number of pharmacists | number, 0 | 1 | |
| d. | Number of nurses | number, 0 | 0 | |
| e. | Number of PBM employees | number, 0 | 0 | |
| f. | Do PBM employees have voting rights? | drop down box | No | |



**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the **"Explanation"** worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|---------------|--|--|
| | List disciplines represented | text | Internal Medicine, Critical Care Medications/Internal Medicine, Medical Toxicology & Clinical Pharmacology/Internal Medicine, Gastroenterology/Internal Medicine, Endocrinology & Metabolism/Oncology & Hematology/Cardiovascular with further specialization in Women's Health/Infectious disease with concentration in HIV & Aids research/Internal medicine & Neurology with specialization in geriatric medicine/Pharm D with expertise in drug therapeutics & drug use evaluation | |
| 47. | The Committee considers the non-clinical considerations like member impact and the costs of products, net of rebates, during their review for formulary representation. | drop down box | Yes | |
| 48. | The Committee accepts funds from pharmaceutical manufacturers. | drop down box | No | |
| 49. | The Committee considers the costs of products, including rebates, during its review for formulary representation. | drop down box | Yes | Only on class 2 medications as stipulated above. |
| 50. | Your formulary always follows the recommendations of the P&T Committee. | drop down box | Yes | |

| 51. | Rebates | Answer Format | Response | Explanation |
|-----|---|---------------|------------------------------------|-------------|
| a. | Discuss your policies related to "bundling" rebates. | Text | We do not bundle rebates contracts | |
| b. | What percent of current rebate contracts are bundled and why? | Text | 0% | |
| c. | When and how will these bundled agreements be retired? | Text | N/A | |

| 52. | Customer Service | Answer Format | Response | Explanation |
|-----|---|---------------|------------------------|--|
| a. | You will provide The City a dedicated toll-free telephone line with live caller support through a designated member service team (Including member service representatives and supervisors) available 24 hours a day, seven days a week, 365 days a year. | drop down box | No - See "Explanation" | KPP provides a toll-free telephone line with live caller support 24 hours a day, 365 days a year with representatives and supervisors. |
| b. | IVR and web support will be available through the dedicated toll-free telephone line 24 hours a day, seven days a week, 365 days a year. | drop down box | Yes | |
| c. | The member service team will be knowledgeable of The City's specific pharmacy benefit programs to respond to member questions. | drop down box | Yes | |
| d. | Member/provider service representatives will always have access to a pharmacist in the event the call requires the attention of a clinician. | Text | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|---|---------------|------------------------|---|
| e. | Your customer service representatives will offer the name and phone number of the "manager/supervisor" for escalated issues if requested. | drop down box | Yes | |
| f. | You (or your designee at your expense) will perform a client-specific (versus book-of-business) member satisfaction survey at least once annually. | drop down box | Yes | |
| g. | The hours of operation for the call center is 24 hours a day, 7 days a week. | drop down box | Yes | |
| h. | You are able and willing to customize messaging for The City-specific plan design issues. | drop down box | Yes | |
| i. | How many languages does your call center support? | number, 0 | 150 | |
| j. | Do you currently provide versions of your member site in multiple languages that offer the same functionality as the English version? | drop down box | No | |
| k. | Will you provide plan summaries and other materials to all members in multiple languages? | drop down box | No - See "Explanation" | KPP can provide mail service brochures and welcome letters in Spanish |
| l. | Your customer service representatives have access to an application that allows them to review alternative drug therapies (e.g., formulary status, generic alternatives available, etc.) for members requesting this information. | drop down box | Yes | |
| m. | Your customer service representatives have access to an application that allows them to run "test claims" (to obtain prices) for members requesting this information. | drop down box | Yes | |
| n. | Is some or all of your Customer Service support provided offshore? | drop down box | No | |
| 53. | If so, provide the following statistics on your offshore calls: | | | |
| a. | # handled offshore | number, 0 | N/A | |
| b. | % handled offshore | percent, 1 | N/A | |
| 54. | You measure Customer Service turnover. | drop down box | N/A | |
| | If "yes," provide the following statistics: | | | |
| a. | % turnover during last six months (include turnover due to promotions, resignations and terminations). | percent, 1 | N/A | |
| b. | % turnover during last 12-month period (include turnover due to promotions, resignations, and terminations). | percent, 1 | N/A | |
| c. | Definition of turnover | Text | N/A | |

55. **Web-Capabilities** **Answer Format** **Response** **Explanation**

**Request for PBM Proposal (RFP) for City of Portland
Questionnaire**

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than 400 characters, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|--|---------------|----------|--|
| 56. | a. Provide a sample of the website screenshots in an electronic file and name the file [Your Organization Name]_Sample Website Screens. | drop down box | Provided | |
| | Participants will have access to a web-based application, which allows them to review: | | | |
| a. | Claims history. | drop down box | Yes | |
| b. | Alternative drug therapies (i.e., formulary status, generic alternatives available, etc.) and cost of each. | drop down box | Yes | |
| c. | Retail pharmacy locator. | drop down box | Yes | |
| d. | Compare price of a medication at retail versus mail order. | drop down box | Yes | |
| e. | Price a medication (including retail pricing from local retail pharmacies) | drop down box | Yes | |
| 57. | The website has the following services/capabilities: | | | |
| a. | Email notification of next refill to participant | drop down box | No | |
| b. | PBM will have the ability to develop and maintain custom websites for The City plan members, as well as pre-member websites for prospective members. | drop down box | No | |

Client Service

| | | | | |
|-----|--|---------------|----------|--|
| 58. | Please provide a copy of an Implementation Plan. Name the file: [Your Organization's Name]_Implementation Plan | drop down box | Provided | |
| 59. | Please provide a copy of your company's standard forms that The City will be required to sign prior to the notice to proceed (e.g. HIPAA, Business Associate Agreement). Along with the forms, please include the specific law or regulation that mandates the form. Name the file: [Your Organization's Name]_Standard Forms. | drop down box | Provided | |
| 60. | Please provide a complete set of materials you would use to communicate pharmacy services provided to The City's employees. Name the file: [Your Organization's Name]_Sample Employee Communication Materials. | drop down box | Provided | |
| 61. | You will ensure communications sent to participants are specific to The City's plan designs | drop down box | Yes | |
| 62. | You are able and willing to customize refill-too-soon edits. | drop down box | Yes | |
| 63. | In the event of a change in vendors, you agree to administer all runout claims. | drop down box | Yes | |
| 64. | You will agree to invoice The City monthly for administrative fees. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | Account Management | Answer Format | Response | Explanation |
|-----|---|---------------|---|---|
| 65. | Describe the account team you are proposing for The City. For each team member, include years of experience servicing similar types of organizations. | text | Account Manager - Stephanie Rushing, 10+ years, National Account Manager - Harold Park, 5+ years Clinical Manager - Mark Hopman, 2+years Implementation Coordinator - | |
| 66. | Will the team be dedicated or designated? Explain how you determined the proposed staff levels. | drop down box | No | |
| 67. | Describe each team member's current client base and work load. How will other responsibilities be transitioned? | text | Stephanie Rushing - 10 clients Harold Park - 20 clients Mark Hopman - 40 clients | Each team member will transition other clients if needed to ensure The City's expectations are met. |
| 68. | You will coordinate with The City for management of the SPD. This includes, but not limited to, reviewing changes to the SPD, making sure that you administer the plan as reflected in the SPD, \ and communicating any plan/clinical program changes to The City for inclusion in the SPD. | drop down box | Yes | |
| 69. | The City's satisfaction with the account manager will be measured how often during the contract period. | text | Quarterly | |
| 70. | If requested by The City, the account executive or manager will be replaced with one that Client is allowed to interview. | drop down box | Yes | |
| 71. | The account manager will participate on the implementation team. | drop down box | Yes | |
| 72. | Using the "Acct Management Plan" Worksheet, describe your plan for managing the account, including periodic reviews of cost and utilization and recommendations for plan design changes from The City's representatives. | drop down box | Provided | |

| | Implementation Support - if applicable | Answer Format | Response | Explanation |
|-----|---|---------------|----------|-------------|
| 73. | You will provide a designated implementation team for The City that will include an implementation manager and the account manager; they will provide assistance during the transition/implementation process and participate in regularly scheduled status meetings (at least weekly) with The City. | drop down box | Yes | |
| 74. | You will maintain an implementation project plan and issue log documenting all implementation issues, actions, due dates and responsible parties. Implementations must be supported year round as required by The City. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the **"Explanation"** worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|--|---------------|-----|--|
| 75. | You agree to accept and load all open mail order and specialty pharmacy refills, prior authorization histories, and at least six months of historical claims data at no additional cost to The City during the implementation process. | drop down box | Yes | |
| 76. | You can provide alternative approaches to minimize the need for members to request new prescriptions during transition. | drop down box | Yes | |

| | Client Audit Rights | Answer Format | Response | Explanation |
|-----|--|---------------|------------------------|--|
| 77. | The City reserves the right to conduct audits as follows. Confirm your agreement with each of the following: | | | |
| a. | Right to audit any data necessary to ensure your firm is complying with all contract terms, which includes but is not limited to 100% of pharmacy Right to claims data, which includes at least all NCPDP fields from the most current version and release; retail pharmacy contracts; data management, pharmaceutical manufacturer and wholesaler agreements; mail and specialty pharmacy contracts to the extent they exist with other vendor(s); approved and denied utilization management reviews; clinical program outcomes; appeals; information related to the reporting and measurement of performance guarantees; etc. | drop down box | No - See "Explanation" | KPP will allow City of Portland to appoint a mutually agreed upon third party designee to conduct all audits. This does not include Manufacturer Rebate Contracts. |
| b. | Right to audit at no charge except at a direct pass-through of any data retrieval fees, which may be required if data requested has already been stored | drop down box | No | KPP will allow City of Portland to appoint a mutually agreed upon third party designee to conduct all audits. This does not include Manufacturer Rebate Contracts |
| c. | Right to audit post termination | drop down box | No - See "Explanation" | KPP will allow The City to appoint a mutually agreed upon auditor to audit up to 12 months post termination. |
| d. | Right to audit more than once per year if the audits are different in scope or for different services | drop down box | Yes | |
| e. | Right to perform additional audits during the year of similar scope if requested as a follow-up to ensure significant/material errors found in an audit have been corrected and are not recurring or if additional information becomes available to warrant further investigation. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|-----|--|---------------|------------------------|--|
| 78. | You agree to provide reasonable cooperation with requests for information, which includes but is not limited to the timing of the audit, deliverables, data/information requests and your response time to our questions during and after the process. Your firm will also provide a response to all "findings" it receives within 30 days, or at a later date if mutually determined to be more reasonable based on the number and type of findings. | drop down box | Yes | |
| 79. | Your firm agrees to pay the Plan 100% of any overpayments made by the Plan as determined from an audit by a firm that the Plan chooses, and no later than 30 days after both parties have agreed to the recoveries, subject to a compounding interest penalty of 1% per month. | drop down box | Yes | |
| 80. | You will allow Aon Hewitt, or any other party selected by client, to audit claims at any time, including, but not limited to, rebates, ingredient cost discounts, and dispensing fees. | drop down box | No - See "Explanation" | This does not include Manufacturer Rebate Contracts. |
| 81. | Aon Hewitt, on behalf of The City, will conduct a quality review of the plan design to be loaded in the claims system(s) prior to implementation (or as soon thereafter as reasonably possible). As the selected pharmacy benefit provider, you agree to pay the cost of this review, up to \$25,000. You will provide all necessary support to enable Aon Hewitt to review claims in a test environment that mirrors the plan information present in the "live" claims processing system. If this review cannot be supported remotely and requires an on-site meeting, you will be responsible for travel costs up to \$3,000. All costs associated with this review shall not be included in your pricing offer. | drop down box | No - See "Explanation" | KPP will support the audit on behalf of The City in all ways, except payment of the auditor and auditor's transportation in a transparent arrangement. |

| | Systems - General | Answer Format | Response | Explanation |
|-----|--|---------------|---------------------------------|---|
| 82. | Claims data are stored on-line for a minimum of 36 months post adjudication. | drop down box | No | Claims data is stored on-line for 18 months post adjudication |
| 83. | If requested, you will accept from the incumbent a claims file that you can use to transfer current prior authorization approvals. | drop down box | Yes | |
| 84. | If requested, you will accept from the incumbent a refill file that you can use to transfer prescriptions to your mail and specialty pharmacy. | drop down box | Yes | |
| 85. | What is your policy on selling clients' pharmacy data? | text | KPP does not sell pharmacy data | |
| 86. | Will you accept electronic or other type files from a selected medical carrier? | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | Liability/Regulatory | Answer Format | Response | Explanation |
|-----|--|---------------|------------------------|---|
| 87. | Vendor is bonded. | drop down box | Yes | |
| 88. | Vendor maintains a fidelity bond as required by ERISA. | drop down box | Yes | |
| 89. | Vendor maintains professional liability insurance that exceeds \$5 million per claim and \$20 million aggregate. | drop down box | Yes | |
| a. | If not, please explain amount of coverage. | text | | |
| 90. | Liability insurance covers: | | | |
| a. | Medical management decisions. | drop down box | Yes | |
| b. | Professional malpractice | drop down box | Yes | |
| | Provider contracting | drop down box | Yes | |
| 91. | Please describe any judgment or settlement during the past three years or pending litigation that could result in judgments or settlements in excess of \$100,000. | text | n/a | |
| 92. | Vendor will act as plan fiduciary, if requested. | drop down box | No | |
| 93. | The vendor maintains executed contracts with all providers participating in the retail network. | drop down box | Yes | KPP subcontracts with SXC for the retail network. SXC maintains executed contracts with all providers |
| 94. | Vendor agrees to indemnify and hold The City harmless for Vendor's negligence or for Vendor's failure to perform under the Agreement. The City shall not provide any indemnity in favor of the Vendor. Vendor agrees to language contained in the "Hold Harmless" worksheet. | drop down box | No - See "Explanation" | Exhibit B Standard Agreement in the Health Insurance Services document contains indemnification language. |
| | Contractual | Answer Format | Response | Explanation |
| 95. | July 1, 2011 is to be the contract effective date. | drop down box | Yes | |
| 96. | The contract is to be issued in Oregon unless you obtain permission from Aon Hewitt to use an alternative situs. | drop down box | Yes | |
| 97. | The vendor agrees not to appoint any agent, general agent, or broker, nor authorize payment of any kind to a party not approved in writing by The City. | drop down box | Yes | |
| 98. | We understand that terminology and contract provisions may vary among the involved vendors. We will permit such alternative language provided benefit payment levels are not adversely impacted. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is **greater than 400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|------|---|---------------|------------------------|---|
| 99. | The vendor shall cause The City and its welfare program to be the named insured hereunder. The vendor shall provide proof of such insurance to The City at or prior to the execution of the contract. | drop down box | Yes | |
| 100. | Please include a copy of a sample employer contract that includes all exclusions and limitations that the vendor expects will apply to The City. Name the file: [Your Organization's Name]_Sample Employer Contract. | drop down box | Provided | |
| 101. | The City reserves the right to terminate the agreement, with or without cause and without termination charges, with 90 days written notice. The City will be the only party to have termination for convenience rights. Should the vendor terminate for cause, The City will require 180 days written notice. | drop down box | No - See "Explanation" | If such language is included, KPP requires it to be mutual. |
| 102. | The vendor selected during this proposal process will be responsible for incurred claims up to the termination date of the contract, regardless of paid date, in the event the contract awarded during this marketing is subsequently terminated. The replacement vendor will have the responsibility to pay claims incurred after the termination date of the contact. (Applicable to fully-insured coverages) | drop down box | Yes | |
| 103. | Upon termination of the contract, you will provide all necessary documentation, claims files, prescription history and other data needed for the successful transition of the program, to the appointed vendor, within a mutually agreed upon reasonable timeframe and at no additional cost to The City. This includes, but is not limited to, all open mail order and specialty pharmacy refills, prior authorization histories, accumulators used in all plan options and at least six months of historical claims data. | drop down box | Yes | |

| | Compliance - General | Answer Format | Response | Explanation |
|------|---|---------------|----------|-------------|
| 104. | You and your subcontracted vendors will comply with all ERISA, HIPAA and DOL regulations, around member services, complaints, appeals, timeliness of responses and confidentiality. Any fines related to non-compliance will be your sole responsibility. | drop down box | Yes | |
| 105. | You maintain a dedicated individual or staff responsible for resolving HIPAA issues. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

| | | | | |
|------|---|---------------|-----|--|
| 106. | Your processes, systems and reporting will be in full compliance with federal and state requirements, and compliant with HIPAA for acceptance of claim transactions in the applicable industry standard NCPDP format. Any fines related to non-compliance will be your sole responsibility. | drop down box | Yes | |
|------|---|---------------|-----|--|

| | Compliance - Privacy and Confidentiality | Answer Format | Response | Explanation |
|------|---|---------------|------------------------|---|
| 107. | You agree to make internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by organization available to the Secretary of the Department of Health and Human Services for purposes of the Secretary of the Department of Health and Human Services determining organization's compliance with the privacy rules. | drop down box | Yes | |
| 108. | You will adopt and implement written confidentiality policies and procedures in accordance with applicable law to ensure the confidentiality of member information used for any purpose. | drop down box | Yes | |
| 109. | You will agree not use or further disclose protected health information (PHI) other than as permitted or required by the Business Associate Agreement or as required by law. | drop down box | Yes | |
| 110. | You agree to use appropriate safeguards to prevent the unauthorized use or disclosure of the PHI. Vendor agrees to report to the plan sponsor any unauthorized use or disclosure of the PHI. | drop down box | Yes | |
| 111. | You agree to mitigate, to the extent practicable, any harmful effect that is known to vendor of a use or disclosure of PHI by vendor in violation of the requirements of the federal privacy rule. | drop down box | Yes | |
| 112. | You agree to provide access to PHI in a "designated record set" in order to meet the requirements under 45 CFR §164.524. | drop down box | No - See "Explanation" | To the extent we maintain PHI in a "designated record set", we will provide access |
| 113. | You agree to make any amendment(s) to PHI in a "designated record set" pursuant to 45 CFR §164.526. | drop down box | No - See "Explanation" | To the extent we maintain PHI in a "designated record set", we will make amendments |
| 114. | You agree to document such disclosures of PHI and information related to such disclosures as would be required to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR §164.528. | drop down box | Yes | |



Request for PBM Proposal (RFP) for City of Portland Questionnaire

To Vendor: Use **Column Q** to provide a brief explanation. However if the length of the explanation is greater than **400 characters**, you must use the "Explanation" worksheet to provide your detail explanation.

PBM RFP 2010

115.

| | | | |
|--|----------------------|------------|--|
| <p>The vendor agrees to (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI that it creates, receives, maintains, or transmits, (ii) report to the plan sponsor any security incident (within the meaning of 45 CFR § 164.304) of which vendor becomes aware, and (iii) ensure that any vendor employee or agent, including any subcontractor to whom it provides PHI received from, or created or received by the vendor agrees to implement reasonable and appropriate safeguards to protect such PHI.</p> | <p>drop down box</p> | <p>Yes</p> | |
|--|----------------------|------------|--|

IV.

1.

2.

| Officer | Answer Format | Response | Explanation |
|--|----------------------|--|-------------|
| <p>You acknowledge that the response provided to this proposal in entirety will become part of the contract with The City. If any part of the contract does not agree with the response provided herein, you will amend the contract or defer to the proposal.</p> | <p>drop down box</p> | <p>Yes</p> | |
| <p>Vendor's completed proposal contains the form (included in the "Officer Statement" worksheet), signed by a company officer, attesting to compliance with RFP specifications and the accuracy of all responses.</p> | <p>drop down box</p> | <p>Officer Worksheet Completed and Faxed</p> | |

This page left
blank intentionally

Request for PBM Proposal (RFP) for City of Portland

Explanation

This worksheet should be used to provide additional explanations for any questions for which a "See Explanation" response was given. Explanations must be numbered to correspond to the question to which they pertain and they must be brief.

State the number of questions you addressed with further explanation:

| Section/ Question # | Explanation | | |
|--|---|------------------|--|
| Financial Questionnaire/ 22A | <p>In response to this settlement, we have revised our pricing to maintain cost neutrality for all impacted parties. That means our customers pay the same amount on a prescription claim, and Kroger Prescription Plans and its network pharmacies will receive the same amount of money for a claim, immediately after the effective date of the settlement as they would had the AWP price changes due to this settlement not occurred.</p> <p>We will accomplish this cost neutrality by instituting a new AWP calculation for all of our contracts on September 26, 2009. The new AWP calculation will use the then-current WAC or DP marked up based on the mark-up factor that was in effect immediately prior to the September 26th revisions. The new AWP calculation will be used for any product which was impacted by the September 26, 2009 price changes.</p> | | |
| Administrative Fees/25m | <p>KPP offers Disease Management Programs that are face to face coaching programs for specific disease states. The cost is \$30/15 minutes of coaching. The Diabetes program offers the following:</p> <p>The patient:</p> <ul style="list-style-type: none"> • Meets every 1-3 months with a pharmacist specially trained in diabetes at one of our pharmacy locations. o At first two visits- Obtain complete medical history and nutritional/exercise history o Follow-up visits- Provide targeted education and goal planning based on problem areas or concerns • Learns meal planning skills and develops 2 weeks of meal plans with a registered dietitian. • Receives a grocery store tour with a diabetes care team member to learn how to make healthier food choices. • Gets help from the pharmacist to identify problem areas or concerns and to develop a specific program to address their needs. <p>Agrees to have lab work done every 6 to 12 months to monitor their condition and progress.</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: center;">Outcomes Tracked</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> • Hemoglobin A1c • Blood pressure • Cholesterol • Weight, BMI, BFA, waist • Disease knowledge • Physical exam of limbs • Review of BG readings • Physical activity level • Patient satisfaction • Goal setting • Quality of Life </td> </tr> </tbody> </table> <p>We also offer programs to address the following health conditions:</p> <p>Heart Healthy Coaching: Blood Pressure and Cholesterol</p> <p>Smoking Cessation (12 week program)</p> <p>Fitness, Nutrition, & Weight Loss Management (6 month program)</p> <p>Medication Therapy Management - for members exceeding \$4000/ yr in rx costs</p> <p>Healthcare Screening</p> | Outcomes Tracked | <ul style="list-style-type: none"> • Hemoglobin A1c • Blood pressure • Cholesterol • Weight, BMI, BFA, waist • Disease knowledge • Physical exam of limbs • Review of BG readings • Physical activity level • Patient satisfaction • Goal setting • Quality of Life |
| Outcomes Tracked | | | |
| <ul style="list-style-type: none"> • Hemoglobin A1c • Blood pressure • Cholesterol • Weight, BMI, BFA, waist • Disease knowledge • Physical exam of limbs • Review of BG readings • Physical activity level • Patient satisfaction • Goal setting • Quality of Life | | | |
| Quality and Clinical Programs/42e | <p>Drug Class: ARBs</p> <p>Targeted Drugs: Avapro, Avalide, Tevaten, Teveten HCT, All Branded ARBs</p> <p>Preferred Drugs: Generics first or Preferred Brand</p> <p>Drug Class: Bisphosphonates</p> <p>Targeted Drugs: Actonel, Actonel w/CA, Fosamax D, Boniva</p> <p>Preferred Drugs: Generics first or Preferred Brand</p> <p>Drug Class: Cox-2 Inhibitors</p> <p>Targeted Drugs: Celebrex</p> <p>Preferred Drugs: Claim processes for patients >65 years of age or history of one of the following therapies: NSAIDs, salicylates, GI drugs/ulcer drugs, anticoagulants or platelet aggregation inhibitors, glucocorticosteroids, methotrexate, Celecoxib</p> <p>Drug Class: Intranasal Steroids</p> <p>Targeted Drugs: Beconase AQ, Rhinocort, Aqua, Omnaris, Veramyst, Nasonex, Nasacort AQ</p> <p>Preferred Drugs: Generics first or Preferred Brand</p> <p>Drug Class: Leukotrienes</p> <p>Targeted Drugs: Zyflo, Zylfo CR, Singulair, Accolate</p> <p>Claims processed if history of asthma medications</p> <p>Drug Class: Non-Sedating Antihistamines</p> <p>Targeted Drugs: Clarinex, Clarinex D or Xyzal</p> | | |



Request for PBM Proposal (RFP) for City of Portland
Rx Pricing, Transparent (Broadest Network)

Instructions: Please complete every cell on this worksheet. For retail, please propose pricing for your broadest retail network. Your financial offer **MUST COMPLY** with all of the requirements in the Financial Questionnaire. Your pricing offer must be on a post-AWP rollback basis.

| Aon Identification Data | |
|-------------------------|---------------------------|
| Vendor Name | Kroger Prescription Plans |

RETAIL (INCLUDING SPECIALTY FROM NON-PREFERRED SPECIALTY VENDORS)
 Broader Network

| Type of Network: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|--------|--------|--------|--------|--------|
| Number of Pharmacies Nationwide | | | | | |
| Ingredient Cost Adjudication Formula: Lowest of pharmacy's U&C price, MAC (where applicable), or discounted AWP | | | | | |
| Minimum AWP Discount Guarantees | | | | | |
| SS-Brands (nonMAC + MAC) | | | | | |
| MS-Brands (nonMAC + MAC) | | | | | |
| Other Brands (describe) | | | | | |
| All Brands | | | | | |
| All SS-Generics (nonMAC + MAC) | | | | | |
| All MS-Generics (nonMAC + MAC) | | | | | |
| Other Generics (describe) | | | | | |
| All Generics | | | | | |
| Maximum Dispensing Fee per Paid Claim | | | | | |
| Brands | | | | | |
| Generics | | | | | |
| Compounds | | | | | |
| Ingredient cost adjudication formula | | | | | |
| Administrative Fee, if any | | | | | |
| Per Paid Claim, OR | | | | | |
| Per Member Per Month | | | | | |

MAIL (EXCLUDING SPECIALTY)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|--|--------|--------|--------|--------|--------|
| Ingredient Cost Adjudication Formula: Lower of MAC (where applicable) or discounted AWP | | | | | |
| Minimum AWP Discount Guarantees | | | | | |
| SS-Brands (nonMAC + MAC) | | | | | |
| MS-Brands (nonMAC + MAC) | | | | | |
| Other Brands (describe) | | | | | |
| All Brands | | | | | |
| All SS-Generics (nonMAC + MAC) | | | | | |
| All MS-Generics (nonMAC + MAC) | | | | | |
| Other Generics (describe) | | | | | |
| All Generics | | | | | |
| Maximum Dispensing Fee per Paid Claim | | | | | |

58



Request for PBM Proposal (RFP) for City of Portland
Rx Pricing, Transparent (Broadest Network)

| | | | | |
|--------------------------------------|-----|-----|--|--|
| Brands | | | | |
| Generics | | | | |
| Compounds | | | | |
| Ingredient cost adjudication formula | | | | |
| Administrative Fee, if any | | | | |
| Per Paid Claim, OR | | | | |
| Per Member Per Month | n/a | n/a | | |

| SPECIALTY (THROUGH YOUR PREFERRED SPECIALTY VENDOR) | | | | | |
|--|--------|--------|--------|--------|--------|
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Ingredient Cost Adjudication Formula: Lowest of pharmacy's U&C price, MAC (where applicable), or discounted AWP | | | | | |
| Minimum Brand AWP Discount Guarantee | | | | | |
| All Brands | | | | | |
| Maximum Dispensing Fee per Paid Claim | | | | | |
| All Brands and Generics | | | | | |
| Compounds | | | | | |
| Ingredient cost adjudication formula | | | | | |
| Administrative Fee, if any | | | | | |
| Per Paid Claim, OR | | | | | |
| Per Member Per Month | | | | | |

| Other Costs | |
|--|--|
| Clinical Program Fees - see pricing basis in parentheses | |
| Prior Authorizations (per Review) | |
| Quantity Limits (PMPM) | |
| Step Therapies (PMPM) | |
| Other(s) (PMPM) | |
| Retrospective DUR (targeted communications about lower cost alternatives) (PMPM) | |
| Concurrent DUR (Hard Edit at POS) (PMPM) | |
| Appeals (per Review) | |
| First level | |
| Second level (includes Urgent) | |
| Data feeds to other vendors (beyond minimum number required in Technical Questionnaire) (per feed per year) | |
| ID Card Production and Delivery : | |
| # of Cards, Free | |
| Cost/Card, after # Free | |
| Member Enrollment Packages ("packet") | |
| # of Packets, Free | |
| Cost/Package, after # Free | |
| Paper Claims, if any | |
| Installation or Set-up Charges, if any | |
| Other Program Fee(s)/Cost(s) | |

59



Request for PBM Proposal (RFP) for City of Portland
Rx Pricing, Transparent (Broadest Network)

| Credits | | | | | |
|--|-------------------|--------|--------|--------|--------|
| Program Implementation Credit/Allowance | | | | | |
| Pre-implementation Audit Credit | | | | | |
| Other Credit | | | | | |
| Rebate Percentage shared with the Plan | | | | | |
| Guaranteed Minimum Rebate per Paid Claim | Guaranteed Amount | | | | |
| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
| Per Retail Claim (including Specialty) | | | | | |
| Per Mail Claim (excluding Specialty) | | | | | |
| Per Specialty Claim (Specialty Pharmacy) | n/a | | | | |

(2)



Request for PBM Proposal (RFP) for City of Portland

Specialty Drug List

| Aon Identification Data | |
|-------------------------|---------------------------|
| Vendor Name | Kroger Prescription Plans |

Instructions: Please provide your list in alphabetic order by therapeutic class description; within in each therapeutic class description, please list the drug names in alphabetical order.

Services Provided in Columns Q through W should be answered as YES or NO.

Limited Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/Generic | Yes / No |
|---|-------------------------------|--|--------------------------|-------------|---------------|----------|
| 301700 | ACROMEGALY | 30170050102025 | SOMATULINE INJ 60/0.2ML | 15054006001 | N | YES |
| 301700 | ACROMEGALY | 30170050102030 | SOMATULINE INJ 90/0.3ML | 15054009001 | N | YES |
| 303000 | ADRENAL INSUFFICIENY | 30300010004010 | ACTHAR HP INJ 80UNIT | 63004773101 | N | YES |
| 231000 | ANDROGEN REPLACEMENT | 23100030008920 | TESTOPEL MIS PELLETS | 43773100102 | N | YES |
| 231000 | ANDROGEN REPLACEMENT | 23100030008920 | TESTOPEL MIS PELLETS | 43773100103 | N | YES |
| 231000 | ANDROGEN REPLACEMENT | 23100030008920 | TESTOPEL MIS PELLETS | 43773100104 | N | YES |
| 858020 | ANGIOEDEMA | 85802022006420 | BERINERT INJ 500UNIT | 63833082502 | N | YES |
| 525050 | ARTHRITIS | 52505020106420 | CIMZIA | 50474071079 | N | YES |
| 525050 | ARTHRITIS | 52505020106420 | CIMZIA KIT | 50474070062 | N | YES |
| 662900 | ARTHRITIS | 66290030002020 | ENBREL INJ 25/0.5ML | 58406045504 | N | NO |
| 662900 | ARTHRITIS | 66290030002020 | ENBREL INJ 25/0.5ML | 58406045501 | N | NO |
| 662900 | ARTHRITIS | 66290030006420 | ENBREL INJ 25MG | 58406042534 | N | NO |
| 662900 | ARTHRITIS | 66290030006420 | ENBREL INJ 25MG | 54868478200 | N | NO |
| 662900 | ARTHRITIS | 66290030006420 | ENBREL INJ 25MG | 58406042541 | N | NO |
| 662900 | ARTHRITIS | 66290030002020 | ENBREL INJ 50MG/ML | 58406043504 | N | NO |
| 662900 | ARTHRITIS | 66290030002020 | ENBREL INJ 50MG/ML | 54868544400 | N | NO |
| 662900 | ARTHRITIS | 66290030002020 | ENBREL INJ 50MG/ML | 58406043501 | N | NO |
| 662900 | ARTHRITIS | 66290030002020 | ENBREL SRCLK INJ 50MG/ML | 58406044501 | N | NO |
| 662900 | ARTHRITIS | 66290030002020 | ENBREL SRCLK INJ 50MG/ML | 58406044504 | N | NO |
| 662700 | ARTHRITIS | 66270015006410 | HUMIRA KIT 20MG/0.4 | 00074937402 | N | NO |
| 662700 | ARTHRITIS | 66270015006420 | HUMIRA KIT 40MG/0.8 | 00074379902 | N | NO |
| 662700 | ARTHRITIS | 66270015006420 | HUMIRA KIT 40MG/0.8 | 54868482200 | N | NO |
| 662700 | ARTHRITIS | 66270015006420 | HUMIRA PEN KIT 40MG/0.8 | 00074433902 | N | NO |

61

Limited
Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/ Generic | Yes / No |
|---|----------------------------------|--|----------------------------|-------------|-------------------|----------|
| 662700 | ARTHRITIS | 66270015006420 | HUMIRA PEN KIT CROHNS | 00074433906 | N | NO |
| 662700 | ARTHRITIS | 66270015006420 | HUMIRA PEN KIT PSORIASI | 00074433907 | N | NO |
| 664000 | ARTHRITIS | 66400010002120 | ORENCIA INJ 250MG | 00003218710 | N | YES |
| 525050 | ARTHRITIS | 52505040002120 | REMICADE INJ 100MG | 57894003001 | N | NO |
| 213530 | ARTHRITIS | 21353060001310 | RITUXAN | 50242005306 | N | YES |
| 662700 | ARTHRITIS | 66270040002020 | SIMPONI INJ 50MG | 57894007001 | N | NO |
| 662700 | ARTHRITIS | 66270040002020 | SIMPONI INJ 50MG | 57894007002 | N | NO |
| 827000 | GAUCHER'S DISEASE | 82700085102120 | VPRIV INJ 400UNIT | 54092070104 | N | YES |
| 301000 | GROWTH HORMONE | 30100020002134 | GENOTROPIN 12MG | 00013264681 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002123 | GENOTROPIN 5MG | 00013262681 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002166 | GENOTROPIN MINIQUICK 0.2MG | 00013264902 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002168 | GENOTROPIN MINIQUICK 0.4MG | 00013265002 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002170 | GENOTROPIN MINIQUICK 0.6MG | 00013265102 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002172 | GENOTROPIN MINIQUICK 0.8MG | 00013265202 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002174 | GENOTROPIN MINIQUICK 1.0MG | 00013265302 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002176 | GENOTROPIN MINIQUICK 1.2MG | 00013265402 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002178 | GENOTROPIN MINIQUICK 1.4MG | 00013265502 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002180 | GENOTROPIN MINIQUICK 1.6MG | 00013265602 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002182 | GENOTROPIN MINIQUICK 1.8MG | 00013265702 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002184 | GENOTROPIN MINIQUICK 2.0MG | 00013265802 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002120 | HUMATROPE 5MG | 00002733511 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002120 | HUMATROPE 5MG | 00002733516 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002132 | HUMATROPE KIT 12MG | 00002814801 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002150 | HUMATROPE KIT 24MG | 00002814901 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002125 | HUMATROPE KIT 6MG | 00002814701 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002118 | NORDITROPIN FLEXPRO 10 | 00169770521 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002118 | NORDITROPIN FLEXPRO 15 | 00169770821 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002118 | NORDITROPIN FLEXPRO 5 | 00169770421 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002056 | NORDITROPIN NORDIFLEX 10MG | 00169770511 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002062 | NORDITROPIN NORDIFLEX 15MG | 00169770811 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002118 | NORDITROPIN NORDIFLEX 30MG | 01697703111 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002050 | NORDITROPIN NORDIFLEX 5MG | 00169770411 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002140 | NUTROPIN INJ 10MG | 50242001821 | N | YES |
| 301000 | GROWTH HORMONE | 30100020002121 | NUTROPIN INJ 5MG | 50242007203 | N | YES |
| 301000 | GROWTH HORMONE | 30100020002020 | NUTROPIN AQ INJ 10MG/2ML | 50242002220 | N | YES |
| 301000 | GROWTH HORMONE | 30100020002020 | NUTROPIN AQ INJ 10MG/2ML | 50242004314 | N | YES |

69

Limited Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/ Generic | Yes / No |
|---|----------------------------------|--|--------------------------|-------------|-------------------|----------|
| 301000 | GROWTH HORMONE | 30100020002118 | NUTROPIN AQ INJ 20MG/2ML | 50242007301 | N | YES |
| 301000 | GROWTH HORMONE | 30100020002118 | NUTROPIN AQ INJ NUSPIN 5 | 50242007501 | N | YES |
| 301000 | GROWTH HORMONE | 30100020002050 | OMNITROPE 5.8MG | 00781400436 | N | NO |
| 301000 | GROWTH HORMONE | 30100020102120 | SAIZEN 5MG | 44087100502 | N | NO |
| 301000 | GROWTH HORMONE | 30100020102130 | SAIZEN 8.8MG | 44087108801 | N | NO |
| 301000 | GROWTH HORMONE | 30100020102130 | SAIZEN 8.8MG KIT | 44087108001 | N | NO |
| 301000 | GROWTH HORMONE | 30100020102118 | SEROSTIM INJ 4MG | 44087000407 | N | YES |
| 301000 | GROWTH HORMONE | 30100020102121 | SEROSTIM INJ 5MG | 44087000507 | N | YES |
| 301000 | GROWTH HORMONE | 30100020102125 | SEROSTIM INJ 6MG | 44087000607 | N | YES |
| 301800 | GROWTH HORMONE | 30180060002120 | SOMAVERT 10MG | 00009517601 | N | NO |
| 301800 | GROWTH HORMONE | 30180060002130 | SOMAVERT 15MG | 00009517801 | N | NO |
| 301800 | GROWTH HORMONE | 30180060002140 | SOMAVERT 20MG | 00009518001 | N | NO |
| 301000 | GROWTH HORMONE | 30100020002121 | TEV-TROPIN 5MG | 57844071319 | N | NO |
| 301000 | GROWTH HORMONE | 30100020102132 | ZORBTIVE INJ 8.8MG | 44087338807 | N | YES |
| 123530 | HEPATITIS C | 12353070000320 | COPEGUS TAB 200MG | 00004008694 | O | NO |
| 123530 | HEPATITIS C | 12353070000320 | COPEGUS TAB 200MG | 00004008694 | O | NO |
| 123530 | HEPATITIS C | 12353040102220 | INFERGEN | 66435020115 | N | NO |
| 123530 | HEPATITIS C | 12353040102220 | INFERGEN | 66435020195 | N | NO |
| 123530 | HEPATITIS C | 12353060052020 | PEGASYS INJ 180MCG/M | 00004035009 | N | NO |
| 123530 | HEPATITIS C | 12353060052020 | PEGASYS INJ 180MCG/M | 54868488700 | N | NO |
| 123530 | HEPATITIS C | 12353060056440 | PEGASYS KIT | 00004035239 | N | NO |
| 123530 | HEPATITIS C | 12353060106424 | PEG-INTRON KIT 120 RP | 00085129701 | N | NO |
| 123530 | HEPATITIS C | 12353060106424 | PEG-INTRON KIT 120 RP | 00085129702 | N | NO |
| 123530 | HEPATITIS C | 12353060106424 | PEG-INTRON KIT 120MCG | 00085130401 | N | NO |
| 123530 | HEPATITIS C | 12353060106430 | PEG-INTRON KIT 150 RP | 00085137001 | N | NO |
| 123530 | HEPATITIS C | 12353060106430 | PEG-INTRON KIT 150 RP | 00085137002 | N | NO |
| 123530 | HEPATITIS C | 12353060106430 | PEG-INTRON KIT 150 RP | 54868503600 | N | NO |
| 123530 | HEPATITIS C | 12353060106430 | PEG-INTRON KIT 150 RP | 54868503601 | N | NO |
| 123530 | HEPATITIS C | 12353060106430 | PEG-INTRON KIT 150MCG | 00085127901 | N | NO |
| 123530 | HEPATITIS C | 12353070000120 | REBETOL | 00085119403 | Y | NO |
| 123530 | HEPATITIS C | 12353070000120 | REBETOL | 00085135105 | Y | NO |
| 123530 | HEPATITIS C | 12353070000120 | REBETOL | 00085138507 | Y | NO |

63

Limited
Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/ Generic | Yes / No |
|---|----------------------------------|--|----------------------|-------------|-------------------|----------|
| 123530 | HEPATITISC | 12353070000340 | RIBAPAK | 66435010799 | Y | NO |
| 123530 | HEPATITISC | 12353070006320 | RIBAPAK | 66435010599 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBASPHERE CAP 200MG | 66435010118 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBASPHERE CAP 200MG | 66435010142 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBASPHERE CAP 200MG | 66435010156 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBASPHERE CAP 200MG | 66435010170 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBASPHERE CAP 200MG | 66435010184 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBASPHERE TAB 200MG | 66435010216 | Y | NO |
| 123530 | HEPATITISC | 12353070006320 | RIBATAB | 16241006956 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00093722758 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00093722763 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00093722772 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00093722777 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00406226042 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00406226056 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00406226070 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00406226084 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00781204304 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00781204316 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00781204342 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 00781204367 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 68084017965 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 68382026004 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 68382026007 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 68382026009 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 68382026012 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54738095318 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54738095342 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54738095356 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54738095370 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54738095384 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54868452100 | Y | NO |

64

Limited Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/Generic | Yes / No |
|---|-------------------------------|--|-------------------------|-------------|---------------|----------|
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54868452101 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54868452102 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 54868452103 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 68084017911 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 68382026010 | Y | NO |
| 123530 | HEPATITISC | 12353070000120 | RIBAVIRIN CAP 200MG | 68382026028 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 00093723281 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 00406204616 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 00781517728 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 68084015065 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 68382004603 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 49884004532 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 54738095016 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 68084015011 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 68382004610 | Y | NO |
| 123530 | HEPATITISC | 12353070000320 | RIBAVIRIN TAB 200MG | 68382004628 | Y | NO |
| 191000 | IMMUNOGLOBULIN | 19100020202030 | HIZENTRA INJ 1GM/5ML | 44206045101 | N | YES |
| 191000 | IMMUNOGLOBULIN | 19100020202030 | HIZENTRA INJ 2GM/10ML | 44206045202 | N | YES |
| 191000 | IMMUNOGLOBULIN | 19100020202030 | HIZENTRA INJ 4GM/20ML | 44206045404 | N | YES |
| 191000 | IMMUNOGLOBULIN | 19100020202020 | VIVAGLOBIN SOL 160MG/ML | 00053759603 | N | YES |
| 191000 | IMMUNOGLOBULIN | 19100020202020 | VIVAGLOBIN SOL 160MG/ML | 00053759610 | N | YES |
| 191000 | IMMUNOGLOBULIN | 19100020202020 | VIVAGLOBIN SOL 160MG/ML | 00053759620 | N | YES |
| 191000 | IMMUNOGLOBULIN | 19100020202020 | VIVAGLOBIN SOL 160MG/ML | 00053759601 | N | YES |
| 931000 | IRON TOXICITY | 93100025007320 | EXJADE TAB 125MG | 00078046815 | N | YES |
| 931000 | IRON TOXICITY | 93100025007330 | EXJADE TAB 250MG | 00078046915 | N | YES |
| 931000 | IRON TOXICITY | 93100025007340 | EXJADE TAB 500MG | 00078047015 | N | YES |
| 824050 | ITP | 82405060002120 | NPLATE INJ 250MCG | 55513022101 | N | YES |
| 824050 | ITP | 82405060002130 | NPLATE INJ 500MCG | 55513022201 | N | YES |
| 824050 | ITP | 82405030100340 | PROMACTA TAB 25MG | 00007464013 | N | YES |
| 824050 | ITP | 82405030100330 | PROMACTA TAB 50MG | 00007464113 | N | YES |
| 866550 | MACULAR DEGENERATION | 86655060002020 | LUCENTIS SOL | 50242008001 | N | YES |
| 866550 | MACULAR DEGENERATION | 86655050302020 | MACUGEN INJ | 68782000102 | N | YES |

5

Limited
Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/ Generic | Yes / No |
|---|----------------------------------|--|------------------------|-------------|-------------------|----------|
| 867000 | MACULAR DEGENERATION | 86700065002120 | VISUDYNE INJ 15MG | 00078043761 | N | YES |
| 309075 | MAROTEAUX-LAMY | 30907535002020 | NAGLAZYME INJ 1MG/ML | 68135002001 | N | YES |
| 624060 | MULTSCLER | 62406030007420 | AMPYRA TAB 10MG | 10144042760 | N | YES |
| 624030 | MULTSCLER | 62403060456420 | AVONEX KIT 30MCG | 59627000103 | N | NO |
| 624030 | MULTSCLER | 62403060456420 | AVONEX KIT 30MCG | 59627000103 | N | NO |
| 624030 | MULTSCLER | 62403060456430 | AVONEX PREFL KIT 30MCG | 59627000205 | N | NO |
| 624030 | MULTSCLER | 62403060456430 | AVONEX PREFL KIT 30MCG | 59627000205 | N | NO |
| 624030 | MULTSCLER | 62403060502120 | BETASERON INJ 0.3MG | 50419052335 | N | NO |
| 624000 | MULTSCLER | 62400030106420 | COPAXONE KIT 20MG/ML | 68546031730 | N | NO |
| 624030 | MULTSCLER | 62403060502120 | EXTAVIA | 00078056912 | N | NO |
| 624070 | MULTSCLER | 62407025100120 | GILENYA | 00078060751 | N | YES |
| 624030 | MULTSCLER | 62403060452020 | REBIF INJ 22/0.5 | 44087002203 | N | NO |
| 624030 | MULTSCLER | 62403060452040 | REBIF INJ 44/0.5 | 44087004403 | N | NO |
| 624030 | MULTSCLER | 62403060452060 | REBIF TITRTN SOL PACK | 44087882201 | N | NO |
| 624050 | MULTSCLER | 62405050001320 | TYSABRI | 59075073015 | N | YES |
| 624050 | MULTSCLER | 62405050001320 | TYSABRI INJ | 59075073015 | N | YES |
| 215325 | ONCOLOGY | 21532530000330 | AFINITOR TAB 10MG | 00078056751 | N | NO |
| 215325 | ONCOLOGY | 21532530000330 | AFINITOR TAB 10MG | 00078056761 | N | NO |
| 215325 | ONCOLOGY | 21532530000320 | AFINITOR TAB 5MG | 00078056651 | N | NO |
| 215325 | ONCOLOGY | 21532530000320 | AFINITOR TAB 5MG | 00078056661 | N | NO |
| 213530 | ONCOLOGY | 21353045001320 | ARZERRA CON 100/5ML | 00173080802 | N | YES |
| 213530 | ONCOLOGY | 21353045001320 | ARZERRA CON 100/5ML | 00173080805 | N | YES |
| 213350 | ONCOLOGY | 21335020002020 | AVASTIN INJ | 50242006001 | N | YES |
| 213350 | ONCOLOGY | 21335020002020 | AVASTIN INJ | 50242006101 | N | YES |
| 215340 | ONCOLOGY | 21534035100320 | GLEEVEC TAB 100MG | 00078040134 | N | NO |
| 215340 | ONCOLOGY | 21534035100320 | GLEEVEC TAB 100MG | 54868528900 | N | NO |
| 215340 | ONCOLOGY | 21534035100320 | GLEEVEC TAB 100MG | 54868528901 | N | NO |
| 215340 | ONCOLOGY | 21534035100320 | GLEEVEC TAB 100MG | 54868528902 | N | NO |
| 215340 | ONCOLOGY | 21534035100320 | GLEEVEC TAB 100MG | 54868528903 | N | NO |
| 215340 | ONCOLOGY | 21534035100320 | GLEEVEC TAB 100MG | 68258902801 | N | NO |
| 215340 | ONCOLOGY | 21534035100340 | GLEEVEC TAB 400MG | 00078043815 | N | NO |
| 215340 | ONCOLOGY | 21534035100340 | GLEEVEC TAB 400MG | 54868542700 | N | NO |

W

Limited Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/ Generic | Yes / No |
|---|----------------------------------|--|-----------------------|-------------|-------------------|----------|
| 215340 | ONCOLOGY | 21534035100340 | GLEEVEC TAB 400MG | 54868542701 | N | NO |
| 215340 | ONCOLOGY | 21534035100340 | GLEEVEC TAB 400MG | 54868542702 | N | NO |
| 213530 | ONCOLOGY | 21353070002120 | HERCEPTIN INJ 440MG | 50242013468 | N | YES |
| 215500 | ONCOLOGY | 21550080100120 | HYCAMTIN CAP 0.25MG | 00007420511 | N | NO |
| 215500 | ONCOLOGY | 21550080100140 | HYCAMTIN CAP 1MG | 00007420711 | N | NO |
| 215500 | ONCOLOGY | 21550080102120 | HYCAMTIN INJ 4MG | 00007420101 | N | NO |
| 215500 | ONCOLOGY | 21550080102120 | HYCAMTIN INJ 4MG | 00007420105 | N | NO |
| 215340 | ONCOLOGY | 21534030000320 | IRESSA TAB 250MG | 00310048230 | N | NO |
| 215315 | ONCOLOGY | 21531560002120 | ISTODAX INJ 10MG | 46026098301 | N | YES |
| 215000 | ONCOLOGY | 21500011002120 | IXEMPRA KIT INJ 15MG | 00015191012 | N | YES |
| 215000 | ONCOLOGY | 21500011002140 | IXEMPRA KIT INJ 45MG | 00015191113 | N | YES |
| 215330 | ONCOLOGY | 21533060400320 | NEXAVAR TAB 200MG | 50419048858 | N | YES |
| 993940 | ONCOLOGY | 99394050000130 | REVLIMID CAP 10MG | 59572041030 | N | NO |
| 993940 | ONCOLOGY | 99394050000130 | REVLIMID CAP 10MG | 59572041000 | N | YES |
| 993940 | ONCOLOGY | 99394050000130 | REVLIMID CAP 10MG | 59572041028 | N | YES |
| 993940 | ONCOLOGY | 99394050000140 | REVLIMID CAP 15MG | 59572041521 | N | YES |
| 993940 | ONCOLOGY | 99394050000140 | REVLIMID CAP 15MG | 59572041500 | N | YES |
| 993940 | ONCOLOGY | 99394050000150 | REVLIMID CAP 25MG | 59572042525 | N | NO |
| 993940 | ONCOLOGY | 99394050000150 | REVLIMID CAP 25MG | 59572042500 | N | YES |
| 993940 | ONCOLOGY | 99394050000150 | REVLIMID CAP 25MG | 59572042521 | N | YES |
| 993940 | ONCOLOGY | 99394050000120 | REVLIMID CAP 5MG | 59572040530 | N | NO |
| 993940 | ONCOLOGY | 99394050000120 | REVLIMID CAP 5MG | 59572040500 | N | YES |
| 993940 | ONCOLOGY | 99394050000120 | REVLIMID CAP 5MG | 59572040528 | N | YES |
| 213530 | ONCOLOGY | 21353060001310 | RITUXAN INJ 100MG | 50242005121 | N | YES |
| 213530 | ONCOLOGY | 21353060001310 | RITUXAN INJ 500MG | 50242005306 | N | YES |
| 215340 | ONCOLOGY | 21534020000360 | SPRYCEL TAB 100MG | 00003085222 | N | NO |
| 215340 | ONCOLOGY | 21534020000320 | SPRYCEL TAB 20MG | 00003052711 | N | NO |
| 215340 | ONCOLOGY | 21534020000340 | SPRYCEL TAB 50MG | 00003052811 | N | NO |
| 215340 | ONCOLOGY | 21534020000350 | SPRYCEL TAB 70MG | 00003052411 | N | NO |
| 215340 | ONCOLOGY | 21534020000350 | SPRYCEL TAB 70MG | 54868575900 | N | NO |
| 300800 | ONCOLOGY | 30080045106420 | SUPPRELIN LA KIT 50MG | 67979000201 | N | YES |
| 215330 | ONCOLOGY | 21533070300120 | SUTENT CAP 12.5MG | 00069055038 | N | NO |

67

Limited
Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/ Generic | Yes / No |
|---|----------------------------------|--|--------------------|-------------|-------------------|----------|
| 215330 | ONCOLOGY | 21533070300130 | SUTENT CAP 25MG | 00069077038 | N | NO |
| 215330 | ONCOLOGY | 21533070300140 | SUTENT CAP 50MG | 00069098038 | N | NO |
| 215330 | ONCOLOGY | 21533070300140 | SUTENT CAP 50MG | 54868557300 | N | NO |
| 215340 | ONCOLOGY | 21534025000340 | TARCEVA TAB 100MG | 50242006301 | N | NO |
| 215340 | ONCOLOGY | 21534025000340 | TARCEVA TAB 100MG | 54868547400 | N | NO |
| 215340 | ONCOLOGY | 21534025000360 | TARCEVA TAB 150MG | 50242006401 | N | NO |
| 215340 | ONCOLOGY | 21534025000360 | TARCEVA TAB 150MG | 54868544700 | N | NO |
| 215340 | ONCOLOGY | 21534025000320 | TARCEVA TAB 25MG | 50242006201 | N | NO |
| 215340 | ONCOLOGY | 21534025000320 | TARCEVA TAB 25MG | 54868529000 | N | NO |
| 217082 | ONCOLOGY | 21708220000120 | TARGRETIN CAP 75MG | 62856060210 | N | NO |
| 903762 | ONCOLOGY | 90376220004020 | TARGRETIN GEL 1% | 62856060422 | N | NO |
| 215340 | ONCOLOGY | 21534060000120 | TASIGNA CAP 200MG | 00078052651 | N | YES |
| 215340 | ONCOLOGY | 21534060000120 | TASIGNA CAP 200MG | 00078052687 | N | YES |
| 211040 | ONCOLOGY | 21104070000140 | TEMODAR CAP 100MG | 00085136601 | N | NO |
| 211040 | ONCOLOGY | 21104070000140 | TEMODAR CAP 100MG | 00085136602 | N | NO |
| 211040 | ONCOLOGY | 21104070000140 | TEMODAR CAP 100MG | 54868535000 | N | NO |
| 211040 | ONCOLOGY | 21104070000140 | TEMODAR CAP 100MG | 54868535001 | N | NO |
| 211040 | ONCOLOGY | 21104070000140 | TEMODAR CAP 100MG | 54868535002 | N | NO |
| 211040 | ONCOLOGY | 21104070000140 | TEMODAR CAP 100MG | 54868535003 | N | NO |
| 211040 | ONCOLOGY | 21104070000140 | TEMODAR CAP 100MG | 54868535004 | N | NO |
| 211040 | ONCOLOGY | 21104070000143 | TEMODAR CAP 140MG | 00085142501 | N | NO |
| 211040 | ONCOLOGY | 21104070000143 | TEMODAR CAP 140MG | 00085142502 | N | NO |
| 211040 | ONCOLOGY | 21104070000147 | TEMODAR CAP 180MG | 00085143001 | N | NO |
| 211040 | ONCOLOGY | 21104070000147 | TEMODAR CAP 180MG | 00085143002 | N | NO |
| 211040 | ONCOLOGY | 21104070000147 | TEMODAR CAP 180MG | 54868598000 | N | NO |
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 00085151901 | N | NO |
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 00085151902 | N | NO |
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 54868414200 | N | NO |
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 54868414201 | N | NO |
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 54868414202 | N | NO |
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 54868414203 | N | NO |
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 54868414204 | N | NO |

28

Limited Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/ Generic | Yes / No |
|---|----------------------------------|--|--------------------|-------------|-------------------|----------|
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 54868414205 | N | NO |
| 211040 | ONCOLOGY | 21104070000120 | TEMODAR CAP 20MG | 54868414206 | N | NO |
| 211040 | ONCOLOGY | 21104070000150 | TEMODAR CAP 250MG | 00085141701 | N | NO |
| 211040 | ONCOLOGY | 21104070000150 | TEMODAR CAP 250MG | 54868535400 | N | NO |
| 211040 | ONCOLOGY | 21104070000110 | TEMODAR CAP 5MG | 00085300401 | N | NO |
| 211040 | ONCOLOGY | 21104070000110 | TEMODAR CAP 5MG | 00085300402 | N | NO |
| 211040 | ONCOLOGY | 21104070000110 | TEMODAR CAP 5MG | 54868534801 | N | NO |
| 211040 | ONCOLOGY | 21104070002120 | TEMODAR INJ 100MG | 00085138101 | N | NO |
| 993920 | ONCOLOGY | 99392070000130 | THALOMID CAP 100MG | 59572021015 | N | NO |
| 993920 | ONCOLOGY | 99392070000130 | THALOMID CAP 100MG | 59572021095 | N | NO |
| 993920 | ONCOLOGY | 99392070000135 | THALOMID CAP 150MG | 59572021513 | N | NO |
| 993920 | ONCOLOGY | 99392070000135 | THALOMID CAP 150MG | 59572021593 | N | NO |
| 993920 | ONCOLOGY | 99392070000140 | THALOMID CAP 200MG | 59572022016 | N | NO |
| 993920 | ONCOLOGY | 99392070000140 | THALOMID CAP 200MG | 59572022096 | N | NO |
| 993920 | ONCOLOGY | 99392070000120 | THALOMID CAP 50MG | 59572020514 | N | NO |
| 993920 | ONCOLOGY | 99392070000120 | THALOMID CAP 50MG | 59572020594 | N | NO |
| 942000 | ONCOLOGY | 94200090102120 | THYROGEN INJ 1.1MG | 58468184904 | N | YES |
| 215340 | ONCOLOGY | 21534050100320 | TYKERB TAB 250MG | 00173075200 | N | YES |
| 214050 | ONCOLOGY | 21405007106450 | VANTAS KIT 50MG | 67979050001 | N | YES |
| 213000 | ONCOLOGY | 21300003001920 | VIDAZA INJ 100MG | 59572010201 | N | YES |
| 215340 | ONCOLOGY | 21534070100320 | VOTRIENT | 00173080409 | N | YES |
| 213000 | ONCOLOGY | 21300005000320 | XELODA TAB 150MG | 00004110020 | N | NO |
| 213000 | ONCOLOGY | 21300005000320 | XELODA TAB 150MG | 54868414300 | N | NO |
| 213000 | ONCOLOGY | 21300005000320 | XELODA TAB 150MG | 54868414301 | N | NO |
| 213000 | ONCOLOGY | 21300005000320 | XELODA TAB 150MG | 54868414302 | N | NO |
| 213000 | ONCOLOGY | 21300005000320 | XELODA TAB 150MG | 54868414303 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 00004110150 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526006 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526000 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526001 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526002 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526003 | N | NO |

69

Limited
Distribution

Discount is % off AWP on a post-rollback basis

| Therapeutic Class ID (e.g. 6-Digit GPI, HIC3) | Therapeutic Class Description | Generic Drug Identifier (e.g. GCN or full GPI) | Drug Name | NDC | Brand/ Generic | Yes / No |
|---|----------------------------------|--|----------------------|-------------|-------------------|----------|
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526004 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526005 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526007 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526008 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 54868526009 | N | NO |
| 213000 | ONCOLOGY | 21300005000350 | XELODA TAB 500MG | 68258903601 | N | NO |
| 215315 | ONCOLOGY | 21531575000120 | ZOLINZA CAP 100MG | 00006056840 | N | NO |
| 641540 | PAIN | 64154090102020 | PRIALT INJ 100MCG | 59075072010 | N | YES |
| 641540 | PAIN | 64154090102020 | PRIALT INJ 25MCG/ML | 59075072310 | N | YES |
| 641540 | PAIN | 64154090102010 | PRIALT INJ 500MCG | 59075072210 | N | YES |
| 825020 | PBSC | 82502060002020 | MOZOBIL INJ | 58468014001 | N | YES |
| 309077 | POMPE DISEASE | 30907715002120 | LUMIZYME INJ 50MG | 58468016001 | N | YES |
| 195020 | RSV | 19502060002020 | SYNAGIS INJ 100MG/ML | 60574411301 | N | YES |
| 195020 | RSV | 19502060002020 | SYNAGIS INJ 50MG | 60574411401 | N | YES |
| 217650 | STOMATITIS | 21765060002120 | KEPIVANCE INJ 6.25MG | 55513052001 | N | YES |
| 217650 | STOMATITIS | 21765060002120 | KEPIVANCE INJ 6.25MG | 55513052006 | N | YES |

70

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | | Exclusive | |
|---|--|----------|--|----------|-----------|----------|
| | Discount | Disp Fee | Discount | Disp Fee | Discount | Disp Fee |
| Yes / No | | | | | | |

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | Exclusive |
|---|--|--|-----------|
| Yes / No | Discount | Discount | Disp Fee |
| | | | |

72

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | Exclusive |
|---|--|--|-----------|
| Yes / No | Discount | Discount | Discount |
| | Disp Fee | Disp Fee | Disp Fee |
| | | | |

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | | Exclusive | |
|---|--|----------|--|----------|-----------|----------|
| | Discount | Disp Fee | Discount | Disp Fee | Discount | Disp Fee |
| Yes / No | | | | | | |

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | Exclusive |
|---|--|--|-----------|
| Yes / No | Discount | Disp Fee | Disp Fee |
| | | | |

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | | Exclusive | |
|---|--|----------|--|----------|-----------|----------|
| | Discount | Disp Fee | Discount | Disp Fee | Discount | Disp Fee |
| Yes / No | | | | | | |

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | | Exclusive | |
|---|--|----------|--|----------|-----------|----------|
| | Discount | Disp Fee | Discount | Disp Fee | Discount | Disp Fee |
| Yes / No | | | | | | |

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | | Exclusive | |
|---|--|----------|--|----------|-----------|----------|
| | Discount | Disp Fee | Discount | Disp Fee | Discount | Disp Fee |
| Yes / No | | | | | | |

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | | Exclusive |
|---|--|----------|--|----------|-----------|
| | Discount | Disp Fee | Discount | Disp Fee | Discount |
| Yes / No | | | | | |

| Is Your Preferred Specialty Pharmacy a Limited Distribution Vendor? | Open Network - Non Kroger owned Pharmacies | | Open Network - Kroger owned Pharmacies (Fred Meyer, etc) | | Exclusive | |
|--|--|----------|--|----------|-----------|----------|
| | Discount | Disp Fee | Discount | Disp Fee | Discount | Disp Fee |
| Yes / No | | | | | | |

80

Additional Services Included in Pricing (Yes, No or Available at Additional Cost)

| Prior Auth Program | Compliance Program | Education by Brochure | Education by Clinician | Lab Monitoring | Side Effects Monitoring | Reimbursement Support |
|--------------------|--------------------|-----------------------|------------------------|-------------------|-------------------------|-----------------------|
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |
| Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable | Yes if Applicable |

90

**Request for PBM Proposal (RFP) for City of Portland
Network Access**

1. Complete the tables below with the results of your network geo-analysis using the plan member residence zip code data provided in the Census.

| Network #1: Broadest Retail Network: | | Mileage Standard Measured in Driving Distance | | | |
|--------------------------------------|--|---|----------------|--------------|-------|
| | | Urban (1.5 M) | Suburban (3 M) | Rural (10 M) | Total |
| A. | Total number of network pharmacies within access standard | 250 | 131 | 634 | 1015 |
| B. | Number of members on census file | 2067 | 656 | 854 | 3577 |
| C. | Number of members included in geo-analysis | 2067 | 656 | 853 | 3576 |
| D. | Number of members not included in geo-analysis | | | 1 | 1 |
| E. | Number of members with access to at least one network pharmacy within standard | 1993 | 648 | 829 | 3470 |
| F. | Number of members without access to at least one network pharmacy within standard (Line C-E) | 74 | 8 | 24 | 106 |
| G. | Number of members without access because no pharmacy exists within access standard | 54 | 0 | 20 | 74 |
| H. | Number of members without access because a pharmacy exists but is not in the proposed network (Line F-G) | 20 | 8 | 4 | 32 |

| | | |
|----|---|--|
| 2. | Explain why the members in D. were not included in the geo-analysis for the proposed network. | Invalid Zip Code |
| 3. | Please attach a listing of those pharmacies identified in Line H above, including: | See Below/next page |
| a. | NCPDP number | |
| b. | Name of Pharmacy | |
| c. | Address (Street, city, state, zip) | |
| 4. | Please attach a summary of the zip code where access standards are not met. | Urban: 97006,97007, 97008,97086,97127,97206,97211, 97219,97220,97225,97225,97229, 97230,97238 Suburban: 97068,97080,97203,98682 Rural: 79231,79233,97004,97017,97037, 97038,97041,97063,97148,97324, 97739,97761,97876,97877,98859, 99173 |
| 5. | Briefly describe your methodology for geo-analysis, including: | |
| a. | software used and when last updated | Ingenix Geo Networks Updated 1/24/11 |
| b. | definition of distance if not driving distance | Driving Distance Used |
| c. | other assumptions and approach | Networks were Geocoded by Zip since member file was zipcode based |



**Request for PBM Proposal (RFP) for City of Portland
Network Access**

Krogers National Network

Pharmacies Identified in H. (Non Contracted)

| NABP | PHARMACY NAME | ADDRESS | CITY | STATE | ZIP |
|---------|-------------------------------------|----------------------------|--------------|-------|-------|
| 3813208 | WARM SPRINGS HLTH AND WELL CTR PHY | 1270 KOT NUM RD | WARM SPRINGS | OR | 97761 |
| 3843605 | ST JOHNS HEALTH CENTER | 8933 N LOMBARD | PORTLAND | OR | 97203 |
| 4932174 | KAISER ORCHARDS PHARMACY | 7101 NE 137TH AVE | VANCOUVER | WA | 98682 |
| 3803930 | KAISER DIVISION PHARMACY | 7705 SE DIVISION ST | PORTLAND | OR | 97206 |
| 3811494 | KAISER HOME INFUSION PHARMACY | 5717 NE 138TH AVE PORTLAND | PORTLAND | OR | 97230 |
| 3812511 | KAISER AUTOMATED REFILL CENTER | 5725 NE 138TH AVE | PORTLAND | OR | 97230 |
| 3812523 | KAISER MOTHER JOSEPH PLAZA PHARMACY | 9427 SW BARNES RD | PORTLAND | OR | 97225 |
| 3815187 | LONG TERM CARE PHARMACY | 5717 NE 138TH AVE | PORTLAND | OR | 97230 |
| 3843174 | COMMUNITY COMPOUNDING PHARMACY | 11030 SW CAPITAL HIGHWAY | PORTLAND | OR | 97219 |

92



Request for PBM Proposal (RFP) for City of Portland Account Management Plan

Description of Account Management Plan

Regional Account Manager: Stephanie Rushing

Kroger Prescription Plans account management approach is to provide excellent service and ensure client's needs are met or exceeded in a timely manner. This individual combines real world pharmacy program experience with a regional knowledge and location. This understanding of the local benefit climate, in conjunction with technical training, establishes a strategic asset whose responsibilities include:

- Manages administrative tasks on behalf of the team including:
 - Prior authorizations
 - Adding eligibility
 - Distributing claim forms
- Manages all reporting requirements of client
- Serves as day-to-day contact as part of the account team for client inquiries in the following areas:
 - Employee eligibility
 - Minor plan design changes
 - Prior authorizations
 - Employee communications
- Strategically manages client relationships, working with the client to develop an effective and efficient pharmacy benefit management program
- Coordinates the activity within the PBM account team to ensure established goals are met
- Provides consultative leadership to client
- Accountable for satisfaction and retention of client including contract renewal
- Involved with a client at the end of the sales process and continuing through program implementation, serving as the ongoing leader of the account team, responsible for the overall client relationship
- Delivers proactive management and resolution of issues
- Establishes all reporting requirements of client
- Handles issues relating to contract renewal, pricing, or high-level program change discussions

National Account Manager- Harold Park

Kroger Prescription Plans augments its account management approach through the use of National Account Managers. This individual is responsible for the following:

- Providing strategic and comparative regional insights for client specific issues
- Maintaining an active awareness of a programs clinical and economic performance
- Detailing new Kroger Prescription Plans products and services that prove beneficial to clients
- High-level point of contact for issue escalation
- Works with the account management team to initiate discussions on quarterly management reports, focusing on prescription drug trends from client data
- Proactively looks for solutions to maximize the effectiveness of each client's pharmacy benefit programs

Account Support Team

Kroger Prescription Plans' National Account Managers lead service teams consisting of area-specific experts such as benefit design coordinators and other support personnel. Offering proactive solutions in their unique areas of expertise, these specialists team-up to develop high quality, cost-effective pharmacy programs designed to support plan initiatives.

**Request for PBM Proposal (RFP) for City of Portland
Account Management Plan****Description of Account Management Plan**

Key members from the account management team convene weekly to conduct conference calls and act on critical issues.

For example, as part of the client's account management team, Kroger Prescription Plans assign these following individuals:

- IT Business Analyst
- Benefits Specialist
- Clinical Program Manager

IT Business Analyst

The plan's assigned business analyst specializes in eligibility issues and is supported by the rest of Kroger Prescription Plans' IT Department. With almost 160 staff members, Kroger Prescription Plans' IT team includes experts in Oracle, ScoUnix, and numerous other computer languages. In addition, staff includes a number of specialists that are MicroSoft Certified Professionals with coverage in NT and development technologies, MCSE, and Internet.

Benefits Specialist

With over 1,500 preprogrammed options, Kroger Prescription Plans administers industry standard copay and benefit structures. Kroger Prescription Plans' benefit specialists works with plan to ensure Kroger Prescription Plans' system meets the plan's needs.

Clinical Program Manager

Kroger Prescription Plans assigns clients a Clinical Program Manager. Kroger Prescription Plans' Clinical Managers assist with the implementation and maintenance of clinical programs including the development and application DUE/DUR, and quality improvement programs.

Kroger Prescription Plans' clinical program managers focus on the main factors and variables of the plans prescription benefit program. Key trends and recommended action plans are suggested routinely to improve benefit performance. Kroger Prescription Plans clinical pharmacists hold a Doctor of Pharmacy from an accredited school of pharmacy and pharmacy residence or equivalent experience. Clinical pharmacists also maintain a valid registered pharmacists licence in the state of Ohio, or an equivalent state.



Request for PBM Proposal (RFP) for City of Portland Hold Harmless Language

Vendor agrees to the following Hold Harmless language:

a) Vendor shall indemnify and hold harmless The Client, its respective directors, officers, employees (acting in the course of their employment, but not as claimants) and agents, against any and all liability or expense (including the cost of legal defense or settlement) which was caused by the malpractice of health care professionals under (vendor), which was caused by the professional services provided or not provided by health care professionals under (vendor), or which was caused by (vendor's) negligent or intentional misconduct, breach of this Agreement, fraud, or its breach of fiduciary responsibility in the case of an action under ERISA, related to or arising out of this Agreement or The Client's role as employer or Plan sponsor.

b) The indemnification obligations of (vendor) shall terminate upon the expiration of the Agreement except as to any matter concerning which a claim has been asserted by notice to the other party at the time of such expiration or within 365 days after effective date of Agreement termination.

This page left
blank intentionally



Request for PBM Proposal (RFP) for City of Portland Officer Certification

Please have an Officer review and sign this worksheet to confirm the information is valid.
Please include the completed form with your proposal.

| OFFICER'S STATEMENT | |
|---|--|
| PBM Vendor Legal Name | Kroger Prescription Plans |
| PBM Vendor Marketing Name | KPP |
| Street Address | 1014 Vine Street |
| City | Cincinnati |
| State | Ohio |
| Zip | 45202 |
| Phone Number | 513-762-1358 |
| Fax Number | 800-762-1014 |
| Web Address | kpp-rx.com |
| Name of Officer completing statement | Philecia Avery |
| Title of Officer completing statement | Vice President |
| Phone Number of Officer completing statement | 513-762-1358 |
| Email Address of Officer completing statement | philecia.avery@kroger.com |

I certify that our response to Aon Hewitt's RFP (Request for Proposal) is complete and accurate to the best of my knowledge and contains no material omissions or misstatements. I acknowledge that Aon Hewitt's clients will rely upon the information included in our response to make decisions concerning the pharmacy benefit management services that are offered to their employees.

Officer's Signature

Date Signed



**Request for PBM Proposal (RFP) for City of Portland
Officer Certification**

Please have an Officer review and sign this worksheet to confirm the information is valid.
Please include the completed form with your proposal.

OFFICER'S STATEMENT

98

Diversity in Employment and Contracting Requirements

Kroger Prescription Plans (KPP) is not certified in the State of Oregon as an MBE, WBE and/or ESB. KPP has not applied for certification with the State of Oregon's Office of Minority, Women and Emerging Small Business (OMWESB).

This page left

blank intentionally

EXHIBIT A
CITY OF PORTLAND
HEALTH INSURANCE SERVICES
FIRST TIER SUBCONSULTANT DISCLOSURE FORM

CITY HIS DISCLOSURE REQUIREMENTS

The City's disclosure program was adopted to document the use of subconsultants on City projects over \$100,000; particularly Oregon certified Minority, Women and Emerging Small Businesses (M/W/ESBs).

This Request for Proposal requires submission by the Proposer of the First Tier Subconsultant Disclosure Form. When the agreement amount of a first-tier subconsultant furnishing services, labor or labor and materials would be greater than or equal to \$10,000, the Proposer must disclose the following information about such subconsultants:

- 1) The subconsultant's contact information
- 2) State of Oregon M/W/ESB designation
(Verify certification status with the Office of Minority, Women and Emerging Small Business at <http://egov.oregon.gov/DCBS/OMWESB/index.shtml>)
- 3) The proposed scope or category of work that the subconsultant will be performing
- 4) The amount of the subconsultant's agreement

If the Proposer will not be using any subconsultants that are subject to the above disclosure requirements, the Proposer is required to indicate "**NONE**" on the accompanying form.

ATTACHMENTS: Form 1: City of Portland HIS First Tier Subconsultant Disclosure Form

**CITY OF PORTLAND
HIS FIRST TIER SUBCONSULTANT DISCLOSURE FORM
(FORM 1)**

This Request for Proposal requires submission by the Proposer of the First Tier Subconsultant Disclosure Form. When the agreement amount of a first tier subconsultant furnishing services, labor or labor and materials would be greater than or equal to \$10,000, the Proposer must disclose the following information about that subconsultant.

Proposer Name: Kroger Prescription Plans **Proposed Cost:** \$28,000.00
RFP Number: 2011-PBM-001 **Project Name:** Pharmaceutical Benefits Mgmt.

| SUBCONSULTANT INFORMATION (Please Print) | M/W/ESB | SCOPE/TYPE OF WORK | SUBAGREEMENT AMOUNT |
|---|---------|-----------------------|------------------------|
| Firm Name: SXC Health Solutions Phone #: 630-577-3100 Fax #: 800-282-3232 | N/A | | \$28,000.00 |
| Firm Name: Phone #: Fax #: | | | \$ |
| Firm Name: Phone #: Fax #: | | | \$ |
| Firm Name: Phone #: Fax #: | | | \$ |
| Firm Name: Phone #: Fax #: | | | \$ |
| Firm Name: Phone #: Fax #: | | | \$ |

NOTE:

- 1) If the Proposer will not be using any subconsultants that are subject to the above disclosure requirements, the Proposer is required to indicate "NONE" on this form.
- 2) All subconsultants with agreements \$10,000 or over must be listed on this form. Leave M/W/ESB column blank if firm is not confirmed certified through the *State of Oregon Office of Minority, Women and Emerging Small Business*: <http://egov.oregon.gov/DCBS/OMWESB/index.shtml>.